**Agenda - Executive Policy Committee - January 17, 2007**

**Report - Standing Policy Committee on Protection and Community Services - January 8, 2007**

**Item No. 2 Increase in Fees for Recreation Programs and Services**
**File PR-2.10**

STANDING COMMITTEE RECOMMENDATION:

On January 8, 2007, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation and submits the following to Council:

1. That the 2007 fees for select recreation, leisure, aquatic leadership programs, and rental fees be increased by 2%, 4%, and 6% as outlined in the report from the Acting Director of Community Services dated December 15, 2006.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

**Agenda - Executive Policy Committee - January 17, 2007**

**Report - Standing Policy Committee on Protection and Community Services - January 8, 2007**

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On January 8, 2007, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

**RE**: **Increase in Fees for Recreation Programs and Services**

| | |
|---|---|
| **FOR SUBMISSION TO:** | Standing Policy Committee on Protection and Community Services |
| **ORIGINAL REPORT SIGNED BY:** | Clive Wightman, Acting Director Community Services Department |
| **REPORT DATE:** | December 15, 2006 |

**RECOMMENDATION(S):**

1. That the 2007 fees for select recreation, leisure, aquatic leadership programs, and rental fees be increased by 2%, 4%, or 6% as outlined in this report.

## Report Summary

**Key Issues:**

- Council approval in January 2007 is necessary in order to incorporate the proposed new pricing into the Spring / Summer Leisure Guide.

- The proposed fee increases, above the cost of living adjustment (COLA), in the select recreation programs reflect the results of the analysis resulting in a proposed 6% increase applied to programs with very high demand, 4% increase applied to programs with high demand, and a 2% increase applied to programs with moderate demand:

    - Proposed 6% increase to adult leisure, dance, and sport specialty programs
    - Proposed 4% increase to adult active living specialty programs and arena rentals
    - Proposed 2% increase to room and pool rentals, adult fitness/sport programs, aquatic leadership programs, and pre-school/children/youth programs

- A significant marketing and promotional strategy will commence in February 2007 and will be on-going to assist in the promotion of programs and services which in turn will increase participation and revenue. Funding for the ongoing enhanced promotions will be obtained through the realignment of current operating budget funds.

- Fee increases beyond what is proposed may have an adverse effect on participation and revenue. The participation and revenue will be evaluated each registration period to determine impact on participation and future pricing strategy.

- The proposed fee increases, and the marketing and promotional strategy, will provide the increased revenue to meet the budget targets included in the 2007-2009 budget submission.

- The Community Services Department has conducted a comprehensive review and analysis of the current fees for all recreation, leisure, aquatic programs, and admission/ rental fees.

- The review included an analysis of demand (i.e., participation, price elasticity of demand, % capacity, ability to pay, the nature of the service, the macroeconomic environment), costs and other comparable service providers.

- Pool, fitness centre and public skating admissions; adaptive programming; Learn to Swim; Learn to Skate; and other programs that are aimed at developing basic skills are not included in the proposed fee increase as 'learn to' programs constitute 'core' programming.

- Comprehensive comparative pricing analysis completed in 2003 and 2006 indicates that registered recreation programs offered by the City are generally priced lower than other comparable service providers.

**Implications of the Recommendation(s):**

**General Implications**

( ) None

( ) For the organization overall and/or for other departments

(x) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): Increased fees in select programs and rental fees as outlined in Appendix I.

**Policy Implications**

( ) No

(x) Yes

Comment(s): Council must approve any new fee schedules or changes to present fee schedules in excess of CPI increase.

**Regulatory Implications**

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

**Environmental Implications**

(x) No

( ) Yes

Comment(s):

**Human Resources Implications**

(x) No

( ) Yes

Comment(s):

**Financial Implications**

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s): The revenue associated with these proposed fee increases has been included in the Draft 2007-2009 Business Plan.

## Report

### REASON FOR THE REPORT:

Council must approve any new fee schedules or changes to fee schedules in excess of CPI increase.

