



**City of Richmond**

**Report to Committee**

*To Parks, Rec & Culture - Mar 27, 2007*

**To:** Parks, Recreation and Cultural Services Committee  
**From:** Kate Sparrow  
 Director, Recreation & Cultural Services  
 Dave Semple  
 Director, Parks & Public Works Operations

**Date:** March 15, 2007  
**File:** 11-7000-00/Vol 01

**Re:** Pricing Policy for Parks, Recreation and Cultural Services

**Staff Recommendation**

1. That staff be directed to develop a Pricing Policy, for Parks Recreation and Cultural Services; and
2. That options for recovery of some City costs be included in the Policy.

*K Sparrow*

Kate Sparrow  
Director, Recreation & Cultural Services  
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*D Semple*

Dave Semple  
Director, Parks & Public Works Operations  
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<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

## Staff Report

### Origin

The Parks, Recreation and Cultural Services (PRCS) Master Plan 2005 – 2015 provides the following directions for the development of a Financial Model:

- *“Develop clear and consistent direction through system wide, Council approved policies as a foundation in areas of access, use, pricing, public involvement and customer service” and that the*
- *“City has the responsibility for the financial management of its resources”*

This report provides an approach to develop a Pricing Policy for Parks, Recreation and Cultural Services and seeks direction to proceed.

### Background

The PRCS Master Plan is guided by six principles:

- Ensure the City’s ability to meet community needs
- Ensure that customer service is enhanced
- Ensure financial sustainability
- Set a policy framework for decision making
- Value and encourage community involvement
- Value effective partnerships

Development of a Pricing Policy can address the City’s commitment to work within a policy framework as well as the need for financial sustainability for both the City and its partners.

A Pricing Policy is an overall policy that dictates how services are priced. The policy will assess the costs of providing programs and services and will develop the framework for how they will be priced, addressing the following key issues:

- Determining public versus private benefit
- Designing a fee structure that is fair, equitable and accessible
- Obtaining appropriate cost recovery to ensure financial sustainability
- Outlining what programs and services should be subsidized
- Setting fees at an appropriate level and complimenting these fees with an effective safety net
- Ensuring consistency – same price for similar service, program, space or place

Currently there is no citywide pricing structure. In City operated service areas such as fields, Arts Centre programs and rentals, Britannia, Chapel rentals, and MacDonald Beach, the City sets the price of programs and services based on site-specific criteria. All costs are born by the City and pricing is set to balance revenue targets with general market pricing. Rates are adjusted periodically to respond to market conditions and to mitigate the impact of rising costs.

In operations that involve partnerships with community organizations, such as Arenas, Nature Park and Community Centres, all pricing decisions have been delegated to the partner organizations. In Aquatic Services, decisions regarding pricing have been delegated to an Advisory Board. Generally, City staff assist with the process and make recommendations for consistent and market based prices but the system does not include an obligation to adhere to city policy. Consistent pricing formulas are not used. In some operations City operating costs are not recovered.

## **Analysis**

### What is a Pricing Policy and Why do We Need It?

#### **A Pricing Policy:**

- Is a set of guidelines for staff and partner organizations to fairly and consistently apply prices to programs and services
- Is applied City wide to ensure similar prices for similar services
- Determines which programs are subsidised and to what extent
- Provides a rationale for fees charged
- Reflects the values of the community including a “safety net” to ensure access to services

### How Does it Work and What Does it Include?

#### **The Policy:**

- Includes a set of principle statements to be used in the development of prices
- Is based on a common system of determining the costs of delivering programs and services
- Generally considers all of the direct costs of delivering programs and services
- Sets subsidy levels (0% to 100%) based upon a pre-determined set of benefit based criteria
- Allows administrators of the policy (staff and/or partners), to calculate the costs and set the price accordingly

## How Might it Address Recovery of Operating Costs?

### **The Pricing Policy:**

- Can include the City's operating and administrative costs in determining the cost of providing a program
- Will determine an amount to be returned to the City to off-set City costs
- Does not need to impact the recovery of program costs by partner organizations
- Is to be included within future agreements with partner organizations

Pricing policies in Parks, Recreation and Cultural Services are common industry practice and there is a good body of work to draw upon to develop the appropriate framework for Richmond. We are challenged somewhat in that the costs of delivering many PRCS programs and services are split between the City and partner organizations and therefore the application of any policy must work for both parties. For this reason, development of a recommended Pricing Policy will need to ensure a collaborative approach with partners.

An approach where there is an application of consistent guidelines and common costing will ensure a rational and transparent process of determining prices for programs and services. As stated, the Pricing Policy can include a portion of the City's operational and administrative cost to ease the impact of increasing costs to the City and ensure long-term sustainability of the system.


The City, with input from partner organizations, is in the process of conducting a Financial Review of Recreation and Cultural Services. Currently this process is reviewing the financial recording and reporting systems. Recommendations from the Financial Review can be used in the development of the pricing policy and in the assessment of the impacts.

### **Financial Impact**

The preparation of the strategy will require staff time that has been planned for in our current work plan for 2007. There are no other financial implications at this time.

### **Conclusion**

A policy for the pricing of Parks, Recreation and Cultural Services will provide an open, transparent approach to pricing of programs and services. This will benefit not only the providers of these services (City and Partners) but will also enhance customer service by ensuring consistent pricing of programs citywide. City costs can be considered in the setting of prices for programs and services and recovery targets established.

  
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