



To: Mayor and Members of Council **Date:** March 18, 2004
From: George Duncan **File:**
Chief Administrative Officer
Re: **User Fees and New Revenue Sources**

At the March 16th General Purposes Committee Meeting there was a fair amount of discussion surrounding the topic of new revenues and user fees. Although there was no formal referral on this topic, I did indicate to Committee members that I would provide more detailed information on potential fees and revenue sources for their information. As per this commitment, staff have prepared the following information on new revenue sources for consideration.

Generating New Revenues

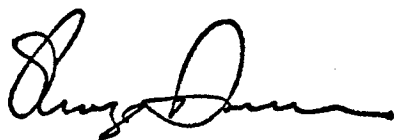
There are basically five general ways the City can increase its non-tax revenues. These include:

- a) *Increasing existing user fees:* The 5 year financial plan already has fee increases built into its projections, most of which are linked to CPI. However, should Council wish to do so, these fees could be increased further, and examples of potential revenues from such actions have been included in this document.
- b) *Expansion of existing revenue generating programs:* For some existing revenue generating programs, such as the City's pay parking program, there are opportunities to expand the program, which would result in the generation of additional revenues.
- c) *Creation of new user fees:* This category would include applying fees to services that are currently available, but that we don't currently charge for. An example of such items would be instituting charges for playing fields. Again, information on these types of potential revenue sources has been included for your review.
- d) *Full cost recovery programs:* This category would involve elimination of city subsidies provided for selected services such as pools, arenas etc. Information on these have NOT been included in this document because of 1) the magnitude of the impact this would have on public services, and 2) the inability to implement such a change for the 2004 budget.
- e) *New and Innovative Revenue Generating Program:* This could include such things as branding, etc.

Staff have reviewed current and new program ideas as per the above categories, and have prepared the following list of possible new revenue sources for consideration. We have included projected revenues for the remainder of 2004, and for the full year in 2005, for your information. By means of a summary, the following table provides the possible revenues for each area considered:

Subtotals for Potential Revenues by Area	Potential New Revenue 2004	Potential New Revenue 2005
Recreation and Culture	\$62,500	\$401,860
Parks	\$30,000	\$185,000
Engineering and PW	\$11,800	\$25,400
Community Safety	\$473,541	\$1,229,086
Transportation	\$51,900	\$81,800
Land Use	\$4,000	\$8,000
Development Applications	\$15,000	\$17,500
Finance	\$28,000	\$56,000
Totals	\$676,741	\$2,004,646

Details of these projections are attached, for your information. Please don't hesitate to call either myself or Lani Schultz, if you have any questions.



George Duncan
Chief Administrative Officer

SLS:sls

pc: TAG

Appendix One: Details of Potential New Revenue Sources for 2004, and 2005

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Recreation and Culture	Arenas	\$20,000		This money is a result of a recently negotiated fee increase for RACA, which is in addition to the budget submission
Recreation and Culture	Arenas		\$61,940	This reflects both an increase in fees of 2.49%, plus some growth in demand due to improving market conditions; It should be noted that Richmond already has some of the highest fees for arena services in the region
Recreation and Culture	Aquatics	\$15,000		This is a new projection, based on current market demands, at current fee rates. The 2004 rates have been set by the Aquatics Advisory Board, and staff feel it would be very difficult to raise fees for 2004.
Recreation and Culture	Aquatics		\$63,220	Increased revenue due to 2% increase in fees; Aquatics Advisory Board and users will need to be advised of increases; It should be noted that Richmond already has some of the highest fees in the region
Recreation and Culture	Arts Centre	\$23,700	\$6,700	2004 - \$15,000 from raising fall program fees, and \$8700 from collection of user studio rentals which were previously collected by the Community Arts Council (Pending the CACR's role being finalized, staff had not included this in the base budget, in case it was to be returned to the CACR); 2005 - Program fees and Studio User fees would be increased by 3%
Recreation and Culture	Advertising - Recreation and Culture Guide		\$10,000	There are a number of possibilities that would require further analysis in terms of potential revenues that could be generated from this initiative. The City currently advertises for all Association programs with no cost recovery. Since all revenues are retained by Associations and marketing is a cost of providing the programs, a recovery could be rationalized. As well, some community groups that the City doesn't have formal agreements with have expressed an interest in having their programs listed in the Guide for a fee. The fee would have to cover cost of printing, staff time to coordinate. Further work on the financial impact of this is needed. Finally some municipalities are including corporate advertising in their Guides. Staff time and additional printing costs would need to be considered, and again, further analysis is required to determine the actual cost/benefit of this.
Recreation and Culture	Community Centres - Recovery of SOCAN fees	\$3,800		This would be a result of recovering "SOCAN" fees, which are royalty payments made for music played at the centres; These fees are a direct cost of programs, but have in the past been covered by the City.

