



City of Richmond

Report to Committee

To: Parks, Recreation and Cultural Services Committee

Date: August 29, 2019

From: Elizabeth Ayers
Director, Recreation and Sport Services

File: 11-7000-01/2019-Vol 01

Re: **Age of Eligibility for Seniors Pricing**

Staff Recommendations

1. That a pricing policy for Community Services programs, rentals and admissions be developed, and report back to Council with a draft policy for consideration, as described in the staff report titled "Age of Eligibility for Seniors Pricing," dated August 29, 2019, from the Director, Recreation and Sport Services;
2. That \$25,000 from the Recreation Fee Subsidy Program (RFSP) contingency fund of \$50,000, previously approved by Council be allocated to the central fund, as described in the staff report titled "Age of Eligibility for Seniors Pricing," dated August 29, 2019, from the Director, Recreation and Sport Services; and
3. That a one-time additional level request of \$82,000 to support the Recreation Fee Subsidy Program (RFSP) be submitted for consideration in the 2020 budget process, as described in the staff report titled "Age of Eligibility for Seniors Pricing," dated August 29, 2019, from the Director, Recreation and Sport Services.

Elizabeth Ayers
Director, Recreation and Sport Services
(604-247-4669)

Att. 3

| REPORT CONCURRENCE | | |
|--|-------------------------------------|--------------------------------|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| Arts, Culture & Heritage | <input checked="" type="checkbox"/> | |
| Community Social Development | <input checked="" type="checkbox"/> | |
| Finance Department | <input checked="" type="checkbox"/> | |
| REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE | INITIALS: | APPROVED BY CAO |

Staff Report

Origin

At the May 28, 2019, Parks, Recreation and Cultural Services Committee meeting, staff received the following referral:

That staff review options for an appropriate age for free admission to community recreation centres.

At the June 24, 2019, Regular Council meeting, staff received the following referral:

That the recreation pricing structure for seniors be referred to staff for further review and analysis of options, and report back.

The purpose of this report is to respond to the above referrals.

This report supports Council’s Strategic Plan 2018-2022 Strategy # 4 An Active and Thriving Richmond.

An active and thriving community characterized by diverse social and wellness programs, services and spaces that foster health and well-being for all.

4.1 Robust, affordable, and accessible sport, recreation, wellness and social programs for people of all ages and abilities.

Analysis

Background

On September 25, 2017, Council adopted recommendations to update and expand the Recreation Fee Subsidy Program (RFSP) to support individuals of all ages, rather than just children and youth. Table 1 below shows the number of residents served since implementation of the program on September 1, 2018 through until August 31, 2019.

Table 1: RFSP Participation by Age Group for the 2018 – 2019 Program (September 1, 2018 – August 31, 2019)

| Child | Youth | Adult | Senior (55+) | Total |
|--------------|--------------|--------------|---------------------|--------------|
| 390 | 94 | 508 | 375 | 1,367 |

During consultations with community partners, concern was expressed regarding the financial impact of the revised RFSP, as each community partner would be responsible for funding the subsidy for their programs by forgoing the subsidized portion of revenue. In response to these concerns the creation of a central fund was agreed to, with each community partner to contribute

1.1 per cent of their gross revenues from programs and services. The central fund would then fund the subsidized portion of registration fees for all community partner programs. This provides a mechanism for community partners to plan their budgets each year. Aquatics and Art Centre operations contribute to the program by foregoing revenue. As part of the RFSP, a contingency fund of \$50,000 was created to cover any shortfall in program contributions from community partners.

The adopted RFSP program included a shift in age for seniors pricing from 55 to 65 years, which was recommended and approved by Council. The rationale for changing the age for seniors pricing to accommodate the RFSP expansion was based on the conventional age for seniors pricing at the federal, provincial and municipal level. A number of Metro Vancouver jurisdictions, including Vancouver, North Vancouver (City and District) and Burnaby, have seniors pricing beginning at 65 years. Additionally as seniors who live on low income would now be eligible for support through the RFSP, a further discount based on age would not be required.

The RFSP expansion, seniors pricing age change and the creation of a central fund, were recommended as a result of the RFSP consultation process and were supported by community partners.

