



COMMUNITY SERVICES – RECREATION & CULTURE  
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Sept 9, 2015

**COMMUNITY SERVICES – RECREATION & CULTURE  
INFORMATION REPORT #2015-26**

TO: Mayor Van Bynen and Members of Council

COPY: SLT, OLT

SUBJECT: 2016 Recreation and Culture Rates and Fees Follow Up Information

ORIGIN: Director, Recreation & Culture

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**COMMENTS**

On August 11<sup>th</sup>, Committee of the Whole reviewed Community Services - Recreation & Culture and Corporate Services – Finance Joint Report # 2015 – 24 regarding the 2016 Recreation & Culture Rates and Fees. During discussion of the report, a number of questions were raised with respect to the proposed fees. This report will serve to address questions raised and feedback received. In accordance with the Procedure By-law, any Member of Council may request this Information Report be placed on an upcoming Committee of the Whole agenda for discussion.

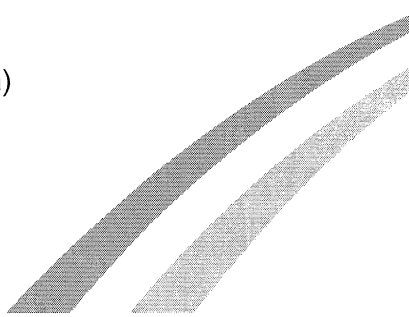
***Background***

All recreation and culture fees and charges are categorized by user and type of service. Target cost recovery levels are established and reviewed against targeted cost recovery target ranges. The Recreation and Culture rates and fees established for 2016 are recommended to take effect as of January 1, 2016.

The 2016 Town operating budget currently in draft development takes into account a corporate rates and fees targeted increase of 3.5%. This target includes recreation and culture related rates and fees. Recreation and Culture rates and fees were not increased in 2015.

This does not translate into every program and service increasing by this rate. The proposed fee change varies from program to program. While some services/programs do not propose increases due to a number of considerations, a few are subject to a higher than 3.5% targeted increase. Particularly where volume of participation is sensitive to price, less than a 3.5% increase has been established.

In the establishment of any and all fees, Recreation and Culture review includes:

- Registration history of a program/service and potential impact, if any, of a fee increase on future participation numbers
  - Program life cycle (ie: new program vs well established program)
  - Marketplace considerations (including target market for any given program)
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- Price sensitivity points for any program; potential for participation to drop based on price (points of diminishing return)
- Specific demographic considerations and trends
- Special considerations (ie: inclusion program opportunity, etc)
- Past fee increases
- Linkage with the Recreation Playbook recommendations

**Recreation Playbook Recommendations**

The Recreation Playbook put forth a variety of recommendations with respect to fees and rates. Of most significance are two recommendations intended for review and implementation in 2016:

- Adopt a philosophy in which the Recreation & Culture Department offers a range of services at a range of cost recovery ratios, including services which may generate a net profit. Services that generate a net profit will support services that run at a net loss but provide significant benefit to the community.
- Conduct a comprehensive review of minor sport user fees including benchmarking fees, identification of areas where volume increase is possible and explore implications of fee reductions.

Through the Recreation Playbook an extensive consultation was conducted with the broader community and facility users. It was identified as a concern particularly by user groups that permit fees are higher in Newmarket than those in neighbouring municipalities. Some user groups feel they are losing participation from Newmarket residents that are still participating in the sport, albeit choosing to do so in neighbouring municipalities, citing cost as one of the determining factors.

