

Appendix D: Draft User Fees Policy for City of Belleville



DRAFT Policy – User Fees Policy for Parks, Recreation, and Culture Programs, Services, and Facility Rentals

Dated:

1. POLICY STATEMENT

This policy addresses the process for reviewing and updating user fees charged by the City of Belleville for its Parks, Recreation, and Culture programs, services, and facility rentals.

2. DEFINITIONS

“Belleville” or “City” means the Corporation of the City of Belleville.

“By-Law” refers to the Parks, Recreation and Culture programs, services and facility rental fees outlined under the City of Belleville’s Consolidated Fees & Charges By-Law.

“Community Services Department” refers to the City of Belleville department responsible for programs and services including, but not limited to, recreation services, culture services, parks, and other outdoor spaces.

“Comprehensive review” refers to a periodic staff-led evaluation of the City’s Parks, Recreation and Culture programs, services and facility rental fees in the Consolidated User Fees By-law including determining categorization of programs and services, full costs for service delivery, proposed user fee rate adjustments, rationale and justification for proposed adjustments, and a reporting and communications plan for revisions to the By-Law.

“Council” means the elected Mayor and Members of Council for the City of Belleville.

“User fees” includes any fees or charges levied by the City of Belleville’s Community Services Department for the provision of Parks, Recreation, and Culture programs, services, and facility rentals.

3. PURPOSE

Appropriately setting user fees for Parks, Recreation, and Culture services in a municipality involves several considerations, including applying both a financial and policy lens. Municipalities like the City of Belleville employ user fees to recover costs for providing programs and services, which generally aim to recover not just operating costs but also a portion of the associated capital costs. Capital costs for recreation facilities (e.g., arenas, community centres) can be more substantial than other municipal services, meaning that a thorough understanding of the full costs to provide services and a target cost-recovery rate are key considerations.

However, given the broader community benefits of providing recreation and culture services, it is important to balance the interests in achieving a target cost-recovery rate with sufficient utilization of programs and services. Determining appropriate user fee rates is therefore both a technical question, in evaluating costs and relevant market dynamics influencing total revenue, and a policy question in determining the degree to which municipal taxpayer subsidy and access to a particular service is important for a community.

The purpose of this policy is to provide a framework for the City's decision-making related to periodic reviews of Belleville's Consolidated Fees & Charges By-Law for Parks, Recreation, and Culture programs, services, and facility rentals. This policy framework provides City staff with principles and guidance for the establishment and management of these user fees, encompassing various elements such as fee-setting methodologies as well as cost recovery considerations and objectives. It relies on the use of the Public Benefit Pyramid methodology, described in greater detail in section 5.2, which is a structured approach that helps to evaluate, categorize, and prioritize fees and charges imposed by a municipality.

This policy is designed to outline how City staff should conduct a comprehensive review of recreation user fees that maximizes the level of cost recovery for programs and services while simultaneously considering other City objectives or considerations. This process involves not just a thorough evaluation of current rates and potential rate adjustments, but also the underlying assumptions that were used to determine the expected community or individual benefit for the types of programs and services offered by the City. It will help ensure that fees and charges remain justified and appropriate based on the costs of providing those services and with consideration to several guiding principles included herein.

4. SCOPE

Part XII of the *Municipal Act, 2001* and associated regulations provides that municipalities can impose fees or charges on persons for services or activities provided by or on behalf of them for costs owed. The costs included in a fee or charge may include costs incurred by the municipality for administration, enforcement, and the establishment, acquisition, and replacement of capital assets, and without regard to whether the service is mandatory or discretionary.

This policy applies to all Parks, Recreation, and Culture programs, services, user fees, and facilities owned and/or administered by the City of Belleville's Community Services Department.

5. POLICY

5.1. GUIDING PRINCIPLES

Decision-making surrounding the Parks, Recreation, and Culture programs, services, and facility rentals under the City's Consolidated Fees & Charges By-Law is intended to ensure that fees and charges remain justified and appropriate based on the costs of providing those services and with consideration to several guiding principles. These guiding principles include:

5.1.i: Adherence to legislative requirements: User fee rates will be set in accordance with Part XII of the Municipal Act, 2001 and its associated regulations and revised if provincial legislative/regulatory changes occur.

