



SUBJECT: Drop-In Rates and Fees Strategy

TO: Environment, Infrastructure & Community Services Cttee.

FROM: Recreation, Community and Culture

Report Number: RCC-08-21

Wards Affected: all

File Numbers: 900-01

Date to Committee: September 13, 2021

Date to Council: September 21, 2021

Recommendation:

Authorize the Director of Recreation, Community and Culture to implement a new drop-in recreational program rates and fees structure as part of the 2022 budget process as outlined in recreation, community and culture department report RCC-08-21.

Purpose:

As part of the rates realignment process in Recreation, Community and Culture (RCC), a consistent approach to pricing, including subsidy and premium rates was implemented to create desired buying behaviours and to better align rates to types of uses and users. Over the past 7 years, we have updated several of our rates categories, and are now moving towards updating city delivered programs. This report will target specifically, drop-in program rates. Recommendations will be included in the budget process for implementation in September 2022.

Vision to Focus Alignment:

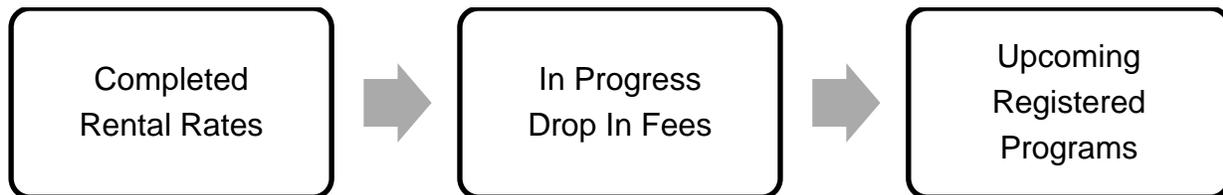
- Building more citizen engagement, community health and culture
 - Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

Background

Recreational drop-in programming is city delivered activities that participants can drop-in to enjoy. Drop-in programs are activities such as recreational swimming, recreational skating, drop-in pickleball, aquafit, lap swimming and more. Outside of the scope of this exercise and report are registered programs which will come next in our sequence of reviews. Golf rates are also out of scope for this review as they typically fluctuate weekly in direct alignment to the market.

As a reminder to committee, Recreation, Community and Culture has been systematically aligning rates and fees in various categories. Below is an overview of the process to date.



The guiding principles have remained consistent for each of our reviews. They include:

- Align with principles of the [Recreation Framework](#) (PR-11-19) approved by Council on February 24, 2020 with specific emphasis on 'affordability'.
- Alignment with rental rate methodology ([PR-17-14](#)), where Youth focused rentals receive a 20% discount from the market rate to promote participation within recreation and the community. As well as a consistent 5% surcharge to contribute to facility asset needs.
- Provide transparency and clarity for customers on drop-in fees, as well as choice and flexibility with payment options including single visits and passes.
- Ensure that rates are market driven inclusive of what others are charging for a similar program, along with a good understanding of what the consumer is willing to pay.

Currently, there has not been a level of consistency with the development of drop-in rates. When a program is created or updated a brand-new rate is then added to the rates and fees document. Over time, this system has resulted in over 35 different drop-in rates and 19 different membership types.

From a customer perspective, we have heard for some time now that this random method when establishing rates has been confusing. To add to the confusion, some (not all) of these rates have been 'bundled' to create passes. Currently there are a variety of rates and discounts applied depending on the service. Staff have heard for many years now that our multitude of rates are complicated, lack consistency and logic. For example, staff have heard: "why does it cost this much for program X and only that much for program Y?"

Internally, this pricing structure has been difficult to administer for staff. Currently our discounting method is applied based on participants ages but is not consistent. This report also looks to address inconsistencies in discounts.

Moving forward, the Drop-In Rates and Fees Strategy will provide clear pricing for customers, ensure consistency and follow the principles previously approved by Council.

Discussion

This report is recommending moving towards a methodical categorization for drop-in rates. Moving forward there will be 8 rate categories. All existing drop-in programs underwent a market scan and will be aligned within these 8 categories. Each category has a base rate known as the 'adult' rate (i.e. what an 18-54 year-old would pay). The base rate reflects the cost of a single visit and is market driven. All discounts and passes are built from the base rate for each category. As part of the drop-in rates strategy the age of discount has been aligned. Youth and older adults will receive a 20% discount from the base rate.

In addition to single visits, passes and multi visit pass options were created to provide customers with the flexibility they desire when choosing recreation opportunities. Staff recognize the benefits of recreation, and the importance of a healthy active lifestyle, providing passes and multi visit passes support continuous participation and encourage customers to participate more often by offering volume discounting. These multi-visit and pass options were built from the base rate with idea that customers would be able to save even more by buying in bulk.