**Municipal Comparisons**

Charts highlighting municipal comparisons on permit fees are provided below. Please note that comparing user fees can be challenging as the level of service provided for the fee may vary, costs associated with the service may vary and the overall philosophy of any Council around subsidization of services will vary from municipality to municipality. The following charts quickly demonstrates a few key areas of price differential when looking at neighbouring municipalities:

	Newmarket	Markham	Richmond Hill	Whitchurch	King	Vaughan	Aurora
<b>Unlit Diamonds</b>							
Youth Prime	\$17.45/hr	\$2.90- \$10.10/hr	\$1.49-4.48/hr	\$28/hr	\$15.82- 18.08/hr	\$2.04- \$25.50/hr	\$9.75/hr
Adult Prime	\$31.88/hr	\$5.15- \$13.15/hr	3.29-8.95/hr	\$35.00/hr	\$15.82- 18.08/hr	\$2.04- \$25.50/hr	\$15.50/hr
<b>Unlit Sportfield</b>							
Youth Prime	\$17.45/hr	\$2.90- \$10.10/hr	\$2.09-23.74/hr	\$28/hr	\$6.23- 13.56/hr	\$3.24- \$25.50/hr	\$7.50/hr
Adult Prime	\$31.88/hr	\$5.15- \$13.15/hr	\$2.99-36.25/hr	\$35/hr	\$6.23- 13.56/hr	\$3.24- 25.50/hr	\$9.00/hr

\* Newmarket fees shown do not include the RAS Surcharge

Municipality	Rate In Effect	Minor Groups		Adult				Commercial		Summer				
		Non-Prime	Prime	Non-Prime	Prime-Resident	Semi-Prime 11 pm - 12:30 am	Prime - Non-resident	Non-Prime	Prime	Non-Prime	Prime-Resident Youth	Prime-Resident Adult	Prime - Non-resident	Semi-Prime
Newmarket	2014-2015	130.35	174.54	140.35	285.18			211.24	295.25	140.35	173.36	184.54	130.35	
	2013-2014	127.00	168.35	137.00	285.18			205.82	288.66	137.00	168.75	178.75	127.00	
Whitch/Stouff	2014-2015	141.00	188.00	141.00	223.00	193.00	255.00	357.00	357.00	same as fall/winter rates				
	2013-2014	138.00	184.00	138.00	219.00	189.00	250.00	350.00	350.00	same as fall/winter rates				
King	2014-2015	124.00	173.60	124.00	248.00					same as fall/winter rates				
	2013-2014	120.00	170.69	120.00	244.00					same as fall/winter rates				
Aurora	2014-2015	118.00	181.00	118.00	193.00	n/a	n/a	n/a	n/a	125.00	181.00	193.00	125	n/a
	2013-2014	118.00	181.00	118.00	193.00	n/a	n/a	n/a	n/a	125.00	181.00	193.00	125.00	n/a
East Gwillimbury	2014-2015	122.10	170.09	130.07	208.87	130.07	208.87	n/a	n/a	same as fall/winter rates				
	2013-2014	120.90	168.40	128.80	206.80	128.80	206.80	n/a	n/a	same as fall/winter rates				
Georgina	2014-2015	112.44	151.84	112.44	202.44	131.59	same as resident	n/a	n/a	n/a	174.61	202.44	same as resident	n/a
	2013-2014	107.08	144.61	107.08	192.8	125.32	same as resident	n/a	n/a	n/a	166.29	192.8	same as resident	n/a
Richmond Hill	2014-2015	119.82	185.67	134.55	240.86	87.49	270.98	162.11	270.98	same as fall/winter rates				
	2013-2014	119.82	185.67	134.55	236.14	87.49	265.67	162.11	265.67	same as fall/winter rates				
Vaughan	2014-2015	132.24	194.94	189.93	296.22	n/a	352.35	197.01	311.82	same as fall/winter rates				
	2013-2014	129.02	190.19	185.29	289.00	n/a	343.75	192.20	304.22	same as fall/winter rates				
Markham	2014-2015	111.70	162.38	150.39	207.06	170.56	170.56*	268.10	268.10	same as fall/winter rates				
	2013-2014	110.49	160.62	148.75	204.81	168.7	168.7*	265.18	265.18	same as fall/winter rates				

\*Newmarket fees shown do not include RAS Surcharge

As is demonstrated in the above charts, Newmarket does fall on the higher end in many categories.