5.1.ii: Evidence-based: User fee rates will be periodically reviewed (comprehensive review every five years with annual inflationary adjustments in intervening years), and any proposed adjustments to the rates (including annual updates to the By-Law) will be made using an evidence-based and justifiable rationale which is communicated to Council and the broader community.

5.1.iii: Flexibility: User fee structure should be adaptable to changing circumstances (e.g., changing economic and social conditions, changing local or regional competitors) with potential for specific adjustments occurring between the five-year comprehensive review cycle where necessary.

5.1.iv: Accessibility and affordability: User fee rates should balance the achievement of a target cost-recovery rate with objectives related to equity and fairness for all residents, ensuring facility utilization rates remain high, and consideration for the market rates offered by local and/or regional competitors.

5.1.v: Transparency: Members of the public should be engaged in consultations during user fee reviews, with any resulting changes to the user fee structure and the underlying rationale being communicated by the City to promote stability and predictability for users.

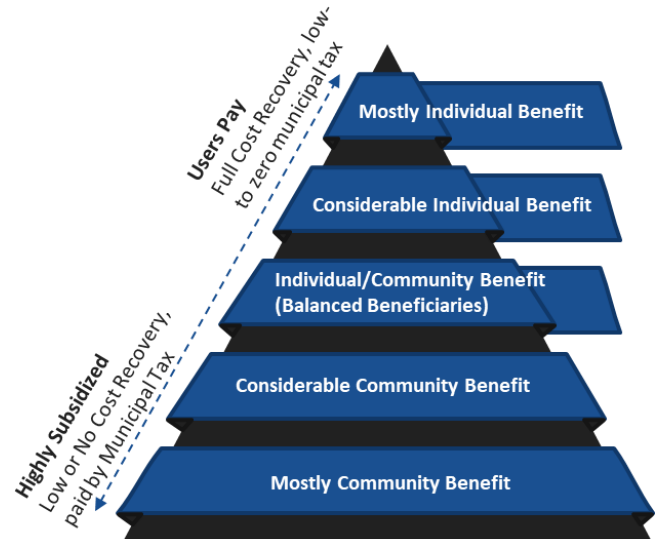
5.2. FEE SETTING FRAMEWORK

The Pyramid Methodology is the fees setting framework to be utilized by the City in navigating periodic reviews of its Consolidated Fees & Charges By-Law for Parks, Recreation, and Culture programs, services, and facility rentals. The Pyramid Methodology is a structured approach that helps to evaluate, categorize, and prioritize fees and charges imposed by a municipality to promote a well-balanced and equitable user fee structure.

This framework is a broad, high-level model to guide the approach to setting user fees, which encompasses four steps to be followed by City staff when conducting a comprehensive review:

5.2.i: Categorization of User Fees: First, City staff will consider the full breadth of Parks, Recreation, and Culture programs, services, and facility rentals offered by the City and determine where the types of programs or services fall into this methodology based on the Public Benefit Pyramid illustrated in Figure 1, with the level of typical municipal subsidy directly proportional to the level of community benefit provided.

For the purposes of this policy, programs and services that fit into the “individual benefit” levels refer to those where the benefits of service provision mostly accrue to specific households or individual users of the service, and not the wider Belleville community. These programs and services are typically paid for directly by the individuals who use them, through fees or charges, and are often not largely funded by municipal taxation. Conversely, programs and services that fit into the “community benefit” levels refer to those that benefit the entire community or a larger group of residents. These programs and services are often funded through municipal taxation collected from the wider community, as most or all residents benefit from their provision whether they directly use the programs or services or not.



Categorizing types of user fees against their placement on the Public Benefit Pyramid assists with the evaluation of the expected community vs. individual benefit of a specific program or service, and the associated target cost-recovery level based on this determination. This can range from a fully tax-supported program or service (for which the full costs of service provision are recovered through municipal taxation, and no user fees are charged to participants or users), to a balanced individual vs. community benefit (where a portion of the costs for service provision are recovered through user fees and the remainder through municipal taxation), to a non or nearly non-tax-supported program or service (for which user fee revenues are expected to recover the full costs of service provision with little or no municipal subsidization required).