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Recreation and Culture	Community Centres -- racquetball/squash court fees		\$50,000	Currently, City staff handle all aspects of bookings and the city covers costs of facility operations and maintenance. Associations receive the revenues. Any changes to this agreement would require notice to affected community associations - 6 months notice in most cases
Recreation and Culture	Community Centres - Revenue from rental of halls and rooms		... \$40,000	As above
Recreation and Culture	Community Centre fitness programs		\$100,000	Current operating agreements state revenue from these programs go to Community Associations; City covers costs of facility operations, maintenance, marketing and staff supervision; Fitness is viewed as a city wide service where customers travel from outside local CA catchment areas
Recreation and Culture	Community Centre -- recovery of fees from Richmond Youth Basketball League		\$20,000	RYBL is a city-wide program, coordinated through city staff; Revenues cover expenses with surpluses split between the various CAs.
Recreation and Culture	Registration Service fee		\$50,000	This would involve a fee for service to Association for each registration transaction; Associations may decide to pass on the costs to customers, resulting in increased fees.
Recreation and Culture Total		\$62,500	\$401,860	
Parks	Pitch and Putt		\$5,000	Staff believe it is too late in the season for any increases for 2004, without significant resistance from users; increased revenues for 2005 would be created through the elimination of annual passes
Parks	2004 Fall Season Sports Field User Fees for High Quality Rectangular fees	\$30,000	\$50,000	Would be implemented in the fall, for all play on sand fields, at a rate of \$9.00/hour; Sports community very adamant that any fees charged would be need to be linked to future facility and field upgrades, in order for their support
Parks	2005 Winter Use Sports Field User Fees for Sand fields		\$30,000	See above re: community support

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Parks	2005 Spring/Summer High Quality Baseball/Softball Diamond User Fees		\$60,000	Too late to implement this year; For 2005, fields would be booked at a rate of \$9.00/hour; User fees will need to be communicated to leagues with a minimum 6 months notice to allow for registration fee increases; see above re: community support
Parks	Special Events		\$40,000	Hard to do for 2004 because many groups have already made applications; Involves charging for all special events support to community groups, such as for Salmon Festival, sports tournaments, Multifest, City Centre Celebration, Dolphin Park basketball tournament, etc.
Parks Total		\$30,000	\$185,000	
Community Safety including Parking program	Police Fees		\$15,000	Based on flat \$5.00 increase for Criminal Records Checks, and Police Reports
Community Safety including Parking program	Pay Parking – Expansion of Program to cover Minoru Parking Area	\$337,980	\$755,395	(See attached)
Community Safety including Parking program	Pay Parking – Expansion of Program to cover Steveston Village	\$135,561	\$458,691	(See attached)
Community Safety including Parking program Total		\$473,541	\$1,229,086	
Engineering and Public Works	Fees for Benchmark Surveys (Engineering)	\$1,500	\$3,000	Proposed fee of \$150, based on approximately 20 surveys per year
Engineering and Public Works	Noise Bylaw Exemptions	\$1,000	\$2,000	Proposed fee of \$200, based on approximately 10 exemptions per year
Engineering and Public Works	Drilling Program Permits	\$1,500	\$3,000	Proposed fee of \$300 plus 4% Inspection, based on approximately 10 permits per year
Engineering and Public Works	Sanitary and Storm Sewer Designs for Minor Developments	\$1,500	\$3,000	Proposed fee of \$300, based on approximately 10 designs per year

