



SUBJECT: Financial support for Recreation facility user groups due to impacts of COVID

TO: Mayor and Members of Council

FROM: Recreation Services Department

Report Number: RS-11-20

Wards Affected: all

File Numbers: 900-01

Date to Committee: November 23, 2020

Date to Council: November 23, 2020

Recommendation:

Direct the Director of Recreation Services to implement Option 2 of a rate reduction strategy, to take effective January 1, 2021, to provide support for recreation facility user groups impacted by COVID, as outlined in Report RS-11-20.

PURPOSE:

The purpose of this report is to present recommendations for Council's approval to support recreation facility users and businesses through financial support with respect to rental rates. This initiative connects with the following strategic directions of the City's 2018-2022 Strategic Plan - From Vision to Focus (V2F):

- Increase economic prosperity and community responsive city growth

The impact of COVID-19 on local businesses, including providers of Sport and Recreation opportunities, has been significant. Reducing recreation facility rental fees supports businesses struggling to maintain operations throughout COVID-19 restrictions, so they can grow again post-pandemic.

Background and Discussion:

The disruption of COVID-19 has been significant and has impacted the residents of Burlington in various ways. A slow return to service is already underway, and will

continue into 2021, based on the belief that offering programs where possible supports a sense of normalcy, belonging, and better health outcomes for residents.

Rent reduction is intended to provide relief for user groups and small businesses who use recreation facilities to run programs for the community, and whose operations have been negatively impacted by COVID related restrictions.

On August 13, 2020, Council approved a 25% rate reduction (except for school board facilities) for all facility renters effective June 1 to December 31, 2020. The impact of this rate reduction was initially projected to negatively impact revenues by ~\$135,000. A positive response and an easing of restrictions in early fall led to more rentals than anticipated and as such the adjusted projection on revenue impacts is ~\$200,000.

It is important to note, that the council direction was to apply a blanket rate reduction as way of providing relief to all users including for profit organization which could not be serviced through Burlington's Fee Waiver program due to rules against bonusing. Burlington's Fee Waiver program provides direct support to not-for-profit groups who can apply to use City Recreation Facilities for a reduced fee or, in some cases, have the fee waived entirely. This support is on a one-time basis. On a typical year, the City has a budget of \$14,200 to support these groups and any unused funds are transferred to the Fee Waiver fund for future years.

Burlington has a strong history of partnership with both not-for-profit organizations and small, for-profit businesses to provide recreation and sport opportunities for residents. These groups have been adversely affected by the restrictions for COVID-19, such as the requirement to cap the number of participants permitted in a facility at a given time, which reduces revenue, as well as the need for special protective equipment, extra cleaning and screening protocols, and training for staff, all of which increase expenses. Further, as residents continue to feel the economic impacts, there may be a temporary decline in participation numbers, coinciding with the tightening of household budgets.

Continuing rental rate reduction support into 2021 will help as many of these groups as possible survive this disruption, maintaining "something to come back to" post-pandemic. Groups will be encouraged to pass savings along to residents, lowering or maintaining the cost of participation for families and individuals. Priority is already given in the space allocation process to groups with a fee assistance program; this will continue with the goal of maximizing safe, accessible, and affordable participation in recreation and sport.

Effective November 13, 2020, Halton Region entered the control/red level of the [COVID-19 response framework: keeping Ontario safe and open](#). This change imposes more stringent measures and restrictions on Burlington residents. It is evident that the pandemic will continue well into 2021 and beyond and as a result, leaving long term and lasting negative impacts on the economy. It is expected that it will take residents and

businesses of Burlington a few years to return to normalcy, solidifying the need to provide facility users with financial relief as a small token of support.

Strategy/process

As a result of positive customer feedback and a council direction (SD-26-20)

Direct the Director of Recreation Services to summarize options for a fee reduction program and provide recommendations, if any, for consideration by City Council on November 23, 2020 on:

- continuation of the 25% fee reduction for all city rental users, including both for-profit and not-for-profit organizations, from January to June 2021;
- phased fee reduction for all city rental users, including both for-profit and not-for-profit organizations, of 20% for Q1, 15% for Q2, 10% for Q3 and no reduction for Q4 of 2021;
- 25% fee reduction for indoor city rental users only; and
- implementation of a grant application program to direct funding where most needed.