Community partner contributions to the central fund, along with the implementation of age change for seniors pricing were planned to begin on July 1, 2019. However, after a presentation to Council on June 24, 2019, staff were directed to review and analyze options in seniors pricing, and the senior age change implementation and central fund contributions were put on hold. Previously, Council had asked staff to review options for an age at which admission could be free.

Current Pricing Structure

Currently, pricing is reviewed and updated annually after a review of operating costs and prices of comparable services in Metro Vancouver.

Fees at the Richmond Arts Centre are set by staff. The fees associated with operations that involve programming with community partners are set by these organizations. In both cases, staff do extensive research and develop recommendations based on prevailing market conditions and program goals. Community partner collaboration includes the operations of:

- community centres;
- arenas;
- seniors programs and services;
- art gallery programs;
- museum and heritage programs;
- aquatics programming; and
- nature programs.

Pricing Policy

While pricing based on age is one method of determining fees for programs, and admissions, there are a number of factors that can direct pricing for programs, rentals and admissions. Pricing may be based on the following:

- City Council and community priorities;
- how much the opportunity accrues benefit to the individual or the community;
- prevailing market pricing in neighbouring cities;
- the cost of providing the activity;
- the commitment of customers (e.g., drop-in prices versus monthly passes); and
- financial sustainability (e.g., ensuring fitness centre equipment can be replaced and renewed).

Many municipalities have developed pricing policies to guide the development and implementation of pricing for services. These policies provide guidelines on pricing in attempt to balance service accessibility with program sustainability. Excerpts of policies from the City of Leduc (Attachment 1), District of Saanich (Attachment 2) and North Vancouver Recreation and Culture Commission (Attachment 3) are provided as examples.

Rather than address a single pricing issue such as the age of a senior admission, there is an opportunity to develop a pricing policy for Community Services that will provide a holistic, transparent set of principles and guidelines for the determination of pricing for programs, rentals and admissions across the Division.

Should Council support the staff recommendation to develop a pricing policy for Community Services, staff will develop a process that involves community partners, best practices review and public consultation. The process is anticipated to take ten to twelve months to ensure an open and transparent process and adequate time for public consultation. Staff will report back in the third or fourth quarter of 2020 with a policy for council consideration.

Stakeholder Involvement

In July, staff met with community partners to address questions regarding the decision to delay the change in seniors pricing and receive feedback on future initiatives to address the referrals. Representatives expressed disappointment that the age change was being delayed and a strong desire to see the age change decision upheld.

Staff presented the concept of developing a pricing policy, in order to ensure a holistic and transparent approach to all pricing, and the representatives expressed support for this approach and a desire to being involved in the process.

Financial Impact

As a result of the delay in implementing the change in age of seniors, community partners will not be making contributions to the central fund to support the RFSP for their programs. Staff estimate the financial impact of the delay to be \$25,000 for 2019 and \$82,000 for 2020.

To cover this cost, staff recommend that Council approve the funding of up to \$25,000 from the Recreation Fee Subsidy Program contingency fund in 2019 and that a one-time additional level request of \$82,000 be submitted to the budget process in 2020.

Conclusion

The development of a pricing policy for community programs, rentals and admissions will assist staff and community partners in setting fees based on clearly defined guidelines. It will also give facility users a clear understanding of why and how fees are set, such as the age for seniors pricing and the age at which admission to programs would be free.



David Ince
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- Att. 1: City of Leduc Benefits Based Approach to Setting Fees
- 2: District of Saanich – Parks and Recreation Fees and Charges Principles
- 3: North Vancouver – Recreation and Culture Fees and Charges Principles

