

## MEMO / NOTE DE SERVICE

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TO :	Community and Protective Services Committee	
DESTINATAIRE :	Comité de services communautaires et de protection	
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DATE :	August 22, 2016 22 août 2016	
REF N <sup>o</sup> :	ACS2016-PRC-GEN-0002	
SUBJECT :	<b>Update - Harmonization of Recreation Programs and Fees</b>	
OBJET :	<b>Mise à jour: harmonisation des programmes de loisirs et de leurs prix</b>	

### PURPOSE

On November 30, 2015, Parks, Recreation and Cultural Services received direction from the Community and Protective Services Committee to bring forward information on the status of the recreation program and fee harmonization. This report outlines accomplishments to date.

### BACKGROUND

The [Harmonization of Recreation Fees](#) was approved by Council in April 2015, granting Parks, Recreation and Cultural Services the authority to harmonize programs and fees across the City. The harmonization report identified significant variations seen in the naming, program content and fees for offerings across facilities and geographical areas. These historical variations were identified as obstacles to achieving equitable service delivery levels and cost recovery in several programming areas and achieving departmental revenue targets. The goal of the harmonization

project is to remove these barriers and provide clients with a more consistent and easily understood array of services, regardless of the facility they access.

The degree of fee disparity that was found in some programs was such that a phased approach over a multi-year term was recommended to mitigate the impact on clients. Following Council direction, the department has implemented program harmonization in accordance with the following guidelines:

- Removing the disparity seen in recreation and cultural fees across the city by realigning fees and developing a constant price structure.
- Pricing to meet the principle of direct cost recovery, at a minimum for programs and services unless a Council approved subsidy is already in place.
- Achieving harmonization within existing overall departmental budget provisions by ensuring that fee adjustments are revenue neutral to the City.
- Limiting annual adjustments to fees related to harmonization to no more than the greater of 10% of the existing fee or \$20.
- Phasing in over multiple years any required adjustments over the 10% or \$20 limit.

In maintaining an equity and inclusion lens, the Department continues to provide a fee assistance program offering subsidies to eligible clients.

## **DISCUSSION**

To date, 77% of the program and service offerings have been reviewed and adjusted to reflect more consistent naming conventions, program content and prices. The resulting standardized program and service offerings have been developed by departmental working groups, reviewed by management leads, and approved by a departmental Harmonization Steering Committee.

Harmonization is based on departmental mandate, municipal best practices and market trends. Cost-recovery pricing levels have been established and price adjustments have been implemented where necessary. With the exception of subsidized priority offerings for targeted populations (i.e. low-income, special needs, etc.), service offerings that were found to be operating below direct cost-recovery levels have been redesigned to reduce costs or discontinued.

The initial phase of harmonization focused on fitness activities, instructional skating programs, and the before and after school activity clubs. The second phase concentrated on summer camps, sports, visual arts, performing arts, and many general interest programs. A standardized curriculum was established for each offering which outlined the necessary staffing ratios and qualifications, equipment, programming supplies, and other associated requirements/costs. The curriculum was used to determine both the cost-recovery fee and the required minimum participation level to achieve cost recovery. Historical program and service offerings within each of the program streams were then mapped to one of the approved standardized offerings, named accordingly, and priced based on the new harmonized price.

As an example, an adult fitness program was reviewed by the fitness harmonization working group. The program's instructional requirements were determined based on the needs of the clientele. The working group then used these requirements to determine the specific qualifications (i.e. specialized training needed to teach fitness to the older adult population) and ratios of staffing (i.e. more than one part-time staff person needed for safety and/or legislative reasons). After the curriculum and price point were established, a consistent and easily understood program name was assigned (i.e. Total Muscle Control - TMC). The historical, uniquely named programming offerings were examined and mapped to a standardized program based on the instructional similarities (i.e. "Shape and Firm", "Stretch and Strength" and "Tone and Stretch with Weights" all became "Total Muscle Control - TMC"). The fee for each program that was mapped to a standardized offering was either decreased to the harmonized price or increased by no more than the greater of 10% of the existing fee or \$20. Of the over 7,000 programs reviewed approximately 1,000 unique program titles were eliminated.

The goal is to implement small changes in the price point of service offerings over a period of time to mitigate the financial impact on residents. All price revisions are captured in the annual fee schedule as part of the budget process and staff are actively monitoring the effect that these changes may have on demand. Up to now, the harmonization initiative has not had a negative impact on participation rates.

As an example, Summer Camps were reviewed and standardized in the fall of 2015 and changes were implemented for the 2016 summer session. The following is a summary of the observed changes in the demand for Summer Camps over the 2015-2016 sessions, as of July 31, 2016:

- Total registration for Summer Camps has increased by approximately 1,200 registrants or 6.56% over the same period in the previous year.
- Total revenue for Summer Camps has increased by approximately \$300,000 or 12.7% over the same period in the previous year.

- The average registration fee for a Summer Camp increased from \$134.50 per week in 2015 to \$146.80 per week in the 2016, post harmonization. This represents a 9.2% increase in the average price point and is the result of a few factors:
  - New standardized, cost-recovery programming being incorporated at facilities across the City;
  - Phased-in harmonized price increases for some camps, no more than the greater of 10% or \$20 annually;
  - The redesign or elimination of programs previously offered at a fee below cost-recovery levels; and
  - A 2.0% inflationary price increase approved as part of the 2016 budget.

Similar results have been observed in other programming offerings, for example, skating programs were reviewed and harmonized in the fall of 2015. A modest increase in the price for some skating programs occurred as a result of harmonization and inflationary price increases. Since then, market analyses have shown that there was not a negative impact on the demand for skating programs where fee increases had occurred. As such, harmonization has allowed the department to start closing the gap between the operating cost and the operating revenue for skating programs without affecting the client's ability to participate.

## **CONCLUSION**

Over the past year, Parks, Recreation and Cultural Services has made substantial progress on the harmonization of fees. The department is moving towards more consistent naming conventions, content and prices for the programs and services offered across the City. This will improve the department's ability to market and advertise programs across the City, create efficiencies in guide production and staff training, as well as create transparency and improve client experience. Clients will now have a greater understanding of the service offerings that can be expected regardless of the facility they access. The harmonization of prices ensures fairness for all Ottawa residents and once fully harmonized rates are achieved all residents across the City will be paying the same hourly rate for the same course.

The fee adjustments have been applied in accordance with the parameters outlined in the Council approved report. All annual fee increases related to harmonization have been limited to no more than the greater of 10% of the existing fee or \$20. As a result, the overall budgetary impacts from harmonization have been neutral and the timeline for all programs to reach full harmonization has been extended to accommodate the phased-in price increases. This has allowed the department to refine and standardized programs and services while minimizing the financial impact to the client. To date, very few negative comments have been received from clients regarding these

changes. Many clients have benefited from price reductions while others have experienced no change or moderate increases that will occur over multiple years.

Original signed by

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