Number: 500-01-08

REGIONAL DISTRICT OF CENTRAL KOOTENAY

Policy Manual

Chapter:	Community Services				
Section:	Parks & Recreation				
Subject:	Community Services Fees & Charges				
Board Resolution:	788/19	**Established Date:**	November 21, 2019	**Revised Date:**	

POLICY:

PURPOSE:

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 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.

SCOPE:

This Policy applies to annual calculation of all Fees and Charges for the Community Services Department of the Regional District of Central Kootenay.

DEFINITIONS:

Benefit: Refers to anything contributing to an improvement in condition or advantage and can be a direct benefit to a user or indirect benefit to a non-user.

Private Benefit: Any benefit that the RDCK does not recognize as a benefit to the community as a whole is a private benefit. Private benefits accrue directly to those who consume a good or service and only to those who consume it.

Public Benefit: In general, refers to anything which increases the welfare of the community, is of value to the community as a whole, or responds to a need of the general public. For the purposes of fees and charges for parks and recreation services in the RDCK, the public benefits are summarized as 22 Service

Public Goods and Services: Are those which result in Public Benefits.

Private Goods and Services: Are those which result in Private Benefits.

Merit Goods and Services: Are those with mixed benefits. In other words, while some of the benefits will accrue directly to consumers or users, the community as a whole, including nonusers, also benefit. The general location on the benefits continuum will vary depending on the proportion of public benefit in relation to private benefit.

Benefits Continuum: Is a continuum of benefits with public benefits at one end, private benefits at the other, and mixed benefits in between.

Total Capacity for Use: Of a recreation space is defined as all hours each year where it is reasonably possible to use the space within the current operating/staffing format and the current budget.

Total Use: Of a recreation space is defined as the amount of use the space actually receives. It can be expressed as a percentage of total capacity and is never more than 100% of total capacity.

Prime Time: Each facility will have its own definition of prime time that is determined by staff and ratified by the operating authority. The definition of prime time may vary by season in some facilities. Typically, prime time is the period during which demand is most concentrated and the space is most used.

Non-Prime Time: Will automatically be determined by subtracting prime time from all available hours within the current opening/staffing format. This is the period that is typically in low demand and for which a price incentive may be needed to shift some activity from prime time. That incentive will be in the form of a percentage discount off the full prime time rates.

Fixed Costs: Are the major costs that are incurred by the facility operator when it decides to provide a good or service. They typically include all capital costs and all fixed operating costs of providing a set of services independent of the amount of use accommodated within the space. These costs do not typically vary with the amount of use of the service or type of use of a facility. They can generally be considered to be the “cost of having the doors open” to accommodate use.

Variable Costs: Are operating costs normally incurred in the process of providing a specific service, and vary with the amount or type of service or use of the service. They include: program supplies, extra facility maintenance cost (e.g. room setup or ice cleaning), instructor costs, staffing costs associated with facility use over and above legal minimums associated with having the building open, and programmer costs for planning and organizing the activity. They are the incremental costs, added to the Fixed Costs, of accommodating use in a space.

Total Costs: Are all of the Fixed and Variable costs.

Recovery Rate: The percentage of total costs that is intended to be recovered from users in the form of user fees.

Subsidy Rate: The remainder of total costs not recovered from users will constitute a public subsidy which is the complement of the recovery rate. The recovery rate and the subsidy rate total 100% of the cost.

Categories of Potential Users: There are two subcategories of users; namely individuals and user groups. Each category of user may justify a different level of subsidy because servicing each category might result in a different ratio of public benefit to private benefit.

Categories of Individual users

- **Pre-School:** An individual less than 5 years of age;
- **Youth:** An individual 5 to 18 years of age;
- **Adult:** An individual 19 to 74 years of age;
- **Golden Age*:** An individual 75 years of age and over;
- **Family:** Up to two adults and up to four dependent children residing in the same household.

