



CITY OF WILLIAMS LAKE COUNCIL REPORT

DATE OF REPORT: April 8, 2019
DATE & TYPE OF MEETING: April 24, 2019 Joint Committee Meeting
AUTHOR: Geoff Paynton, Director of Community Services
SUBJECT: 2020-2023 CMRC FEES AND CHARGES
FILE:

SECTION 1: EXECUTIVE SUMMARY

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. After a thorough review of all fees and charges at the CMRC it was found that many are consistent with what other like communities/facilities are charging and are in the mid to mid-low range. A 2% inflationary increase is recommended for most fees and charges in each of the next four years to keep pace with rising wages, utilities and general operating costs. In March 2019 specific direction was given by Joint Committee to raise certain fees which were well below market value to meet this “average” cost guideline. These include some drop-in fees, some Facility pass fees, some swim lesson fees, and Blue Fins Swim Club rentals. These increases were split across the four year by-law to avoid overly large increases in any given year. It is important to note that all price comparisons utilized the resident rate for Williams Lake in comparisons. Non-resident rates are approximately 25% higher across the board for all rates.

SECTION 2: BACKGROUND (if applicable)

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 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.

The current Fees and Charges By-law has been thoroughly reviewed by staff and recommended changes are based on market research, Joint Committee direction, as well as address the need to update the Fees and Charges By-Law moving forward.

A great amount of work has been done over the past three fees and charges reviews (past ten years) so most of the changes this time are relatively minor or simply clarification of information.

SECTION 3: DISCUSSION

Staff have thoroughly reviewed the current fees and charges, completed a detailed market analysis, compared rates with similar sized communities throughout BC and identified numerous revisions, changes and additions to current fees commencing in 2020 and running through 2023.

Two major areas were identified as requiring changes or additions;

1. **Fees and Charges-** All existing fees and charges were reviewed and compared to similar communities/facilities. With recent significant upgrades to the pool end of the facility new comparable were needed and found. Additionally, the level of fees and charges were measured against operational requirements, current and projected budgets, and future operational costs. Recommendations for fees and charges levels were then formulated using this information. .

2. **Definitions**- Some of the definitions for Events and Activities, Admission Rates, Rental Rates and Terms and Conditions required grammatical or explanatory revisions.

In general, Williams Lake is currently in the mid to mid-low average price range for almost all areas of fees and charges compared to similar sized communities throughout BC.

It is important to note that all price comparisons utilized the resident rate for Williams Lake in comparisons. Non-resident rates are approximately 25% higher across the board for all rates.

Fees and charges review and recommendations

In undertaking this review staff considered the following factors;

- CRD Operating Subsidy- the recently approved Operating Agreement between the City of Williams Lake and the Cariboo Regional District has defined the annual Operating Grant that the CRD provides the City and it is now locked it at an annual 1.75% increase each year of the agreement. This increase amounts to approximately a \$24,000 increase per year. For 2019 the base subsidy amount was increased \$380,000 per year to account for operation of the new pool facility and new ammonia regulations.
- Comparable communities/facilities- Existing rates for the CMRC were compared directly against other community in BC of a population between 10,000 and 30,000 persons plus more which were deemed comparable due to relative amenities. This research clearly showed that Williams Lake is in the mid to mid-low average range in most fees or charges, with the exception of a few categories, specifically some drop-in fees, some facility pass fees, some swim lesson fees and Blue Fins Swim Club rental fees.
- Cost increases- Significant cost increases in areas such as wages and benefits, utilities and basic supplies continue to challenge the CMRC in maintaining current service levels. Wages and benefits alone will increase over \$50,000 each year under the current Union Collective Agreement. In 2018 and 2019 new ammonia regulations meant a new staff position was required along with significantly increased training budgets and staffing hours to meet these regulations. In addition, the cost of operating the new West Fraser Aquatic Centre saw expenses jump significantly for chemical, utilities, lifeguarding, cleaning and front desk staffing.
- Aging infrastructure costs- As the CMRC infrastructure and associated equipment ages the cost of maintaining and replacing the physical building and the equipment within it grows. Without continued significant investment on an annual basis in this area we will face large challenges in the future.
- Cost savings- Areas where cost savings can be made are being closely scrutinized and implemented where ever possible. Recent upgrades to energy consuming areas of the CMRC have been undertaken and will yield very positive results in 2019 and beyond. Work will continue to be done in this area and is a priority for CMRC management as it is the most effective way to cut costs without negatively effecting service levels.
- The CMRC currently maintains a 40% recovery rate on expenses. The industry gold standard in BC is approximately 30-35% which puts the CMRC in elite company.

Based on an analysis of these factors it is clear that increases in expenses will continue to outweigh any gains in revenue or cost savings for the foreseeable future. It is also clear that current charges are near "fair market value" and any increases would likely have to be modest to keep them in this range, and acceptable to the community.

For 2020, 2021, 2022 and 2023 it is projected there will be an approximate increase in expenses of over \$30,000 - 60,000 each year due mostly to rising collective agreement based staffing and utility costs. These large annual increases in expenses are forecast each year while the CRD Operating Subsidy will remain consistent and cost savings will become more and more difficult without major investment or service level cuts.