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Engineering and Public Works	Water Flow Tests	\$3,000	\$6,000	Proposed fee of \$100, based on approximately 60 tests per year
Engineering and Public Works	Catchment Areas for Consultants (Developments)	\$300	\$600	Proposed fee of \$300, based on 2 requests per year
Engineering and Public Works	Roadway Utility Cuts Investigations for Vibration complaints	\$3,000	\$6,000	Fees would be charged to the party responsible for the roadway utility cut; Proposed fee of \$300, based on 20 investigations per year
Engineering and Public Works	2% increase on all existing Engineering Fees		\$1,800	Existing fees include culvert infill permits, damage deposits, map book sales, record drawing sales, etc.
Engineering and Public Works Total		\$11,800	\$25,400	
Transportation	User paid traffic calming applications	\$30,000	\$50,000	To be done through LIP; current average 6 projects per year from capital budget totalling \$50,000 - <i>NB these are capital budget revenues not operating, and would only affect the Roads DCC program</i>
Transportation	Location Filming	\$7,000	\$10,000	Application fee of \$50, and Permit fee of \$100, based on 60-80 shoots per year
Transportation	Construction Loading Zones	\$3,000	\$4,000	Increase in current rates as follows: same rates for first 25 metres, \$15 for each incremental 25metres
Transportation	Traffic operations support for Special Events such as night market, development grand opening, block parties, etc.	\$2,000	\$3,000	Longer term events - minimum \$500 per month; short term events \$50/day; Block parties \$25 per day
Transportation	Fees for oversized vehicles and house moves	\$700	\$1,000	Base on: \$100 annual fee (no change); \$50 per oversized trip (current \$25), and \$100 per house move (current \$50)
Transportation	Traffic count services to developers, lawyers etc.	\$800	\$1,200	Based on \$25 per location for each request, and \$25 for traffic count maps

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Transportation	Advertising at bus shelters in space allocated to City, plus billboard or banner ads in City right of way	\$4,000	\$6,000	Bus shelters: \$125 per face per month; Billboards on ROW at \$1000/year/billboard
Transportation	Traffic Signal staff time as witness in traffic accident cases	\$2,000	\$3,000	\$100 per hour, 4 hour minimum
Transportation	Preparation of functional drawing as service to developers, consultants etc.	\$2,000	\$3,000	Staff time at \$50 per hour
Transportation	Prints of pavement marking drawings, functional drawings, etc.	\$400	\$600	No current charges; based on \$25 for black and white prints, and \$30 for colour
Transportation Total		\$51,900	\$81,800	
Land Use	Fee to provide Census data information to non-City clients	\$4,000	\$8,000	Staff costs of 4 hours per request at \$31/hour; Material costs at \$50 per request
Land Use Total		\$4,000	\$8,000	
Development Applications	Liquor Licence Applications	\$5,000	\$5,000	This is already underway, but as a new initiative, these revenues are not reflected in the budget yet
Development Applications	Development Variance Permit applications submitted as part of a DP	\$10,000	\$12,500	\$500 per variance application (currently no charge)

Department	Program/ Source	Potential New revenue 2004	Potential New Revenue 2005	Comments
Development Applications Total		\$15,000	\$17,500	
Finance	Increase fees for Tender documents	\$3,000	\$6,000	Based on increasing tender document fees from \$50.00 per document to \$75-\$100, in line with other municipalities
Finance	Early Payment Discounts	\$2,500	\$5,000	Based on reviewing and revising system so that invoices are paid within the early discount window
Finance	Fee for inclusion on vendor list	\$12,500	\$25,000	A recent survey has indicated that some of the larger municipalities are charging \$60.00 per year to be included on the vendors list. This would mean that vendors on the list would be included on all City outside work requests that their company could respond to.
Finance	Merchandising initiatives	\$10,000	\$20,000	
Finance Total		\$28,000	\$56,000	
Grand Totals		\$676,741	\$2,004,646	