Categories of User Groups

Non Profit Organization: A non-profit organization (NPO) is any club, society, or association that's organized and operated solely for any other purpose except profit.

Community Group: A non-profit, group or organization. All community groups wishing to be considered for facility allocation must provide activities and programming that is consistent with the goals, objectives, and values of the RDCK.

- **Youth Recreation Group:** A non profit sport, culture and recreation group dedicated to primarily serving minors (those 18 years of age and younger). Groups must have a minimum of 80% of participants under the age of 18.

- **Adult Recreation Group:** A non profit sport, culture and recreation group that offers activities and whose members are 19 years old and older.

- **Representative Community Group:** A non profit elite sport team who represents an area or institution. These teams must be endorsed and play in a nationally recognized league within the sport's national development model.

- **School Group:** A non profit educational institution located within the boundaries of the RDCK and SD#8, SD#10, SD#20, and SD#92.

- **Commercial Group:** A group, individual, or organization who/which is utilizing public space for the purpose of conducting their business.

- **Private:** Any person, group or company that is booking a private event does not have a regular/recurring booking and or not open to the general public to join.

Categories of Facility Use

There are three modes of facility use as follows, and one has five subcategories.

- **Drop In Use:** A use characterized by a person or group of persons deciding on a use by use basis to attend a public session where the public or a subset of the public is welcome to attend.

- **RDCK Programs:** Uses where an individual or group of individuals pre-commits to a series of uses through a registration process. The program is typically characterized by having a leader, or instructor who teaches or leads. Sometimes they are called courses. These programs are offered to the general public and seek to meet the needs of the community. RDCK recreation programs include but are not limited to all registered programs, drop in programs, and events.

- **Rental Uses:** A group rents a space through a rental contract and therefore controls the uses and the users of that space during the period of rental. There are several subcategories of rental uses and each may have its own recovery rate.

  a. **Regular (recurring) Use:** usual or normal methodical use by a community group occurring at fixed intervals and confirmed in a seasonal contract (e.g. sport group renting space for league games and practices).

  b. **Community Event:** Community events are tournaments and competitions. Community events are encouraged and supported as valuable assets to the RDCK communities.

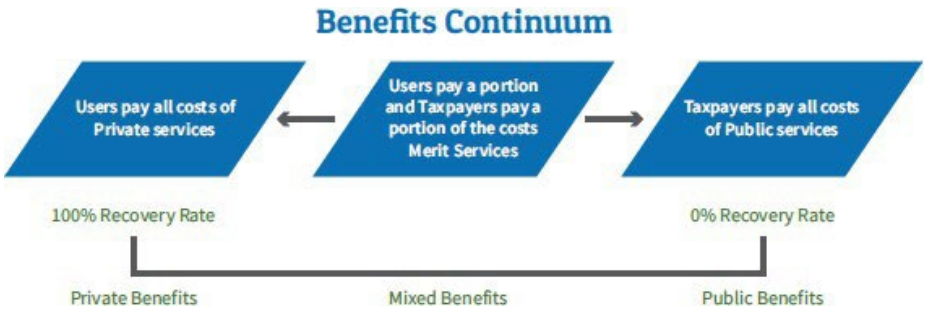
  c. **High-Profile Event:** A special event can be considered one that is provincial, national, and international and/or provides significant athletic, social, cultural, and/or economic benefits to the community.

  d. **Commercial Usage:** Engaged in commerce; an organization engaged in the trade of goods and/or services for the sole purpose of making a profit to benefit their owners and shareholders.

  e. **Fund Raising:** Where a non-profit group wishes to rent public space and the primary intent is to raise funds for that group (i.e. a fund raising activity or event).