### Establishment of Permit Fees

In 2007, The Town of Newmarket embarked on an extensive exercise of identifying costs associated with delivery of service and established cost recovery targets through the Service Pricing Policy. Council at that time took a leadership position in determining that a variety of services, particularly permit fees should be responsible for achieving a greater percentage of cost recovery, rather than relying on tax base for support. As such, fees were increased fairly significantly over a five year period. A follow up report for Council with specific recommendations around how best to address this issue will be distributed in advance of the September 14<sup>th</sup> Council Meeting.

### Amount of Revenue Generated Through a 3.5% Increase

Using 2014 year end actuals, the Recreation & Culture Department generated \$4.86 Million in revenue through user fees. Using the same participation levels, a 3.5% increase in that total revenue would represent additional revenues of approximately \$170,000. The 2016 rates and fees proposed factor in an evaluation of potential participation increases along with rate increases which when combined represents revenue forecasts.

### Investment in Recreation Infrastructure

There were questions raised at the August 11<sup>th</sup> Committee of the Whole around investment in facilities. Newmarket offers many state of the art indoor and outdoor recreation and culture facilities. A few examples include the Magna Centre, the Youth Recreation Centre (with one of the largest municipally run indoor skate parks in Canada), and ongoing improvements to outdoor sports fields (e.g. Don McKnight Field was rated the top baseball diamond in southern Ontario). The program and permit rates and fees charged do also include a surcharge that is directed by Council to go towards servicing the debenture of the Magna Centre. This surcharge intended to support recreation infrastructure remains constant and is charged on every registered program (\$5), room rental and every hour of sports facility permitted (\$15 for youth and \$25 for adults). In addition, development charges support new infrastructure but cannot be utilized in maintaining or repairing a facility. The Town of Newmarket has developed an Asset

Replacement fund and other types of reserves that enable facilities to be repaired or replaced as necessary.

### ***Feedback During Notice Period***

During the notice period between August 11<sup>th</sup> and September 9<sup>th</sup>, 2015 staff received 3 emails and 4 phone calls addressing concerns with the fees. Specifically, residents expressed concern about the affordability of services and are urging Council to look for revenues in other ways outside of fee increases. Additionally, feedback was received about the pricing classifications for field permits. This will be addressed in the follow up report recommendations referenced earlier in this report.

## **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

### **Living Well**

- Emphasis on active lifestyles and recreational opportunities

### **Well Balanced**

- Recreational facilities and services

### **Well Equipped and Managed**

- Fiscal responsibility
- Service excellence
- Efficient management of capital assets and municipal services to meet existing and future operational demands

## **COMMUNITY CONSULTATION POLICY**

Public notice has been placed in the Town Page and on the website, in compliance with applicable legislation and our bylaws that require a three-week notice period in the summer prior to the passing of the by-law. The proposed bylaw, outlining the fee changes, will be effective January 1, 2016.

## **BUDGET IMPACT (Current and Future)**

### *Operating Budget*

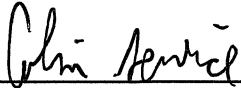
Recreation and Culture targeted and proposes a 3.5% increase across almost every rates and fees related program/service.

### *Capital Budget*

Not applicable.

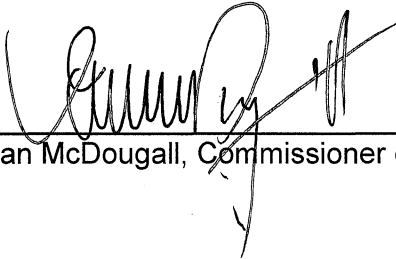
**CONTACT**

For more information on this report, please contact the Commissioner of Community Services or the Director, Financial Services.



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Colin Service, Director, Recreation & Culture



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Ian McDougall, Commissioner of Community Services