### HISTORY:

The City of Winnipeg's Fees and Charges Policy directs that fees and charges within the fees schedule increase automatically, annually, by at least the rate of inflation, unless a review indicates otherwise.

In 2003, a general price increase of 5% (including COLA) was applied to all recreation and aquatic program / admission fees. In addition, effective September 1, 2003, fees for ice rentals, summer and winter, and off-season rentals of arena facilities were increased by ten percent (10%), over and above annual CPI.

In 2004, a 4.5% fee increase was implemented to recreation programs and services fees to sustain the Department/Division Safety Management Program. This increase was not applied to ice rentals as there had been a significant fee increase in September 2003.

### DISCUSSION:

The Community Services Department has conducted a comprehensive review and analysis of the current fees for all recreation, leisure, aquatic programs, and admission/ rental fees.

The comprehensive review included an analysis of demand (i.e., participation, price elasticity of demand, % capacity, ability to pay, the nature of the service, the macroeconomic environment) costs and other comparable service providers.

Pool, fitness centre and public skating admissions; adaptive programming; Learn to Swim; Learn to Skate; and other programs that are aimed at developing basic skills are not included in the proposed fee increase as 'learn to' programs constitute 'core' programming.

The proposed fee increases, above COLA, in the select recreation programs reflect the results of the analysis resulting in a proposed 6% increase applied to programs with very

high demand, 4% increase applied to programs with high demand, and a 2% increase applied to programs with moderate demand:

- Proposed 6% increase to adult leisure, dance, and sport specialty programs
- Proposed 4% increase to adult active living specialty programs and arena rentals
- Proposed 2% increase to room and pool rentals, adult fitness/sport programs, aquatic leadership programs, pre-school/children/youth programs

Adult leisure programs offered include a variety of leisure opportunities such as; cooking, pottery, fine arts, woodshop/woodworking, 'building and renovating', and 'around the yard', and 'around the house' programs. Generally, the adult leisure programs have very high demand. Current pricing for these programs is below the average market rate. (see Appendix 1)

Adult dance programs offered include a variety of country, ballroom, jazz, and spanish dance. Adult dance programs have very high demand. Current pricing for these programs is below the average market rate. (see Appendix 1)

Adult sport specialty programs such as Hockey Night in Winnipeg and Boxing have high demand and current pricing for these programs is below the average market rate.

Adult active living specialty programs include pilates, and yoga. The programs have high demand. Current pricing for these programs is below the average market rate. (see Appendix 1)

Arena rentals had a 10% fee increase in September 2003. Since that time, only the COLA increase has been included each year. The costs associated with maintaining arena operations continue to increase at a greater rate than arena revenue increases. Community Centre arena operations follow the rates as outlined in the Fees and Charges Policy. The City's rates are generally used as benchmarks for private arenas to set their rates.

Adult fitness and sport programs include a variety of programs such as volleyball, tae kwon do, indoor soccer, low impact fitness, aquasize, and circuit training. These programs have moderate demand and are currently below the average market rate. (see Appendix 1)

Aquatic Leadership Programs include bronze medallion, bronze cross, and lifesaving courses. These programs have moderate demand and are currently priced above the average market rate.

Pre-school, Children, and Youth programs include a variety of programs which include gymnastics, dance, fun with music, kinder ballet, tae kwon do, hip hop dance, and badminton. These programs have moderate demand and are currently priced below the average market rate. (see Appendix 1)

Comprehensive comparative pricing analysis completed in 2003 and 2006 indicates that registered recreation programs offered by the City are generally priced lower than other comparable service providers.

A significant marketing and promotional strategy will commence in February 2007 and will be on-going to assist in the promotion of programs and services which in turn will increase participation and revenue. Funding for the ongoing enhanced promotions will be obtained through the realignment of current operating budget funds.

Fee increases beyond what is proposed may have an adverse effect on participation and revenue. The participation and revenue will be evaluated each registration period to determine impact on participation and future pricing strategy.

The proposed fee increases, and the marketing and promotional strategy, will provide the increased revenue to meet the budget targets included in the 2007-2009 budget submission.