As a result it is recommended that an increase of 2% be implemented in each of 2020, 2021, 2022 and 2023 for the following rates;

- Group Facility Passes
- Ice Rink and Dry floor rental fees
- Gibraltar Room rates
- Aquatic and Fitness Instruction Fees
- Recreation Access Card fees
- Parking lot rentals
- Arena advertising signage rates
- Recreation program fees
- Active Living Guide advertising fees

For context- Each 1% increase in fees means approximately \$7,500.00 in increased annual revenue overall; A 2% fee increase adds 8 cents to a child's drop-in rate; A 2% increase adds \$1.85 per hour to the ice rental rate for Youth groups and \$3.40 per hour for adults.

If these four successive 2% increases are approved Williams Lake will still be in the mid to mid-low average range in almost all fees and charges categories compared to all other comparable communities in BC. These increases should also help the CMRC with covering a portion of the increasing expenses during this time period although further efficiencies will need to be found to balance the budget.

It is estimated that with the proposed fee increase (Assuming participation figures do not change) an additional \$15,000- \$25,000 per year in revenue will result. While some increases seem large in percentage the actual revenue return is actually quite minimal (eg/ Raising Blue Fins meet rental rates will result in approximately \$200 per year in increased revenue.)

Highlights of note in the recommended Fees and Charges By-Law

Fees specifically raised above the 2% per year level due to direction from Joint Committee to have all fees and charges at, or very near, average market value are noted in the list below. Any fee or charge less than 95% of market average in 2019 was adjusted.

1. Youth/Senior drop-in rate were found to be 83% of average. An increase of 5% over each year of this by-law is recommended to bring this charge back in line. This will result in an increase of 21 cents in 2020, 22 cents in 2021, 23 cents in 2022 and 24 cents in 2023.
2. Adult drop-in rates were found to be 90% of average. An increase of 3% over each year of this by-law is recommended to bring this charge back in line. This will result in an increase of 17 cents in 2020, 17 cents in 2021, 18 cents in 2022 and 18 cents in 2023.
3. Family drop-in rates were found to be 85% of average. An increase of 5% over each year of this by-law is recommended to bring this charge back in line. This will result in an increase of 55 cents in 2020, 59 cents in 2021, 61 cents in 2022 and 64 cents in 2023.

4. Child (92%), Youth/Senior (84%), Adult (82%) and Family (87%) 10 Drop-in Pass deals were found to be below average. An increase of 3% for Child and 5% for the remainder over each year of this by-law is recommended to bring this charge back in line.
5. Family One (1) Month passes were found to be 90% of average. An increase of 4% over each year of this by-law is recommended to bring this charge back in line.
6. Youth/Senior three (3) month passes were found to be 93% of average. An increase of 3% over each year of this by-law is recommended to bring this charge back in line.
7. Youth/Senior six (6) month passes were found to be 93% of average. An increase of 3% over each year of this by-law is recommended to bring this charge back in line.
8. Youth/Senior and Adult one year passes were found to be 87% and 92% of average. An increase of 3% over each year of this by-law is recommended to bring this charge back in line.
9. Swim Club Lane rental rates were found to be 86% of average. An increase of 5% over each year of this by-law is recommended to bring this charge back in line. This will result in an increase per hour, per lane of 48 cents in 2020, 51 cents in 2021, 53 cents in 2022, and 56 cents in 2023.
10. Swim Club meet pool rental rates were found to be 65% of average. An increase of 12% over each year of this by-law is recommended to bring this charge back in line. This will result in a per hour increase of \$9.11 in 2020, \$10.20 in 2021, \$11.42 in 2022, and \$12.80 in 2023. Currently the Blue fins only rent the pool for meets twice a year.
11. Half hour Group swim lesson rates were found to be from 93% of average. An increase of 4% over each year of this by-law is recommended to bring this charge back in line.
12. Three-quarter hour Group swim lesson rates were found to be from 83% of average. An increase of 5% over each year of this by-law is recommended to bring this charge back in line.
13. One hour Group swim lesson rates were found to be from 88% of average. An increase of 5% over each year of this by-law is recommended to bring this charge back in line.

Each of these items was below 95% of market value and the proposed increases will raise them to above 95% of market value over the four year period of this fees and charge by-law. Increases were split over the four year period to avoid large increases in any one year.

Definitions review and recommendations

The revised definitions are designed to take all of the subjectivity out of fees and charges and allow both the client and CMRC to fully understand the sometimes complex nature of the Fees and Charges at the CMRC. These definitions also bring them in line with those of comparable communities, most notably Quesnel which is also part of the CRD.

Highlights of note in the recommended definitions

- Numerous definitions were clarified (but not changed) for ease of understanding.

SECTION 4: DETAILED ANALYSIS

a. Financial Considerations – Cost and Resource Allocations:

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

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

World Class Recreation N/A N/A
d. This project potentially <u>conflicts</u> with the following ICSP Priority Areas (also list mitigation measures)
N/A N/A N/A Mitigation measures:
e. Environmental Considerations:
f. Social Considerations:
g. Economic Considerations:
SECTION 5: RECOMMENDATION(S)
That Joint Committee approve the recommended changes to the Fees and charges By-Law for the 2020-2023 period.

Respectfully submitted,

Milo MacDonald
Chief Administrative Officer

This report has been prepared in consultation with the following:	Initials
Darron Campbell, Manager of Community Services, CRD	
Graeme Donn, Manager of Recreation	

ATTACHMENT(S):

Appendix A- Proposed Fees and Charges By-law rates

Appendix B- Proposed Fees and Charges definitions

Appendix C - Drop-in, Passes, arena, pool, Gibraltar Room, and swim lessons rates price comparisons

Appendix D- Proposed rink board advertising fees

Appendix E- Active Living Guide advertising fees