City of Leduc Benefits Based Approach to Setting Fees

Benefits Continuum

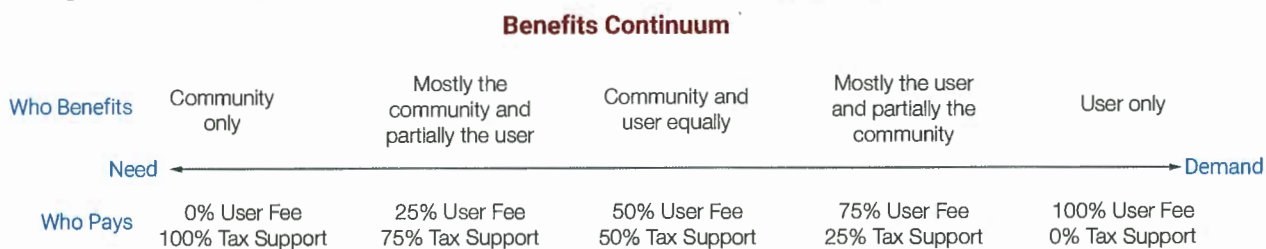
The recommended fees and charges system must be philosophically sound, thereby easy to defend, and practically based, as well as easy to implement. The philosophical grounding is based on an assessment of benefits. The following statement forms the core of the recommended fees and charges policy.

Those who benefit from a good or service should pay in proportion to the benefit they receive.

If all, or substantially all, of the benefits accrue to the community as a whole, the community as a whole should pay for the service through taxes. If all, or substantially all, of the benefits accrue to the individual or group that consumes the good or service, without any greater "public good," the users should pay all the costs.

Where the benefits accrue to the community and also to specific users, the costs should be shared on the basis of proportionate benefit. Users should be required to pay to the extent that the benefits accrue only to themselves, while the community, through taxes, should pay for the portion which benefits it generally.

According to the above rationale, user fee targets can be set along the benefits continuum as illustrated in the following graphic.



Cost Recovery

In order to transform the benefits continuum described above into an implementable approach, five "thresholds" of cost recovery are suggested along the continuum. It starts from 0% recovery (public benefit) at one end of the scale and continues to 100% cost recovery (private benefit) at the other end with three categories in between separated by equal (25%) increments.

Thresholds of Cost Recovery

| | Community Need | Merit | | | Private Demand |
|--|---|--|---|--|--|
| Type of Activity | Public Goods & Services | Merit Goods & Services with relatively high community benefit | Merit Goods & Services with a relatively equal mix of community and private benefit | Merit Goods & Services with relatively high private benefit | Private Goods & Services |
| Subsidy Level (proportion funded by taxpayers) | 100% | 75% | 50% | 25% | 0% |
| Cost Recovery (proportion funded by user) | 0% | 25% | 50% | 75% | 100% or more |
| Rationale | Goods and services which support community goals and result in a very high degree of community benefit are worthy of provision on a fully subsidized basis. | The more a good or service supports community goals and results in community benefits, the more worthy of public support, and the more subsidy can be justified. | Where the benefits to the community and to users are approximately equal, the costs should be shared equally. | The more the benefits of a good or service accrue to the consumer of the good or service, and not to the wider community, the more the user should be required to pay. | Where the benefits of a good or service accrue solely to the consumer of the good or service, with no benefit to the wider community, the user should be required to pay full costs. |

District of Saanich – Parks and Recreation Fees and Charges Principles

Council Policy

Parks and Recreation - Fees and Charges

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Principles Affecting Fees and Charges

The following principles are integral to the Department's Fees and Charges Policy. The principles are consistent with the rationale outlined in the justification for leisure services and they form the philosophical foundation from which specific policy is derived. The principles also provide direction in developing and prioritizing new programs and services with appropriate fees to meet community leisure needs.

Justification for Subsidy**Indirect Community Benefit:**

The philosophical approach to fee subsidy is the same as the philosophical approach to the provision of leisure services as previously described. Both are based on socially worthwhile goals and indirect benefit to all. Leisure Services are justified to the degree they achieve socially worthwhile goals and objectives and provide indirect benefit to the community. Services that go farther in achieving these ends are more worthy of public subsidy and a larger subsidy can be justified.

Profitability:

A service may result in indirect benefit to all and thereby justify a subsidy. However, in many cases a subsidy may not be required in order for the service to continue meeting socially worthwhile goals and objectives. In some cases, revenue may be equal to or greater than the cost of providing services, even though users are assessed relatively low use fees that virtually everyone can afford. Indeed, many of the services currently provided by non-profit groups in Saanich are fully financed by users, yet contribute substantially to the greater community good. In such cases, there is no need to subsidize, even though there may be justification for subsidy.

