



Staff Report for Decision

File Number: A4-1-2/B6-4

DATE OF MEETING 2023-APR-19

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OVERVIEW

Purpose of Report

To update Council on the User Fees and Charges review process and to seek support for changes to the user rate classification system, pricing structure, and percentage increases.

Recommendation

That the Finance and Audit Committee recommend that Council:

1. Support the user rate classification system, pricing structure, and percentage increase as outlined in Attachment B to the 2023-APR-19 staff report for a four year period (September, 2023 – August, 2027); and
2. direct staff to bring forward an amendment to the Fees and Charges Bylaw No. 7336 to incorporate the new classification system and price structure.

BACKGROUND

Fees and charges were last updated by the Parks, Recreation and Culture Commission in 2013. This update set the fees for the next three years, with the intention of the next review beginning in 2016. In 2019, staff conveyed to the previous Council that there was a plan to undertake a fees and charges review and to bring forward a report to Council for discussion. That review was completed and a report prepared for a Council presentation in March 2020 with specific changes to Parks, Recreation & Culture (PRC) Fees and Charges recommended for September 2020 to August 2024; however, the world-wide COVID-19 Pandemic became a significant challenge at that time, resulting in the closure of facilities and a delay in bringing that information forward to Council.

On 2022-MAR-21, Staff brought forward administrative amendments to the structure of the Parks, Recreation & Culture Regulation Bylaw as part of the Bylaw and Policy Renewal project. These changes included transferring the fees and charges from the Parks, Recreation & Culture Regulation Bylaw and transfer them to the comprehensive Fees and Charges Bylaw 7336. (Attachment A - Fees and Charges Bylaw No. 7336).

City staff have been in contact with PRC user groups over the years communicating the plan of user fee adjustments given the fees have not increased since 2016. Council was also apprised in 2022 of the need to increase the fees and charges and conveyed their desire to have them reviewed. Additional notification was then provided to PRC user groups on 2023-Apr-05 with notification of a report going before Council with proposed changes to the Fees and Charges Bylaw starting in fall of 2023. (see Attachment C – User Group Notice).

DISCUSSION

City staff have revisited the current Parks, Recreation and Culture Fees and Charges including facility admission fees and facility rentals charges. A number of changes are recommended to continue providing services that support:

- an active and healthy community,
- provision of quality recreation services accessible to all, and
- changing needs and demands within the community.

Note: Recreation program fees are developed by considering a number of factors including instructor wages, program materials, requirements for space, and utilising a cost recovery spectrum. While recreation program fees are a source of revenue, they are considered outside the scope of the Fees and Charges Bylaw.

PRC fees and charges are set by several factors including council recommendations, current operating costs, market conditions, inflation figures, pricing to encourage effective use, funding lifecycle for equipment replacement, and specific materials and supplies.

Recommendations for changes to fees and charges are based on five considerations including:

- Fees that provide accessibility for most taxpayers;
- Fees that are straight forward and easily administered;
- Fees that mirror cost of living increases;
- Fee rates that are comparable to other Vancouver Island municipalities; and
- Fees that provide subsidized admissions to children, students and seniors.

Using these five considerations, as well as the fact that there have been no increases since 2015, the following changes are recommended:

User Classifications

Youth Admission Rate Classification

Removing the classification of “Student 13-18 Years,” redefining the classification as “Youth” to cover a larger age range of 13-24 years. This change will better align with the national definition of youth and enable younger adults to access City facilities for a reduced cost whether they attend school or not.

Family Admission Rate Classification

Simplifying the definition of “Family” to include up to two parents, and all of their children under 24 years of age who are related by birth, legal status, or marriage. Previous definitions were challenging to administer and required extra calculations for additional children over the four children limit outlined in the definition.

Rental Group Classification

Simplifying the recommended rental group classifications to allow for consistency and clarity of rental fee assignment. Four renter group classifications have been identified to define all of the user groups who access City of Nanaimo PRC facilities. City staff are supporting the use of these categories across all rental facilities offered throughout PRC. Currently, PRC fees have multiple classifications with different criteria depending on which facility is being requested. Having consistent group classifications across all PRC

facilities simplifies the fees and allows for easier and consistent administration and customer comprehension.

Recommended Rental Group Classifications				
Non-Profit 1 (NP1)	Non-Profit 2 (NP2)	Private	Commercial	Commercial Non-Sport
Any registered non-profit group whose primary purpose is to provide organized sport, leisure or cultural activities for persons 24 years and younger. Membership must be open to the public and group must be volunteer based.	Any registered non-profit group whose primary purpose is to provide organized sport, leisure or cultural activities for persons 25 years and older and for multi-age groups where over 50% of members are 25 years or older. Membership must be open to the public and group must be volunteer based. Also includes recognized government and educational organizations.	Any individual, group or organization not meeting the definition of non-profit 1, non-profit 2 or commercial.	Any individual, group or company engaged in the pursuit of business for profit through the use of Parks, Recreation and Culture facilities. Also includes any renter from outside the greater Nanaimo contributing area.	Non-sport designation may have different fees for different facilities

Pricing Structure

Hourly Rates

Facility rental fees are currently quite complex with some PRC facilities using hourly rates and others using booking blocks of four hours, eight hours, and twelve hour (daily) rates. City staff are recommending a shift to use hourly rates across all PRC facilities. Additionally, staff are recommending that rental rates are based off a commercial rate with appropriate discounts applied to rental classification. The proposed fees apply the discounts:

Non-Profit 1 (NP1) – 50% off the commercial hourly rate

Non-Profit 2 (NP2) – 20% off the commercial hourly rate

Private – 10% off the commercial hourly rate

Note: Field rates for NP1 have been adjusted to 75% off the commercial hourly rate to align with the subsidy rate those groups have been receiving in the past and to maintain a rate in line with the island average.

