



CITY OF WILLIAMS LAKE COUNCIL REPORT

DATE OF REPORT: February 12, 2019
DATE & TYPE OF MEETING: February 27, 2019 Joint Committee Meeting
AUTHOR: Geoff Paynton, Director of Community Services
SUBJECT: 2020- 2023 FEES AND CHARGES BY-LAW
FILE:

SECTION 1: EXECUTIVE SUMMARY

The current Fees and Charges By-Law for the Cariboo Memorial Recreation Complex (CMRC) and associated programs and services is set to expire at the end of 2109. A new recommended Fees and Charges By-Law for 2020-2023 will come before Joint for discussion and ratification in March or April.

In advance of the March/April report to Joint a small number of items are being brought forward for discussion to avoid surprises, provide direction to staff, and prepare Joint for the March/April report.

Items that require some feedback from Joint before proceeding include;

- General direction on fees and charges
- By-Law length- 4 years?
- Recreation Access Card requirements
- Consideration of Separate Pool/fitness centre rate
- Swim Club rental rates

Based on all research and work done to date, and forecasting future expenses vs. revenue, and assuming Joint Committee will stick to a market based fee approach, and similar philosophical approach to recovery rates, a recommendation of a 2% a year general increase to all fees and charges is being contemplated. This recommendation could change based on the results of the discussion items above.

SECTION 2: BACKGROUND

The Current Fees and Charges By-Law for the Cariboo Memorial Recreation Complex, which encompassed the four year time period of 2016-2019 expires at the end of 2019. The previous Fees and Charges By-Law saw an inflationary increase of 2% a year (for four years) to almost all fees and charges, and specific alterations to fees and charges that were considered out of line. In the process of review a number of items have come up that require discussion prior to including them in the proposed Fees and Charges By-Law which will come before Joint in March/April.

SECTION 3: DISCUSSION

Staff are currently thoroughly reviewing the current fees and charges, completing a detailed market analysis, comparing rates with similar sized communities throughout BC, and are identifying numerous revisions, changes and additions to the current fees.

In general, public recreation in BC and Canada is not a cost recovery operation. Certain aspects of the operation create positive revenues (registered programs, fitness, etc..) while others (pool and ice use fees, etc...) are heavily subsidized. This subsidization is generally accepted as the cost of the benefits that come with providing affordable recreation services for the community. Currently the CMRC and associated programs and services provides a 40% overall recovery rate. This recovery rate is on the very high side of the BC average as most direct comparable communities sit in the 25-30% range.

Williams Lake is currently below average price range for almost all areas of fees and charges compared to similar sized communities and facilities throughout BC. With the opening of the new West Fraser Aquatic Centre (WFAC) fees were not adjusted even though amenities increased significantly, and expenses also increased quite dramatically.

In the process of this preparation work several items have arisen that require discussion by, and direction from, Joint before final recommendations are made in March/April;

General direction on fees and charges- Past direction from elected officials was that they preferred to be average, to slightly above average, in fees and charges in a market based approach to fee setting. Even though most fees and charges have been raised 2% per year our charges remain slightly below average in most cases. With the recent opening of the WFAC rates were not increased even though amenities increased substantially, as did expenses to run the facility. If we were to adjust fees to average, or slightly above, this could be quite a large increase in most fees, while only a few would not increase. Should the decision be made to raise fees to average (or above) this could be done over the four year period of the fees and charges by-law or all at once.

By-Law length- The previous Fees and Charges By-Law lasted for four years and staff would like to recommend another four year By-Law term. There is a great amount of resources consumed in preparing this review and the longer period would mean less resources used over time. The Fees and Charges By-Law can be amended at any time should there be significant changes that require it so it is not locked in.