The Drop-In Rates Strategy provides benefits internally for staff and the department. The reduction of drop-in rates available simplifies the program planning process as well as the inputting into the software system. Pass data is currently utilized by staff to forecast revenues, as well as determine future programming opportunities based on utilization. Based on these new passes staff will continue to evaluate trends for future opportunities and engagement with customers. Streamlining this process will create consistency and reduce the number of drop-in rates in the RCC department.

Outlined in the chart below are the 8 rate categories and applicable discounts. For each of the rate categories, a consistent formula and specific discount was determined.

	A	B	C	D	E	F	G	H
BASE RATE (Adult 18-54)	Free	\$2.11	\$2.95	\$3.79	\$5.48	\$6.74	\$8.01	\$10.54
YOUTH/ OLDER ADULT (20% discount)	Free	\$1.69	\$2.36	\$3.03	\$4.38	\$5.39	\$6.41	\$8.43
10 Pass	10% discount							
40 Pass	20% discount							
Seasonal Pass	Price based on 20 visits over a 4-month period, adding value of an additional 50% discount from the base price.							
Annual Pass	Price based on 2 visits per week for 50 weeks, adding value of an additional 50% discount from the base price.							
Recreation Swim or Recreation Skate Annual Pass	Price based on 1 visit per week for 50 weeks, adding value of an additional 50% discount from the base price.							

*Prices are listed pre-tax and does not include contribution to reserve.

Additional Principals

Listed below are the additional principals that are included in the new rate categorization strategy for drop-in programs:

- Infants (0-2) are free with paying caregiver.
- Youth rate will include age 3-18 and full time students, this could include students over the age of 18 if they are enrolled in full time post secondary education.
- Alignment of the Older Adult age of discount to 55+. Previously age of subsidy varied across the department, we are moving to be consistent with the age of discount being 55+.
- Support workers are free with paying participant.

- 90+ are free.
- Recreation Swim or Recreation Skate programming has a unique pass assigned to it as staff recognize the need for entry level recreation programming to be attainable and accessible for our community. This aligns with the Recreation Framework fundamentals first principal.
- Group rates will be available for applicable programs. Rates will be determined from the base rate in the applicable category.
- New programs will undergo a market scan to help determine the best rate category to which the program would be aligned to. Once complete, a rate would then be assigned to this program from one of the 8 categories shown above.

Bundling

Once the 8 categories and pass options are endorsed, staff across RCC will collaborate and identify passes. Based on the pass offerings customers will then have the opportunity to bundle passes to create their own recreation experience. With the bundling concept a member of the public will be able to purchase multiple passes and receive a discount each time an additional pass is added to their recreational experience. A member of the public could purchase a lap swim pass, and a recreational skating pass at a discounted price of 15%. This recognizes and supports the benefits of recreation, and the importance of a healthy active lifestyle.

At the point of purchase customers will have the opportunity to select passes that meet their unique recreational needs and bundle them for a discounted price. As a customer increases the number of passes they purchase they will continue to see further discounts.

	1st pass	2nd pass	3rd pass	4th pass
Price/ Discount	Full price	15%	20%	25%

To promote bundling, staff will develop a comprehensive marketing campaign to demonstrate the value in customers creating their own unique recreational experience, as well as volume purchasing and the respective discounts that will be applied.

Additional Highlights

The drop-in strategy brought to the surface a variety of service areas and programs that were out of alignment based on our market scan. These programs, and solutions to bring them into alignment are identified below.

Pickleball

Pickleball was introduced broadly to the community in 2017 with a two-year expansion plan supported by OSR Grant Funding. This grant aimed to develop consistent best practices across the recreational player community, provide safety procedures, and pilot newly designed learning progressions. A pickleball strategy was designed and introductory value pricing was put in place as a temporary measure. This enabled players to participate in Pickleball programming below the market rate during the two-year development period. By 2019, the program was established and RCC was preparing to incrementally shift to market driven pricing. As we reemerge into service in 2022, the rate for drop-in adult court sports will see increases from the pilot pricing. In Step 3 of Reopening Ontario, flexible administration of the program is necessary. For this reason, gym rental opportunities are in place as an interim step. Drop-in pickleball will gradually return in 2022 in a format similar to its previous state with fees that reflect appropriate market scan pricing.

Shinny

Through a comprehensive analysis outside of the scope of this project it was determined that our shinny rates are significantly lower than our neighbouring municipalities. Currently shinny is an underpriced program that staff are looking to move to a more appropriate market rate over a period of time. Prior to COVID-19 staff on the Sport Team conducted surveys and began engagement with shinny customers to notify them that shinny programs would be seeing a price increase. RCC will be taking a phased in approach to increase shinny rates over the next two years and bring into alignment with the market. A comprehensive communication and marketing plan will be developed to inform customers of this increase. When reviewing the public skating portfolio, it was determined that shinny had the capacity to increase to align with the market, and that recreational skating should be maintained at its price point as it is fundamental entry level programming.