Appendix Two: Pay Parking

This paper contains three (3) proposals:

1. Extend the pay parking program to cover the entire Minoru parking area as defined on the attached map.
 2. Extend the pay parking program to cover the Steveston Village extending from Garry Point Park bounded Chatham Street, No. 1 Road, Bayview Avenue, and 3rd Avenue and including all streets and lanes within this area. Map attached.
 3. Extend the pay parking program to include both the Minoru parking area and the Village of Steveston.
- Revenue expectations for these options are as follows:

<i>Location</i>	<i>Revenue 2004 (6 months)</i>	<i>Revenue 2005 (full year)</i>
Minoru Park	\$337,980	\$755,395
Steveston	\$135,561	\$458,619
Combined Minoru/Steveston	\$473,541	\$1,214,014

The attached spreadsheet provides the revenues and expenditures for the locations and projected traffic volumes. A second sheet indicates those factors that will impact on revenues and the third page shows the projected parking use and related revenues for the locations.

- These estimates are based on a quick analysis of the locations using best available information. They are conservative and achievable and have considered factors which could tend to reduce use of the parking spaces at each location.
- The rates proposed are the same as the on-street parking meters - \$1.00 per hour. Changes to the rates will either increase or decrease revenue.
- While highlighting the revenue aspects of pay parking both these locations are heavily used and would benefit by a program that promotes the frequent turnover of parking spaces.
- The proposed changes, other things being equal, could be in place within 3 months notwithstanding that further work would be required over the longer term to develop and initiate associated programs.
- Fragmentation of the programs (leaving out some areas for free parking) will result in displacement of persons looking for places to park and could substantially reduce revenue. Also, in Steveston it would become necessary to enforce time limit parking at the Community Centre.

- There are opportunities within the program to assist some special interest groups.
- There would be no requirement for an increase in either enforcement or administrative staff.

Don Pearson
Manager, Community Bylaws

City of Richmond
Pay Parking Program - Expansion Options

All Year	RATE MODEL	\$1.00 / 1 hour \$3.00 max
		12 months

Location:

MINORU PARK - SOUTH

STEVESTON - GARRY POINT

REVENUE SOURCES

	Budget Rate	% of Vehicles	2004	2005	2004	2005
Transient		95%	383,697.00	840,294.00	277,114.50	606,879.00
Annual Passes		5%	10,000.00	15,000.00	1,000.00	1,500.00
Enforcement	7.5%		28,777.28	63,022.05	20,783.59	45,515.93
TOTAL REVENUES			\$ 422,474.28	\$ 918,316.05	\$ 298,898.09	\$ 653,894.93

OPERATING EXPENSES

Contract Fees	10.0%	\$ 38,369.70	\$ 84,029.40	\$ 27,711.45	\$ 60,687.90
Pay Station Leasing		\$ 20,250.00	\$ 40,500.00	\$ 101,250.00	\$ 101,250.00
Pay Station Maintenance & Support		\$ 5,000.00	\$ 10,000.00	\$ 25,000.00	\$ 25,000.00
Other Equipment Maintenance		\$ 5,000.00	\$ 10,000.00	\$ 1,000.00	\$ 1,000.00
Tickets & Supplies	95%	\$ 3,375.11	\$ 7,391.48	\$ 4,875.16	\$ 5,338.29
Annual Passes	5%	\$ 10,000.00	\$ 10,000.00	\$ 1,000.00	\$ 1,000.00
Signage		\$ 2,500.00	\$ 1,000.00	\$ 2,500.00	\$ 1,000.00
TOTAL OPERATING EXPENSES		\$ 84,494.81	\$ 162,920.88	\$ 163,338.61	\$ 195,276.19

