

**Report from** Parks, Recreation and Culture Services, Director

**Date of Report:** September 11, 2017      **Date of Meeting:** September 18, 2017

**Report Number:** PRCS-B042-2017      **File:** 68.32.99

**Subject:** Transition program for those using City facilities that have had a substantial raise in their rates and fees

## Recommendation

That the Budget Standing Committee receive this report for information.

## Summary

This report provides a justification of the rates being charged for spaces at City facilities for third party groups as requested by Council. Rates and fees charged by the City are reviewed annually. When recommending new rates, staff consider the rates and fees charged by comparator municipalities, the rising cost of the City's labour force, and the typical set up, take down and clean up processes for each space, as well as other costs that may be applicable to the programs and services.

## Background

At the July 10, 2017 Council meeting, Councillor Siscoe requested a report on the feasibility of a transition program for those using City facilities that have had a substantial raise in their rates and fees and refer to Budget Standing Committee.

## Report

The City's rates and fees, for parks, recreation and culture programs and services, are currently based on a combination of:

- alignment to municipal comparators
- market-based pricing
- consideration of associated costs to deliver the service
- consideration of the participant type, i.e. youth, older adult, not for profit
- public feedback

## Rate Comparison 2013 – 2017

Table 1 provides a summary of the rates charged for the small, large meeting room and large hall/gymnasium at City owned PRCS buildings. The costs shown in Table 1 include HST and "% Var" refers to the rate of increase to the rate from one year to the next.

**Table 1**

	<b>Rates</b>											
<b>Facility Description</b>	<b>2013</b>	<b>% Var</b>	<b>2014</b>	<b>% Var</b>	<b>2015</b>	<b>% Var</b>	<b>2016</b>	<b>% Var</b>	<b>2017</b>	<b>% Var</b>	<b>2018</b>	<b>Comp. Avg.</b>
Large Gym/Hall Rental (150+)/Hr	\$35.60	5%	\$37.29	5%	\$39.15	5%	\$41.15	22%	\$50.00	2%	\$50.95	\$104.33
Large Meeting Rooms (56 to 150)/Hr	\$26.55	0%	\$26.55	5%	\$27.90	5%	\$29.30	19%	\$35.00	2%	\$35.65	\$56.93
Small Meeting Rooms (55 or Less)/Hr	\$17.51	3%	\$18.10	0%	\$18.10	5%	\$19.05	15%	\$22.00	2%	\$22.40	\$29.74

The City's rates are, in many cases, well below those charged by our comparator municipalities for similarly sized spaces. The rates also include any set up and take down of equipment, as well as any specialized equipment that may be requested. The most significant increase occurred between 2016 and 2017 and can be derived from the increases in utilities at these facilities, as well as the intent to bring our fees closer to those of our comparator municipalities.

The spaces described above are rented by "casual" renters for one time bookings such as bridal showers, baby showers, family gatherings, birthday parties. The spaces are also rented for repeat bookings such as religious gatherings, pre-natal classes, dog training and fitness programs. There are currently 28 ongoing booking customers consisting of not-for-profit/charitable organizations and for-profit private companies. City staff have received only one inquiry from one of the repeat renters regarding their new rate for 2017.

## **Additional Fees**

In addition to the operating costs associated with each of the City owned facilities, other fees and tariffs have also been levied against the City and until the increases in 2017, those charges had not been transferred to the renter/user of the spaces.

SOCAN is an organization which charges municipalities, program providers, private facilities and entertainment venues for the right to use pre-recorded music when it is being used to gain a business advantage.

SOCAN fees are distributed as royalties to songwriters, composers, lyricists, and music publishers.

Re:Sound is a not for profit Canadian organization which charges tariffs to fitness facilities, nightclubs and background music users for the right to use pre-recorded music at their respective venues.

Re:Sound tariffs are distributed to recording artists and record companies.

SOCAN and Re:Sound facilitate their own research and quantify the amount of programs that may use pre-recorded music at City owned facilities. The City is invoiced typically in the first quarter of every year, based on previous year's calculations.

Parks, Recreation and Culture Services pays approximately \$2,000 per year to SOCAN and Re:Sound (\$1,000/each). This amount may fluctuate per year based on volume of programs and facilities.

## **Staff Recommendation**

Staff are not recommending a transition program as it relates to rates and fees for City owned facilities. Doing so would directly impact the City's ability to recover its operating costs, including the SOCAN and Re:Sound tariffs.

## **Financial Implications**

There is no impact as a result of this report.

## **Relationship to Strategic Plan**

The City's approach to annual rates and fees is aligned to action 2.1 through to 2.3:

"Update financial controls and debt management strategy to better manage escalating costs of city operations and services; Establish program performance management and reporting systems that demonstrate value for service; Institute core service review process."

## **Conclusion**

Annual increases to the cost of delivering programs and operating City owned facilities make it necessary to increase the rates and fees charged to end users. Staff are not recommending a transition program to delay or minimize the increase to some fees as in all cases, the proposed and approved rates and fees have followed directive provided to staff to best align with a cost recovery approach, as well as market and municipal comparators. In addition, if fee increases were to be delayed, minimized or cancelled, it would give third party, for profit groups an unfair advantage.

**Prepared, Submitted by:**

Phil Cristi, Acting Director, PRCS

**Approved by:**

Dan Dillon, Acting Commissioner, Operations