Fee Assistance

Enhanced promotion and awareness of the Recreation Fee Assistance program will be made available to the community to support those experiencing financial hardships. In the future a comprehensive review of our Recreation Fee Assistance program will take place to ensure we are removing barriers to participation for City of Burlington residents.

Non-Residents

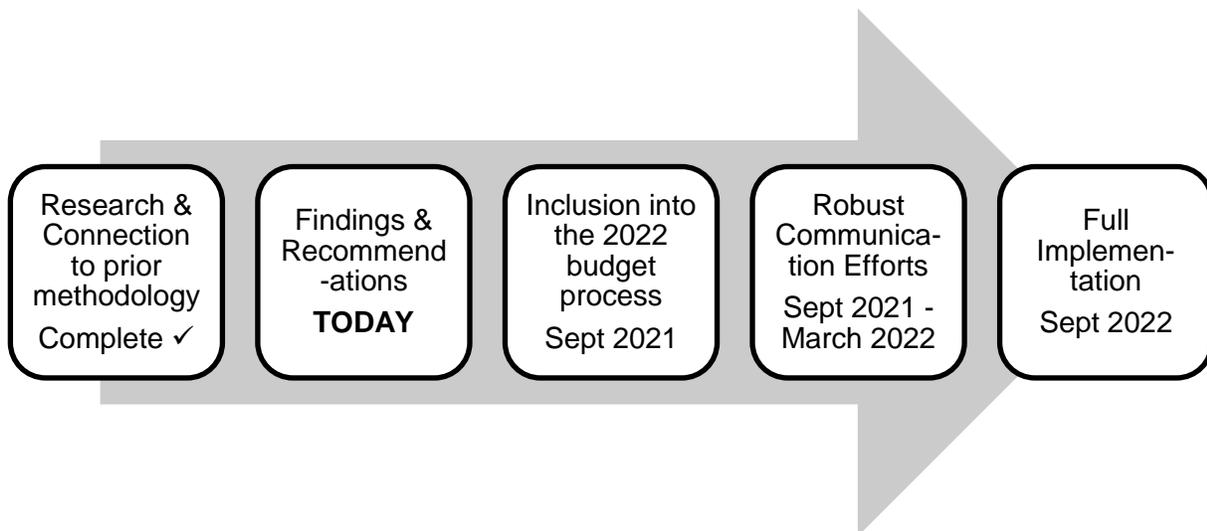
In alignment with our recreation program rates a non-residents fee will be charged to any non-residents when purchasing a pass.

Price Increases

As part of our implementation, should any price change above 10% from what is currently being charged/approved in rates and fees, a specific strategy will be employed for those programs to bring them into alignment over an established period of time.

Strategy/process

Below provides a summary of the process undertaken. This new rate structure will be included as part of the upcoming rates and fees process. Implementation of this new model will be in place for program start up in the Fall of 2022. A comprehensive communications plan will be implemented to support the changes to the overall drop-in program rates strategy.



Financial Matters:

The 8 fee categories selected are closely aligned to existing drop-in program rates. Our existing recreation drop-in programs fees will be restructured within the 8 categories.

A financial analysis was undertaken to determine the impact this restructuring of drop-in rates will have on budgeted revenues. Using pre-pandemic participation volumes from September 2018-August 2019, staff compared approved 2020 rates to revised rates under the 8 new proposed rate categories and the new subsidies where applicable (i.e. youth and older adult). Furthermore, modeling was done based on the bundling methodology where previously bundled passes were broken out and allocated under the new bundling methodology. Based on this analysis the proposed Drop-in Program Rates Strategy demonstrated a net neutral position.

Going into the budget process for 2022, the rates and fees section for drop-in recreational opportunities will be updated and streamlined from the 35 existing rates down to the 8 categories proposed.

Engagement Matters:

The drop-in rate strategy is based on feedback heard over many years both externally and internally. For several years customers have expressed that our multitude of rates are complicated and lack consistency and logic. Customers have expressed interest in the opportunity to bundle passes that are of interest to them. Based on the feedback received staff are looking to put this proposed strategy in place. Once in place, staff will continue to engage and communicate with customers. With the goal of making adjustments where needed to meet the diverse needs of the community and drive participation. As staff begin to unveil the new drop-in rate structure, a robust marketing campaign will be launched to help spread the benefits and highlight value.

Conclusion:

The drop-in rates strategy provides a consistent categorized system that provides clarity to the public and aligns discounted pricing. The 8 categories provide staff with clear direction on pricing and the ability to be agile when developing new program opportunities. Staff recognize the need to offer diverse programming options to meet resident needs, encourage participation, and promote a healthy active lifestyle.

Respectfully submitted,

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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.