Removing Function from Room Rentals

Current fees are in blocks of time and designated based on the type of activity the rental is being utilized for (e.g. meeting, social, luncheon, dance, etc.). This level of detail is quite complex and requires interpretation/misinterpretation by public and staff who are confirming the bookings. For ease of use and understanding, staff are recommending a set rate per hour based on the type of rental group regardless of the function.

Fees Based on Market Rates and Regional Standards

The recommended fees were compared to other Vancouver Island communities looking at the average rate for similar services, facilities, amenities and time frames. The recommended fee adjustments are as follows:

PRC Fees and Charges	2023	2024	2025	2026
Facility Admissions – Drop in fees	0%	3%	0%	3%
Aquatics rentals	4%	4%	4%	4%
Arenas rentals	7%	7%	7%	7%
Community Centres / Activity Centres rentals	3.5%	3.5%	3.5%	3.5%
City Parks, Pavilions, Plazas, Grounds, Parking Lots, Trails rentals	3.5%	3.5%	3.5%	3.5%
Picnic Shelters, Sport Courts and Lacrosse Boxes rentals	3.5%	3.5%	3.5%	3.5%
Sports Fields rentals	3.5%	3.5%	3.5%	3.5%
Gymnasium, Centennial Building, Stadiums rentals	4%	4%	4%	4%

- Arenas rental rates were recognised as being significantly lower than the Vancouver Island average for NP1. City staff met with Nanaimo Minor Hockey representatives to discuss rate increases and identify rental rates that were obtainable for the organization over the next four years. In order to manage the increase required to achieve the 2026 rates that would equal 7% over four years and catch rates up to the Vancouver Island average specific annual dollar amounts were identified.
- Some current rates were identified as higher than current market value and/or Vancouver Island average and staff recommend they remain unchanged until the market catches up. i.e. NP2 – Aquatics 25m lane rate.

Due to the pandemic, increasing user fees has been delayed for a further three years, for a total delay of seven years. Council has the opportunity to update bylaws as determined by community needs or wants. In order to avoid the need for large fee increases in the future, staff are recommending that the current fees and charges framework be adjusted to reflect the user classification, pricing structure, and percentage increase recommendation as outlined in Attachment B.

The proposed new rates for the years would be in effect from 2023-SEP-01 to 2027-AUG-31. All user groups were advised of pending changes to fees and charges in 2019 and expecting these changes ever since. Additional notification was provide 5-APR-2023. If approved, user groups will be provided an update on timeline and changes with adequate time to adjust budgets and incorporate changes.

FINANCIAL IMPLICATIONS

The proposed changes would be effective 2023-SEP-01 to 2027-AUG-31 and are expected to generate an increase in admissions revenue of \$163,000 over the four years and an increase in rental revenue of \$822,000 over the four year. The fee increase will also result in an expected contribution increase of \$184,000 over four years to the Facility Development Reserve Fund, as a percentage of fees for use of certain facilities and programs is contributed to the reserve for future improvements to the facility or construction of new recreation facilities.

OPTIONS

1. That the Finance and Audit Committee recommend that Council:
 1. Support the user rate classification system, pricing structure, and percentage increase as outlined in Attachment B to the 2023-APR-19 staff report for a four year period (September, 2023 – August, 2027); and
 2. direct staff to bring forward an amendment to the Fees and Charges Bylaw No. 7336 to incorporate the new classification system and price structure.
 - The advantages of this option: Gradual rate increases over four years will help maintain or reduce current tax subsidization rates as operating costs increase.
 - The disadvantages of this option: Individual users and groups may pay more for most programs and rental services.
 - Financial Implications: For 2023 the estimated impact of the fee increase is \$36,000 and the average increase to revenues over the four years of this Bylaw is estimated at \$985,000. The increased contribution to the Facility Development Reserve Fund is estimated at \$184,000 for a net increase of \$801,000 over the four years. The final 2023-2027 Financial Plan will not include these changes when brought to Council for adoption before 2023-MAY-15.
2. That the Finance and Audit Committee recommend that Council retain the existing user rate classification and pricing structure as outlined in Fees and Charges Bylaw No. 7336.
 - Current pricing would remain in place for users.
 - The disadvantages of this option: Increased costs of operations without any increase in revenues may result in higher tax subsidization.
 - Financial Implications: Maintaining the current fee structure will result in upwards pressure to increase taxes to maintain current service levels.
3. That the Finance and Audit Committee provide alternative direction for user rate classification system, pricing structure, and/or percentage increases.

SUMMARY POINTS

- Staff are proposing changes to amend “FEES AND CHARGES AMENDMENT BYLAW 2022 NO. 7336”.
- For a variety of reasons, PRC fees and charges have not been increased since 2015.
- After a detailed review, staff are recommending changes to user rate classification system, pricing structure, and percentage increases.

- Considerations for fees include:
 - Fees that provide accessibility for most taxpayers;
 - Fees that are straight forward and easily administered;
 - Fees that mirror cost of living increases;
 - Fee rates that are comparable to other Vancouver Island municipalities; and
 - Fees that provide subsidized admissions to children, students and seniors
- The proposed new rates would be in effect from 2023-SEP-01 until 2027-AUG-31.
- The amendment to the bylaw will be considered at a future Council meeting.

ATTACHMENTS:

- ATTACHMENT A: Fees and Charges Bylaw No. 7336
ATTACHMENT B: Updated Fee Schedules for September 2023 to August 2027 Insertion into Bylaw No. 7336.
ATTACHMENT C: User Group Notice

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