NET OPERATING REVENUE

as a percent of Total Revenues	80.0%	\$ 337,979.46	\$ 755,395.18	\$ 135,561.48	\$ 458,618.74
				45.4%	70.1%

Projected Annual Vehicle Traffic: (Rmd Counts)
 Pay Parking Resistance Factor Deducted:
 Free Parking for Mgmt, Groups, Services, etc:
 Adjusted Annual Revenue Traffic:

Average Length of Stay:	Drive Thru	842,133	853,827	524,317	537,085
	< 1 hour	25%	19%	25%	19%
	1 to 2 hrs	10%	10%	10%	10%
	2 to 3 hrs	568,440	622,440	410,540	449,540
Maximum Stay - 3 hours					
Number of Annual Passes:					
Fee \$	7.50	2,000	2,000	200	200
Cost \$	5.00				

Number of Pay Stations:
 Budget / Unit:
 Monthly Lease:

	25	\$ 15,000.00
		2.25%

**Revenue Generation Pay Parking Analysis
Minoru Park - South**

INPUT CRITERIA

Factors that will impact on revenues

% Resistance to Implementation of Pay parking

Year 1	25%
Year 2	19%
Year 3	13%
Year 4	7%
Year 5	0%

% Alternative Parking 10%

% Free Pass 10%

Parking Rates

Flat Rate 0% \$0.00

Graduated Rates

25%	\$0.00 Drive Thru
30%	\$1.00 1 hour
15%	\$2.00 2 hour
25%	\$3.00 3 hour
0%	\$4.00
<u>95%</u>	

Enforcement Level \$ 20.00 \$ 40.00
7.5%

Maximum Stay

Annual Pass 5% \$7.50 (Assumption: Purchase only at beginning of year)

**HISTORICAL USAGE & REVENUE FORECAST
MINORU PARK - SOUTH
2004 - 2005**

Annual
Growth Factor
1.04

Counter	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
2004	Entrance Lanes	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000
	Entrance Lanes Graduated	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	568,440
	Total Cars	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$767,384
	Total Revenue	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	47,370	568,440
2005	Entrance Lanes	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$63,950	\$767,384
	Entrance Lanes Graduated	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	622,440
	Total Cars	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	840,284
	Total Revenue	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	51,870	622,440
Total Revenue	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$70,025	\$840,284

**HISTORICAL USAGE & REVENUE FORECAST
STEVESTON - GARRY POINT
2004 - 2005**

Annual
Growth Factor
1.04

Counter	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
2004	Traffic Volume	25,000	35,000	45,000	55,000	65,000	75,000	75,000	65,000	55,000	45,000	35,000	650,000
	Traffic Volume Graduated	15,790	22,106	28,422	34,738	41,054	47,370	47,370	41,054	34,738	28,422	22,106	410,540
	Total Cars	\$21,317	\$29,843	\$38,370	\$46,896	\$55,423	\$63,950	\$63,950	\$55,423	\$46,896	\$38,370	\$29,843	\$554,229
	Total Revenue	15,790	22,106	28,422	34,738	41,054	47,370	47,370	41,054	34,738	28,422	22,106	410,540
2005	Traffic Volume	\$21,317	\$29,843	\$38,370	\$46,896	\$55,423	\$63,950	\$63,950	\$55,423	\$46,896	\$38,370	\$29,843	\$554,229
	Traffic Volume Graduated	17,290	24,206	31,122	38,038	44,954	51,870	51,870	44,954	38,038	31,122	24,206	449,540
	Total Cars	\$23,342	\$32,678	\$42,015	\$51,351	\$60,688	\$70,025	\$70,025	\$60,688	\$51,351	\$42,015	\$32,678	\$606,879
	Total Revenue	17,290	24,206	31,122	38,038	44,954	51,870	51,870	44,954	38,038	31,122	24,206	449,540
Total Revenue	\$23,342	\$32,678	\$42,015	\$51,351	\$60,688	\$70,025	\$70,025	\$70,025	\$60,688	\$51,351	\$42,015	\$32,678	\$606,879