## Financial Impact Statement — Date: December 15, 2006

**First Year of Program 2007**

Increase in Fees for Recreation Programs and Services

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | 265,774 | 461,637 | 469,946 | - | - |
| Net Cost/(Benefit) | $ (265,774) | $ (461,637) | $ (469,946) | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ (265,774) | $ (461,637) | $ (469,946) | $ - | $ - |

The revenue for 2007 is based on implementation of increased fees for the spring 2007 session, starting in April for most program areas. The implementation of the increased fees for rooms, pool, and ice rentals will be applied in April, however many groups have seasonal contracts that may be in effect until June. These fee increases are included in the draft 2007-2009 Business Plan.

original signed by

Cindy Fernandes, B. Comm (Hon) CMA
A/Manager of Finance and Administrative Services

**IN PREPARING THIS REPORT THERE WAS:**

**Internal Consultation With and Concurrence By:**

Legal Services, Corporate Services

**External Consultation With:**

**THIS REPORT SUBMITTED BY:**

Department Community Services
Division Community Development and Recreation Services
Strategic & Information Systems Services
Prepared by: Karen Beck
File No.

# Appendix 1 – Recreation/Leisure Program
# Local Market Fee Comparative Examples

| Brochure | Activity | Course | City of Winnipeg Rate ($/hr)* | Average Market Rate* (Not including City) ($/hr) | Difference ($) |
|---|---|---|---|---|---|
| Adult Leisure | Around the Home | Furniture Re-Upholstery | $ 5.93 | $ 5.22 | $0.71 |
| Adult Leisure | Around the Yard | Beginner Landscape Deisgn | $ 4.90 | $ 10.71 | ($5.81) |
| Adult Leisure | Beauty and Body Care | Pedicure | $ 7.82 | $ 15.00 | ($7.18) |
| Adult Leisure | Building and Renovating | Home Improvement & Renovations | $ 4.68 | $ 6.40 | ($1.72) |
| Adult Leisure | Communication | Spanish for Beginners and Travellers | $ 4.23 | $ 8.86 | ($4.63) |
| Adult Leisure | Communication | Italian for Beginners and Travellers | $ 5.29 | $ 6.17 | ($0.88) |
| Adult Leisure | Creative Crafts | Christmas Origami | $ 11.64 | $ 16.00 | ($4.36) |
| Adult Leisure | Creative Crafts | Creative Memories | $ 7.17 | $ 11.25 | ($4.08) |
| Adult Leisure | Hands On/Demo | Samosa Night | $ 5.67 | $ 11.11 | ($5.44) |
| Adult Leisure | Hands On/Demo | Greek Cooking | $ 9.09 | $ 10.00 | ($0.91) |
| Adult Leisure | Hands On/Demo | Holiday Appetizers | $ 13.00 | $ 14.17 | ($1.17) |
| Adult Leisure | Hands On/Demo | Christmas Chocolates | $ 9.00 | $ 10.42 | ($1.42) |
| Adult Leisure | Hands On/Demo | Sushi I | $ 8.67 | $ 10.00 | ($1.33) |
| Adult Leisure | Hands On/Demo | Szechuan Cuisine II | $ 8.19 | $ 10.00 | ($1.81) |
| Adult Leisure | Fabric Arts | More Knitting | $ 5.20 | $ 6.74 | ($1.54) |
| Adult Leisure | Fine Arts | Portraits | $ 3.82 | $ 7.95 | ($4.13) |
| Adult Leisure | Fine Arts | Beginner Drawing & Water Colour Painting | $ 4.01 | $ 7.00 | ($2.99) |