Basic Service:

The Department has no obligation to provide, within the constraints of limited available public resource, basic leisure services which meet socially worthwhile goals and objectives and clearly demonstrate a benefit to all residents, as far as is reasonably possible.

Cost/Benefit:

Those services which achieve the socially worthwhile goals and objectives to the greatest degree at the least unit cost will be considered highest priority among all basic leisure services.

Socially Worthwhile:

The value of a department leisure service shall not be determined solely or primarily by the amount of revenue it produces or the number of participants involved. The value of a department leisure service relates directly to its effectiveness in meeting socially worthwhile goals and objectives which clearly show indirect benefit to the entire community. In some

case such objectives can and will be met using services that cater to narrow range of users, and generate little or no revenue.

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Degree of Subsidy

Private Benefit:

When an individual or select group is the direct beneficiary of a special or exclusive service which may involve instruction or private use, the fees must be paid for in whole, or in substantial portion by the participant group or individual.

Public Benefit:

Any leisure services provided by the Department which might be considered over and above the basic services will be provided only on the basis of proportionately greater recovery of cost from the participant to the point where the participant is paying all the true costs of participating. The more a service provides public benefit the more subsidy from general taxation is justified. The more a service provides private benefit to individual users the more the cost is justified to be recovered through user fees. Services of public benefit are defined as those primarily benefiting the community as a whole and where an individual benefit cannot be clearly identified, e.g. open spaces, trails, etc. Services of private benefit are defined as services providing their primary benefit to the individual receiving the service and the community as a whole receives little or no benefit from the service. The majority of the Department leisure services provide mixed benefit. These are services whereby both, the individual receives direct identifiable benefit, and also the community as a whole benefits. The mixed nature of the benefits suggest that these services should be partly funded by the community through tax avenues and partly by user fees.

Age/Ability to Pay:

Different rates of admission may be charged, based on the age of the participant. It should be clear, however, that such differentiation by age is not based on the cost of providing the activity to the user or of any discrimination on the basis of age, but rather on the presumed variance (by age group) in ability of the user to pay. Since it is generally true that children have little or no control over funds available to them and since one is basically dealing with discretionary income in leisure services, admission charges for children should be kept at a level whereby almost all children might subscribe to publicly sponsored leisure services without restriction by others. On the other hand, it is assumed that teens generally have more control over funds in that many have their own funds either through allowances or part-time jobs. Consequently, it is assumed while they may not be able to pay adult rates they are capable of paying higher user fees than children. Adults are presumed to have the greatest degree of discretion in allocating funds to leisure services and thus the rates charged them are correspondingly higher. Seniors, on the other hands, are presumed to have less discretionary income because many are on fixed incomes, and consequently, the rates assessed them are more closely aligned with others having restricted powers of discretion.

North Vancouver – Recreation and Culture Fees and Charges Principles



POLICY MANUAL

Policy No. 207

| | |
|----------|------------------|
| Section: | Finance |
| Title | Fees and Charges |

REASON FOR POLICY

The Commission approves fees and charges for public admissions, memberships and facility rentals. Program fees are not part of the fees and charges process and are set under the authority of the Director.

PRINCIPLES

The following principles will guide the setting of Fees and Charges for Recreation & Culture Services:

1. Fees and charges will be consistent with the mission, vision and values of the North Vancouver Recreation & Culture Commission (NVRC).
2. Fees and charges will be set with a goal of maximizing participation, enabling all citizens to participate in a range of recreation and culture services.
3. For those who are in financial need, strategies will be implemented to address the barrier of cost, particularly where operating costs are mostly fixed and therefore, additional customers will not increase the operating costs.
4. Fees and charges recommendations will consider the costs for like services provided in a competitive market and by neighbouring municipalities.
5. The cost of administering the collection of fees and charges must not be disproportionate to the revenues collected.
6. The use of public recreation areas and facilities by private groups will be considered secondary to use by the general public or by not-for-profit recreation or community organizations.
7. The Commission will seek input/feedback in a timely manner from community rental groups impacted by fees and charges.
8. The Commission will administer bookings for Parks, Fields, Outdoor Tennis Courts and other venues in accordance with fees set by the owner (City of North Vancouver, District of North Vancouver, School Board or other).