



Town of Newmarket
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2019 Recreation & Culture Rates & Fees Staff Report

Report Number: 2018-81

Department(s): Recreation & Culture; Financial Services

Author(s): Director, Recreation & Culture; Director, Financial Services

Meeting Date: December 10, 2018

Recommendations

1. That the report entitled 2019 Recreation & Culture Rates & Fees dated Nov 28, 2018 be received; and,
2. That the 2019 Recreation & Culture Fees & Charges be approved; and,
3. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to update Council on the current rates & fees for the Recreation & Culture Department and to seek approval for increases to specific rates and fees in 2019.

Background

The recommendations contained within Financial Services Report 2018-22, entitled Delegated Authority for Fees/Charges, adopted by Council on May 28, 2018 endorsed that limited authority be granted to the Treasurer to approve 2019 Recreation Fees and Charges. The limitation imposed was that any increase in fees not exceed the rate of inflation and comply with the Service Pricing Policy. The inflation rate applied to the proposed increase in fees is 2.8%, which is the annual increase in the Toronto Consumer Price Index as at March 31, 2018. The rate was set at this time to facilitate the development of budgets for 2019. However, given the way services are priced, including drop in fees and lower priced programs, applying a 2.8 % increase in many cases is not practical and often creates a strategic marketing challenge (for example, a drop in program priced at \$3.00 would then be priced at \$3.08 at a 2.8 % increase).

In preparing the Recreation & Culture budget, consideration is given to expected participation levels and pricing. Albeit currently under review, the Service Price Policy coupled with a review of the market comparators are also considerations in establishing annual program rates. Many municipalities are factoring the increased labor costs resulting from Bill 148 into their pricing considerations.

Given the need to price programs strategically within the marketplace, and gaining a fuller understanding of the market response to implications of Bill 148, it was determined that rather than increase fees by 2.8 %, a more comprehensive report that indicates fee increases that are appropriate within the marketplace would be a more sound approach.

Discussion

Within the Recreation & Culture Department, there are four categories of fees: Administration Fees, Rental/Permit Fees, Program Fees, and Admission & Membership Fees. Given the myriad of services offered within each of these categories, the full listing of fees is included in Schedule A.

In determining fees for 2019, Recreation & Culture did a scan within the marketplace including similar private providers and neighbouring municipalities. It should be noted that a comprehensive review of fees will be forthcoming in 2019 as part of a new Service Pricing Policy. For the purposes of 2019 fees, it was imperative that a cursory examination be done to determine how private and other municipal providers responded to implications of Bill 148.

Administration Fees

Administration fees includes things such as the RAS Surcharge (which funds capital projects such as the Magna Centre Debenture), cancellation fees, NSF fees, fees associated with special requests for additional services, etc. No increases in Administration Fees are recommended at this time.

Rental/Permit Fees

The Town continues to receive significant feedback from regular user groups, permit holders and facility renters that the fees charged in this category are very high. Upon review of other municipal fee structures, this appears to be an accurate statement. As mentioned a comprehensive review will be in 2019 that will likely lead to a complete reconsideration of the fee structure in this category. Given that, no increases in Rental/Permit Fees are recommended at this time.

Program Fees

Program Fees refer to all programs in which participants are required to register for the program. This includes a broad cross section of programs that can include single sessions or multiple sessions with fees being applied in a range of manners including per hour, per class, per day. As such, it is a complex pricing structure. The cursory marketplace

review demonstrated that this is the category of fees most impacted by Bill 148. Most providers are implementing significant fee increases. Fee increases are recommended in this category and range from no increase to up to a 60% increase depending on the type of program provided. The majority of fees would increase closer to the 5 % range though. Staff are confident that all fee increases are appropriate and are consistent with what is found in the marketplace.

Admissions/Membership Fees

Admission/Membership Fees refer to all programs in which participants are able to drop in and pay a fee or are able to obtain a membership and utilize that membership to participate. This includes a broad cross section of programs. It too, is a complex pricing structure. The cursory marketplace review demonstrated that this category of fees is significantly impacted by Bill 148. Most providers are implementing fee increases. Fee increases are recommended in this category and range from no increase to up to a 20% increase depending on the type of program provided. The majority of fees would increase closer to the 5 % range though. Staff are confident that all fee increases are appropriate and are consistent with what is found in the marketplace. It should be noted that this is the category of fees that included minimally priced services so a minimal monetary increase can represent a significant percentage increase (ie. increasing from \$2.00 to \$2.25).

Conclusion

All fee increases proposed are strategically priced within the marketplace and position the Town to continue offering excellent services at an appropriate price.

Business Plan and Strategic Plan Linkages

The adoption of the 2019 Fees and Charges by-law, implementing adjustments to Recreation & Culture fees, is in alignment with Council's strategic theme of Efficiency/Financial Management as well as Enhanced Recreational Opportunities.

Consultation

Notice will be given through advertisement on the Town's website and of the Town Page of the local newspaper.

Human Resource Considerations

There are no human resource considerations at this time.

Budget Impact

The preliminary Recreation & Culture operating budget includes \$350,000 in increased revenues. \$85,000 of this is from increased rates. This represents an average rate increase of 2.74%. If the proposed increases are not implemented, or are phased in, the 2019 budget would need to be adjusted to offset revenue loss.

There are no capital budget implications.

Attachments

Schedule A (16 pgs.)

Approval

Colin Service, Director, Recreation and Culture

Ian McDougall, Commissioner, Community Services

M. Mayes, CPA, CGA, DPA
Director, Financial Services

Esther Armchuk, Commissioner of Corporate Services

Contact

For more information on this report, please contact the Director of Recreation & Culture or the Director of Financial Services.