| Adult Leisure | Fine Arts | Oil Painting | $ 4.50 | $ 6.36 | ($1.86) |
| Adult Leisure | Maintenance & Mechanics | Small Gas Engine Mechanics | $ 4.29 | $ 6.00 | ($1.71) |
| Adult Leisure | Photography | Intro to Digital Still Photography | $ 5.13 | $ 9.80 | ($4.67) |
| Adult Leisure | Pottery | Intro to Pottery Course; Potter's Wheel Course | $ 3.92 | $ 5.62 | ($1.70) |
| Adult Leisure | Special Interest | Let's eBay | $ 5.67 | $ 9.00 | ($3.33) |
| Adult Fitness | Aqua Fitness | Lite Weights and Water | $ 5.27 | $ 6.44 | ($1.17) |
| Adult Fitness | Aqua Fitness Specialty | Specialty Aquafitness | $ 6.40 | $ 8.67 | ($2.27) |
| Adult Fitness | Arthritis (LAND) | P.A.C.E. Arthritis Class | $ 5.59 | $ 5.84 | ($0.25) |
| Adult Fitness | Cardio: High Impact | Kick it Combo | $ 5.27 | $ 8.76 | ($3.49) |
| Adult Fitness | Circuit Training | Circuit Express | $ 5.27 | $ 8.78 | ($3.51) |
| Adult Fitness | Pilates | Pilates- Level 1 | $ 5.60 | $ 10.04 | ($4.44) |
| Adult Fitness | Pre/Post Natal | Rock & Roll Strollers | $ 5.27 | $ 13.33 | ($8.06) |
| Adult Fitness | Tai Chi | Part 1 | $ 5.59 | $ 8.13 | ($2.54) |
| Adult Fitness | Weight/Strength Training | Personal Training Consultation | $ 38.19 | $ 55.00 | ($16.81) |
| Adult Fitness | Yoga | Beginner Yoga | $ 5.59 | $ 9.29 | ($3.70) |
| Adult Fitness | Skating | Parent & Tot | $ 9.09 | $ 14.49 | ($5.40) |
| Adult Fitness | Skating | Beginner IA/IB; Youth; Adult Beginner | $ 9.09 | $ 14.76 | ($5.67) |
| Adult Fitness | Skating | Figure Skating | $ 9.09 | $ 14.33 | ($5.24) |
| Adult Fitness | Skating | Power Skating Intro | $ 9.09 | $ 13.94 | ($4.85) |
| Adult Fitness | Skating | Power Skating Intermediate | $ 9.04 | $ 15.44 | ($6.40) |
| | Aquatic-Lifesaving Programs | Rookie (Lifesaving) | $ 9.21 | $ 8.50 | $0.71 |
| | Aquatic-Lifesaving Programs | Ranger (Lifesaving) | $ 9.21 | $ 8.50 | $0.71 |
| | Aquatic-Lifesaving Programs | Bronze Star | $ 14.41 | $ 9.52 | $4.89 |
| | Aquatic-Lifesaving Programs | Bronze Medallion | $ 9.32 | $ 6.81 | $2.51 |
| | Aquatic-Lifesaving Programs | Bronze Cross | $ 8.93 | $ 7.81 | $1.12 |
| | Aquatic-Lifesaving Programs | BM Review | $ 8.93 | $ 7.14 | $1.79 |
| | Aquatic-Lifesaving Programs | BC Review | $ 12.57 | $ 15.00 | ($2.43) |
| Preschool | | Kinder Gym | $ 6.82 | $ 14.25 | ($7.43) |
| Preschool | | Preschool Music | $ 8.00 | $ 14.32 | ($6.32) |
| Preschool | | Mini Soccer | $ 4.39 | $ 6.25 | ($1.86) |
| Children's Programs | | Gymnastics | $ 5.17 | $ 9.51 | ($4.34) |
| Children's Programs | | Hip Hop/ Jazz Dance | $ 4.90 | $ 9.24 | ($4.34) |
| Children's Programs | | Indoor Soccer | $ 4.39 | $ 9.45 | ($5.06) |
| Children's Programs | | Karate | $ 4.70 | $ 7.27 | ($2.57) |
| | Learn-to-Swim | Starfish Duck | $ 7.18 | $ 9.40 | ($2.22) |
| | Learn-to-Swim | Pre School | $ 11.90 | $ 11.70 | $0.20 |
| | Learn-to-Swim | Aqua Quest | $ 9.66 | $ 9.20 | $0.46 |
| | Learn-to-Swim | Aqua Adults | $ 14.22 | $ 13.75 | $0.47 |

* Fees do not include applicable taxes