POLICY:

Benefits Continuum



Indicators of Public Benefit

Indicators of Public Benefit

Growth of Individual	Growth of Community
Fitness and Well Being	Special Events
Preschool Recreation Opportunities	Support for Local Community Groups
Basic Skills for School Aged Children	Spectator Sport
Advanced Skills for School Aged Children	Exposure to the Arts
Social Opportunities for Teens	Social Functions
Basic Skills for Adults	Protecting Natural Resources
Advanced Skills for Adults	Beautify the Community
Recreation Opportunities for Seniors	Opportunities for Family Units
Interpreting the Environment	Mixing Generations and Subgroups
Reflection/Escape	Support for Volunteerism
Leisure Education	
Communication System	

It is important to note that the benefits based approach to Fees and Charges described above is consistent with and supports the general direction laid down in the National Recreation Framework; a national policy document which describes the basic tenets of public recreation in Canada.

Thresholds of Cost Recovery

A model which reflects the philosophical base and the above principles for fees and charges is illustrated in the following chart. It suggests five "thresholds" of cost recovery from none at one end of the scale to full cost recovery at the other in equal increments of 25%.

Thresholds of Cost Recovery

	Public	Merit			Private
	0%	25%	50%	75%	100%
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
Pricing Strategy	No price charged	25% cost recovery	50% cost recovery	75% cost recovery	At a minimum, full cost recovery
Cost Recovery Benchmark	None	25% of all costs (fixed and variable)	50% of all costs (fixed and variable)	75% of all costs (fixed and variable)	At a minimum, 100% of all costs (fixed and variable)
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 costs of these goods and services should be paid for by all taxpayers	The more a good or service supports community goals and results in community benefits, the more worthy of public support, and the less the user should be required to pay	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.

A Fees & Charges Model

The fundamental basis for fees and charges decision-making is a determination of a Total Cost of a service and who benefits from the service. However, it is recognized that pricing decisions may be influenced by practical considerations such as the cost of collecting the revenue, market effects, legal constraints, or ability to pay.

Therefore, the approach to fees and charges decision-making as set out in this policy can be regarded as “two-pronged”. Decisions should be based first and foremost on an assessment of where the benefits of provision accrue. The benefits analysis is the first “prong” of the two-pronged approach and ensures that fees and charges decisions are rooted in a philosophical base. The second “prong” allows for the influence of other charging considerations for practical reasons. It ensures the philosophical base can be implemented.

Some of the factors which modify and limit the generality of the rationale and make it more practical without sacrificing its philosophical integrity are listed below.

1. The revenue collected from fees or charges must always be greater than the costs of collectionof the revenue. If not, the revenue should not be collected.

2. It may be desirable to use the charging mechanism to discourage or encourage particular behaviour (e.g. alter demand patterns, discourage unreasonable uses of staff time,discourage polluting behaviour, or shift uses from prime to non-primetime).

3. Using tax resources to subsidize a public service or program should only be done where there is a public benefit. Where there is only private benefit the program should be funded by direct fees that recover the whole cost or a market place return. The use of taxation with the sole purpose of reducing fees below the private sector fees should not be done.

4. The precondition for being able to levy a fee or charge is that the good or service must exhibit both "benefit separability" and "exclusion". These characters are:

   - "benefit separability" - that is, it must be possible to identify a person(s), group or organization that directly benefits from provision of the service in order to charge them for at least a portion of the costs of the service,

   - and "chargeability" or "exclusion" - that is, it must be possible to exclude individuals from receiving the benefit of the good or service if they do not pay.

   These are both absent in the case of pure public services which should have no user fees.

5. The use of public recreation areas and facilities by private groups should be considered secondary to general public usage or use by non-profit recreation or service organizations. Only under exceptional circumstances should such private use hamper the ongoing publicly sponsored programs, drop-in opportunities, and recreation rentals. One such exceptional circumstance is when excess capacity exists in a space once the public good has been met. In this case, private groups can be encouraged to use the space.

6. The community has a right to generate a surplus on the use of its facilities when public resources are utilized by profit-motivated individuals, groups or companies for profit motivated uses where there is no resulting public good.

7. Like education, health or safety, recreation is a basic human need and should be available to all. The RDCK should ensure that opportunities exist for all citizens to access recreation.