Note that when categorizing types of user fees against the Public Benefit Pyramid, it is not required that every user fee be categorized using this methodology. Rather, the full breadth of programs and services should be consolidated into logical bundles that can be assessed to understand their respective target cost-recovery rates (e.g., aquatic programs, community hall rentals, arena ice rentals, advertising, etc.), with any outliers in these bundles identified and analyzed separately.

Acknowledging that evaluating the ratio of community versus individual benefits (and its respective place within the pyramid / five levels) for any given type of program or service is subjective and complex, it is important to apply a consistent analytical lens when assessing how benefits are assigned, and ensuring transparency with how decisions were made with regards to categorization. For additional clarity, this policy outlines several different lenses which may be applied by City staff when assessing its programs and services within the Public Benefit Pyramid. These include:

- **Value exchange:** Determining who directly benefits or receives value from the program or service, including users and other stakeholders.
- **Necessity:** Assessing the degree to which a program or service is required. This includes whether it is stipulated in provincial legislation or provided as discretionary, and if discretionary, if/how it is enshrined in policies, agreements, and other legal mechanisms.
- **Expectations:** Considering the nature and level of service provided, to what degree is it customary or expected to be provided by the public.
- **Dependencies:** The degree to which organizations, non-municipal government services, and stakeholder groups within a community rely on the program or service, and the potential impacts of adjusting fees or service levels on them.
- **Societal value:** The overall impact on the community of a program or service, contributing to its overall attractiveness and strength as a place to live, play, and work.

This categorization process should be completed with care and consider feedback collected from engagement with user groups and community members.

5.2.ii: Determine Cost Recovery Levels: Second, City staff will establish standard cost recovery targets that correspond to each level of the Public Benefit Pyramid, with the fees for the programs and services classified under this approach priced to achieve the targeted recovery percentage. For many programs and services offered by the City, a target cost recovery percentage at or above 100% is unlikely given the broader community benefits to be achieved through a higher level of municipal subsidization and concerns about affordability and accessibility.

The following table sets out the classification levels and corresponding target cost recovery percentages for each:

| Level | Benefit Determination | Social Value | Target Cost Recovery |
|---------|--|--------------|----------------------|
| Level 1 | Mostly Community Benefit | High | Below 20% |
| Level 2 | Considerable Community Benefit | Medium-High | 20-40% |
| Level 3 | Individual/Community Benefit (Balanced Beneficiaries) | Medium | 40-60% |
| Level 4 | Considerable Individual Benefit | Medium-Low | 60-80% |
| Level 5 | Mostly Individual Benefit | Low | 80% and above |

Note that these target cost recovery percentages represent a general guideline and may be adjusted in the future. Additionally, the intended cost recovery percentage for some selected programs and services *within* a given category may fall outside these target rates.

5.2.iii: Determine Costs and Cost Recovery Rate: Third, for the types of user fees, City staff will determine, as feasible as possible, the full costs associated with providing the program or service. Assessing the full cost-of-service provision involves considering both direct and indirect operating and capital costs:

- **Direct operating costs:** Costs related to staff salary and benefit expenses directly linked to service delivery (i.e., processing efforts) and other operational expenses which are essential for providing these services (e.g., materials, supplies, third party contracted services, maintenance costs, etc.).

- **Indirect operating costs:** Costs related to support and corporate overhead functions like management/administration, human resources, finance, information technology/information management, among others, that assist in facilitating the delivery of programs and services being provided by the Community Services Department.
- **Capital costs:** Costs related to long-term investments in significant facilities or major equipment and fleet purchases, and debt repayment.

After determining full costs for all types of user fees, the City will determine the respective cost recovery rate for each program or service, which is calculated as a proportion of the relevant operating and capital costs that are covered by the total revenue generated through user fees or other sources.

5.2.iv: Determine Fee Adjustments: Last, after determining cost recovery rates for all Parks, Recreation, and Culture programs, services, and facility rentals offered, City staff will compare these rates to the target cost recovery targets as determined in 5.2.ii.