Staff are recommending an extension to the rental rate reduction into the 2021 fiscal year. The below are filters through which recommendations were reviewed:

- **Accessibility** such that the recommendation be applicable to the largest number of users.
- **Ease of use** such that the process is not cumbersome for users that have limited time available and be simple to administer for staff.
- **Fiscal responsibility** such that the recommendation be the most cost efficient and provide the best “bang for our buck” for both users and city budget.
- **Relevance** such that the recommendation aligns with rental trends experienced during COVID. For example, data illustrates that outdoor rentals were less impacted than indoor largely due to the Province and Public Health’s regulations.

Given the above, the following 4 recommendations are proposed by staff:

Option	Details	Financial Impact	Pros	Cons
Option 1	a) Continue the 25% rental rate reduction for all of 2021 OR b) Continue the 25% rate reduction from Jan-June 2021	a) ~\$590,000 b) ~\$200,000	This option is the easiest to implement for staff and provides the most relief to customers.	This option is the most expensive and may conflict with the relevance filter based on outdoor rental fill rates.
Option 2	Continue with rental rate reductions, but slowly step down the reduction and phase the program out over the course of 2021, with 20% reduction applied in the first quarter, 15% in Q2, 10% in Q3 and a return to regular rates in Q4.	~\$205,000	This option is the more complex for staff but offers the most flexibility and a targeted approach based on need with lower financial relief as we head into pandemic recovery. This option suggests that the program would end in Q4 2021.	This option suggests that COVID would be in a recovery state by mid to end of 2021, however the road to recovery may be longer and users may require financial relief beyond Q3 2021.
Option 3	Step down the reduction and phase it out as in Scenario 2 but further refine the scope to exclude playfields. Specifically, this option suggests a 20% reduction applied in the first quarter, 15% in Q2, 10% in Q3 and a return to regular rates in Q4 (playfields excluded).	~\$100,000	This option offers the same benefits as option 2. In addition, outdoor recreation experienced fewer restrictions and may experience a faster return to full service than indoor recreational groups. As a result, this	This option suggests that restrictions would be eased such that users would not experience financial burden in the summer months.

			option excludes playfields and therefore a more targeted financial relief approach.	
Option 4	Creation of a COVID fee waiver program such that organizations would apply and be provided with financial relief based on need. This program would operate separate from Burlington's fee waiver program.	\$~150,000	This option allows for a more targeted approach based on demonstrated need.	This would be very time consuming for user groups to submit and for staff to administer; could be problematic if the need expands past budget available. It is estimated that it would be require at minimum; 2 FTEs for 8 weeks to administer.

Options Considered

Staff are recommending option 2, "Continue with rental rate reductions, but slowly step down the reduction and phase the program out over the course of 2021, with 20% reduction applied in the first quarter, 15% in Q2, 10% in Q3 and a return to regular rates in Q4" at a financial ask of \$205,000. This option applies to all renters, requires no additional work from customers, offers a stepped down rate reduction that aligns with both need and fiscal responsibility.

Financial Matters:

The total financial impact of option 2 is estimated at approximately \$205,000 to be seen in rental revenue reduction for the 2021 budget year.

Source of Funding

The financial impact as a result of this recommendation will be included in the 2021 operating budget.

Climate Implications

Not applicable

Engagement Matters:

Staff received ample customer feedback illustrating the need for financial relief for user groups. Following the approval of the 25% rate reduction in 2020, staff engaged informally and formally with users regarding their satisfaction with the program and received positive feedback and the ask for an extension into the 2021 budget year. Should council support staff's recommendation, a communication plan will be rolled out to impacted customers.

Conclusion:

Providing recreation facility users with rate reduction for 2021 allows them to reduce their overhead costs and supports them as they work to survive the impacts of COVID and continue to offer programs to our community.

Respectfully submitted,

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Manager of Business Services

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.