8. Rental cancellations and registration withdrawals with appropriate notice should trigger a refund of a portion of the amounts charged depending on the circumstances.

9. Where additional staff time or other resources are required in order to support a specific facility rental, beyond the regularly scheduled amount of staff time or other resource that is typically included in that base rental cost, those additional costs will be passed on to the user in addition to the regular hourly rental rate. So, all room set up fees, all extra cleaning fees, all specialized services (e.g. AV services, or food and beverage services) and all security fees would be charged extra, at cost. This will specifically, but not exclusively, relate to all arena uses at which admission is charged.

10. The public will be informed in advance of changes to fees and charges to permit advance planning by groups who may have to adjust registration fees and fund-raising activities to accommodate the new rates.

11. Equipment and supplies that are not included in the base rental fee will be charged either to fully recover all of the costs of providing the equipment or supplies. A rental fee will be charged for the use of such equipment and supplies as may be deemed rentable. Commodities shall include any item that would enhance our public operator's ability to give high quality public service.

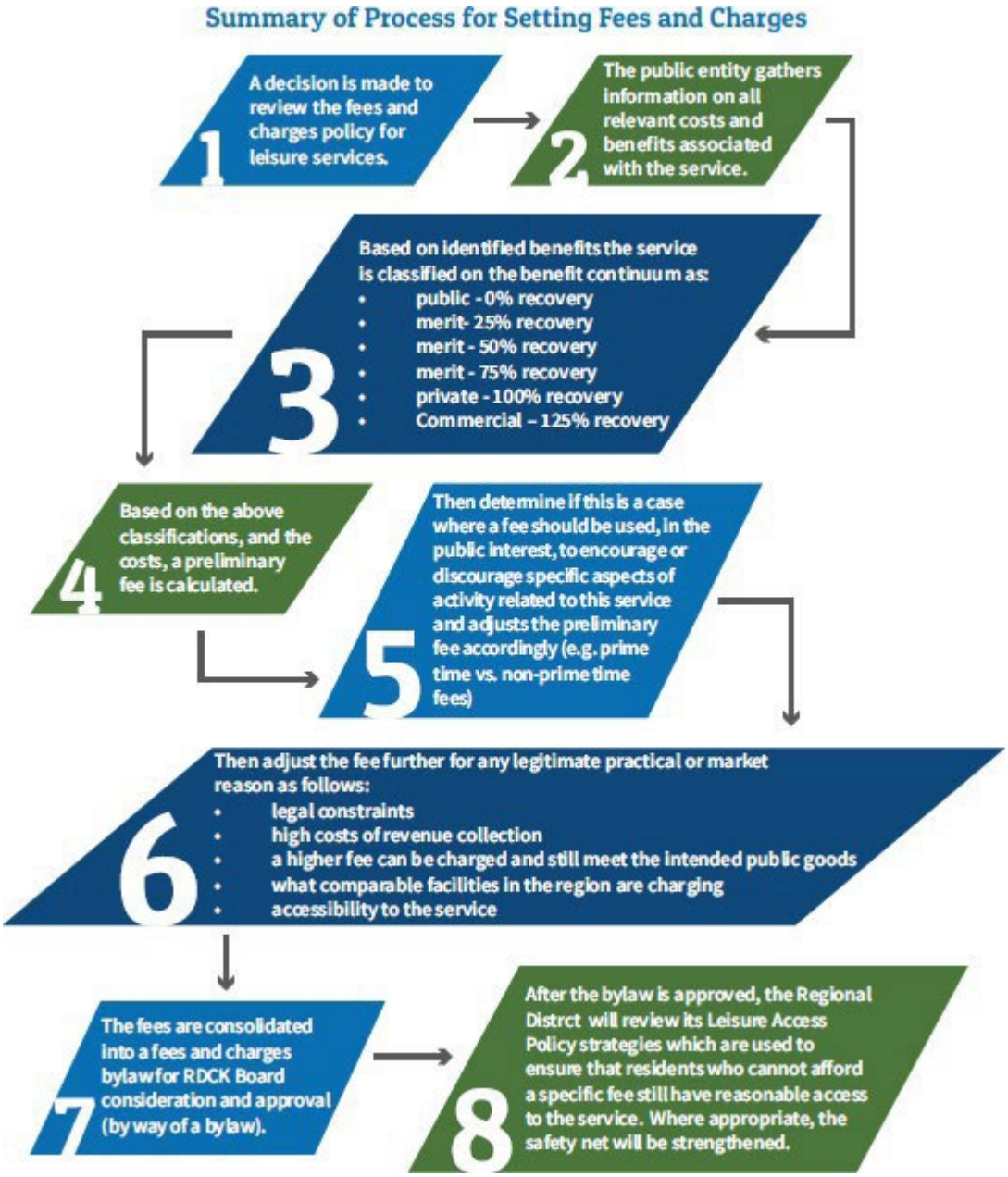
12. Leases of publicly owned space will be negotiated separately, but according to the principles of the benefits based approach.