User Groups Recreation Access Card requirements- Two tiered pricing, and Recreation Access Card requirements continue to generate significant operational issues. The current by-law reads that 100% of participants in a user group must have a valid RAC card to receive discount pricing. Enforcement of the system on CMRC user groups to 100% level is virtually impossible, consumes very vast amounts of staff (and user group volunteer) time, costs significant money to maintain systems, and is the single largest source of friction between user groups and CMRC management, and user groups and their participants. As groups move towards on-line registration for their programs this compliance becomes even more difficult and time consuming to monitor. Direction from Joint Committee on the current By-Law definition and enforcement expectations will help guide staff to determine how much time and resources will be spent moving forward.

Consider Separate Pool/fitness centre rate?- Over the past year the WFAC has seen a huge increase in the level of service provided to the public and has also seen a large increase in operating expenses. Fees for the new WFAC were not increased for the new facility when it opened. Past practice has been that drop-in rates were the same for any program or service (ie. Public skating cost is the same as a swim). With the new WFAC facility and the new recreation software currently being implemented there is the capability to have separate rates for any programs/services held in the WFAC. It could easily be argued that one should not have to pay as much for a public skate as for use of the pool and fitness centre.

Swim Club lane rental rates- Market research has shown us that the rates we currently charge the Blue Fins Swim club are currently the lowest of all comparables and are well below average. Current lane

rental rates are at 81% of average, while swim meet rental rates are at 73% of average. Current comparables used are Quesnel, Prince George, Comox, Dawson Creek, Kamloops, Saanich, Duncan, Trail, Revelstoke and Terrace. If we were to raise these rates to average this would be a very large jump and would likely not be well received by the Swim Club. Any rate increase could be phased in over the four year period of the fees and charges by-law.

Based on initial analysis it is clear that increases in expenses will continue to outweigh any gains in revenue or cost savings for the foreseeable future. The opening of the WFAC, and new regulatory requirements for the arena, have also increased annual operating expenses by over 15%. It is also clear that most current charges are slightly below average of comparable communities.

For 2020, 2021, 2022 and 2023 it is projected there will be an approximate increase in expenses of over \$45,000 - \$65,000 (1%-2%) each year due mostly to rising staffing costs (due to collective bargaining wage increases, not staffing increases) and ever increasing utility costs. These large annual increases in expenses are forecast each year while the taxation-based Operating Subsidy provided through the City/CRD management agreement will increase at 1.75% per year and cost savings will become more and more difficult without major investment, service level cuts or new streams of revenue.

In order to ensure that the CMRC meets its current budget without service cuts an increase in current fees and charges is definitely required, however in an effort to keep these charges reasonable and maintain accessibility for the community a modest increase of 2% per year across the board to cover inflationary costs (at minimum) is likely to be recommended in May. This is barring any major philosophical change from past practices voiced by Joint Committee. As always, the CMRC provides several programs for anyone who cannot afford any of these fees and charges, and has always worked with all patrons to ensure them access to programs and services regardless of ability to pay.

SECTION 4: DETAILED ANALYSIS

a. Financial Considerations – Cost and Resource Allocations:

b. Legislative Considerations (Applicable Policies and/or Bylaws):

N/A

c. This project most closely supports the following ICSP Priority Areas:

World Class Recreation

N/A

N/A

d. This project potentially conflicts with the following ICSP Priority Areas (also list mitigation measures)

Choose an item.

Choose an item.

Choose an item.

Mitigation measures:

e. Environmental Considerations:

N/A

f. Social Considerations:

N/A

g. Economic Considerations:

N/A

SECTION 5: RECOMMENDATIONS

That Joint receive this report and provide direction to staff on the listed items for preparation of the Fees and Charges By-Law report to come before Joint in March or April.

Respectfully submitted,

Milo MacDonald
Chief Administrative Officer

This report has been prepared in consultation with the following:	Initials
Director of Community Services, Geoff Paynton	GP
CRD Manager of Community Services, Darron Campbell	DC

ATTACHMENTS:

Appendix A- Current Fees and Charges Bylaw

Appendix B- Current Fees and Charges Bylaw definitions