In addition to comparing current cost recovery rates against the cost recovery targets, City staff will also consider other mitigating factors when proposing fee adjustments. These factors include:

- **Market Conditions:** City staff must assess current user fees and any identified adjustments against the fees charged by municipal and/or private sector operators providing similar services in the local region. This consideration is important for Parks, Recreation, and Culture programs and services where alternatives to municipal facilities may exist in the community that can impact facility utilization rates. Completing a municipal and private sector benchmarking exercise can assist with assessing local market conditions. Where the City provides programs or services that are similar to those provided by competing operators, user fees should generally be aligned with those charged in the private sector to avoid overcharging (reducing utilization rates of municipal facilities) or undercharging users (potentially undercutting local businesses).
- **Affordability:** City staff must carefully balance user fee adjustments with considerations of affordability, ensuring that essential services or those with greater community benefit remain accessible to all community members from a cost perspective. These concerns may be mitigated where the municipality has targeted recreation subsidies and fee assistance programs for residents/taxpayers in need. Belleville currently has a separate policy to this effect (“Recreation Program Subsidy/Fee Assistance Policy”), and the City has committed to providing affordable access to municipally run recreation programs and activities for all residents of Belleville, regardless of age or income.

After considering mitigating factors (local market conditions and affordability), City staff may recommend fee adjustments for programs and services with current cost recovery rates below the standard cost recovery targets, with increases proposed as appropriate to achieve the desired recovery percentages.

To ensure user fee rates remain consistent with desired cost recovery percentages, between each comprehensive review, recreation user fees shall undergo an automatic annual inflationary increase on MONTH 1st of each year, as stipulated in the Consolidated Fees & Charges By-Law. To provide stability and predictability to users, annual inflationary increases shall be included in the amended Consolidated Fees & Charges By-Law.

5.3. REPORTING

To promote transparency and ensure community members are aware of rate adjustments, a reporting and communications plan should be included for annual adjustments and each comprehensive review. This plan would communicate changes to residents regarding the approved user fee structure and the underlying rationale for changes.

5.4. REVIEW

A comprehensive review and reporting of user fees should be conducted by City staff every five years with appropriate annual inflationary increases prescribed for the intervening years.

Where necessary, specific one-time adjustments to user fees between comprehensive reviews and outside of annual inflationary increases would be permitted during the annual By-Law review. This could result from changing circumstances (e.g., changing market conditions), but such adjustments should be limited to promote longer-term stability and predictability with respect to user fee rates.



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Schedule “A” – RECREATION FEE CATEGORIES

| Program or Service Grouping | Examples | Categorization | Target Cost Recovery Range |
|------------------------------------|---|---|-----------------------------------|
| QSWC Registration Programs | Adult fitness / instructional programming, summer camps | Level 2 – Considerable Community Benefit | 20-40% |
| QSWC Indoor Aquatics | Aquafit, swimming lessons, recreational swimming | Level 3 – Balanced Beneficiaries | 40-60% |
| QSWC Arenas | Ice rentals, skating programs | Level 3 – Balanced Beneficiaries | 40-60% |
| QSWC Leases/Space Rentals/Other | Facility rentals, advertising / naming rights | Level 3 – Balanced Beneficiaries | 40-60% |
| QSWC Senior’s Active Living Centre | Senior’s programming | Level 3 – Balanced Beneficiaries | 40-60% |
| Outdoor Aquatics | Aquafit, swimming lessons, recreational swimming | Level 2 – Considerable Community Benefit | 20-40% |
| Community Centres | Facility rentals (Parkdale, Gerry Masterson, and Multi-Occasion Room) | Level 4 – Considerable Individual Benefit | 60-80% |
| Harbours | Dock rentals, pump outs, boat ramp | Level 4 – Considerable Individual Benefit | 60-80% |
| Archives | Scanning images, black and white copies, colour prints | Level 1 – Mostly Community Benefit | Below 20% |
| Glanmore | Admission fees, Memberships, educational programs, wedding photos | Level 1 – Mostly Community Benefit | Below 20% |
| Parks and Parks Facilities | Facility rentals, passive parks / greenspace use | Level 1 – Mostly Community Benefit | Below 20% |
| Sports Fields | Soccer pitches, baseball diamonds, lighting, tournament fees | Level 2 – Considerable Community Benefit | 20-40% |