13. Partnerships to deliver recreation services will be negotiated separately, but according tothe principles of the benefits-based approach.

14. Where a non-profit group wishes to rent public space and the primary intent is to raise funds for that group (i.e. a fundraising activity), the user fee should be set to recover all of the costs (i.e. 100% cost recovery) of providing the space. That way, the use will not automatically, by policy, contribute to the funds raised. If the group wishes public subsidy of a fundraising event, it must apply for a grant from the local or regional authority in which its members reside, and subsidy will thereby be considered on the specific merits of the application.

Process for Setting Fees & Charges

The below flow chart graphically represents a process for assessing all categories of parks and recreation services funded regionally. The process results in an indicated fee level that is philosophically sound, respects market forces and is practical to implement.



The Total Cost of a service will be recalculated every three years. In the years in between the Total Cost calculation, the British Columbia cost of living index could be used to adjust fees annually.

Recovery Rates

The recovery rates summarized are recommended to apply to all public leisure services. They reflect the Board's assessment of the justification for public subsidy for each of the categories of uses and users that might be made of indoor and outdoor public recreation spaces.

Recommended Recovery Rates for Calculating Fees and Charges

	USES					
	Drop In Admission	Programs	RENTALS			Camping
			Regular Activity	Special Event	Commercial Use	
Individual Users						
Preschool (<5yrs)	0%	25%				
Youth/Student (5-19)	25%	25%				
Adult (20-75yrs)	50%	50%				50%
Golden Age (76+)	0%	25%				
Family	100%*	100%				
Group Users						
Youth Non-Profit Rec			50%	50%		
Adult Non-Profit Rec			75%	100%		
Private Group or Individual or Fund Raising Motive			100%	100%		50%
Commercial			125%	125%	125%	

** Family equals twice the adult rate*

The public benefits that will potentially accrue from the subsidies indicated above are listed in the Indicators of Public Benefit. In general, where a lower recovery rate is indicated it is because there will be more public benefit delivered to the community. Some justification of the recovery rates is provided below:

- Serving children and teens has more public value than serving adults, and therefore a higher rate of subsidy can be justified. Children and teens involved in positive and engaging recreation activities are more likely to continue with a healthy and active lifestyle.

- Golden Guest program encourages older residents to remain physically and socially active in the community thus improving their ability to remain independent.

- The policy provides an incentive for families to recreate together as a unit, on the understanding that families are a building block of community and have lessdiscretionary income.

- Private groups may or may not bring any social value to a community associated with their activities, so no automatic subsidy can be justified. Subsidizing them does nothing but compete unfairly with the private sector and consume public resources that might better be used to deliver public good.

- Public facilities should be first and foremost used for realizing public goods. The only time they should be used for a commercial purpose is when they aren't required to realize a public good. The private sector should not profit at the public expense

RELATED LEGISLATION:

Local Government Act, s.397 – Imposition of fees and charges