



BILL 148 RECAP AND USER FEES COMPETITIVE ANALYSIS

**General Committee
December 10, 2018**

Agenda

1. Bill 148
 - a. Recap
 - b. Changes to Bill 148 – Current Provincial Government
 - c. Financial Impacts from Changes to Bill 148
 - d. Options for Bill 148 Unused Funds
2. 2019 User Fee, Permit Fee and Fine Increases – Market Competitive Analysis
 - a. 2019 Tax Funded User Fees Impact
 - b. Corporate Services
 - c. CAO's Office
 - d. Development Services
 - e. Community & Fire Services
3. Next Steps
4. Recommendations

1a. Bill 148 Recap

Bill 148 was passed by the Provincial Government in 2017 which had an impact on part time, casual, temporary and seasonal employees (part time).

Staff provided an overview of Bill 148 and the 2018 financial impact to the Budget Committee in October 2018.

The presentation outlined the following key amendments:

- A) Minimum Wage increase (\$11.60 to \$14.00/hour) – Effective January 1, 2018
- B) Emergency Leave – Additional 2 paid days – Effective January 1, 2018
- C) Vacation Pay – 4% to 6% for employees with > 5 years of services – Effective January 1, 2018
- D) Statutory Holidays – Revised calculation based on previous pay period – Effective January 1, 2018
- E) Equal Pay for Equal Work – part-time vs. full-time position pay equality – Effective April 1, 2018

➤ **Total 2018 Budget impact: \$2.50M**

Future Budget impacts:

- Minimum Wage increase (\$14.00 to \$15.00/hour) – Effective January 1, 2019
- Standby Pay – Increased to 3 hours from 1-2 hours – Effective January 1, 2019 for non-union, January 1, 2020 for union

➤ **Total future budget impact: \$0.60M**

1a. Bill 148 Recap

- Staff calculated the 2018 annualized financial impact of \$2.50M resulting from Bill 148.
- Staff presented the financial implications of \$2.50M, equivalent to a tax rate increase of 1.71%, to the Budget Committee on October 10, 2017.
- The following options to address the 2018 Operating Budget impact of \$2.5M were considered:
 - A) 100% through a tax rate increase equivalent to a 1.71% tax rate increase
 - B) 100% through user fees
 - C) Hybrid approach – combination of tax rate increase and user fees

Council approved the hybrid approach based on the following split:

- \$0.68M (27%) funded through a tax rate increase of 0.46%
- \$1.82M (73%) funded through user fees

1a. Bill 148 Recap

- As part of the due diligence process for 2018 Budget preparation Staff focused on rates that were significantly lower than our direct municipal comparators and assessed the impact of increasing rates on users and volume.
- The following Review Criteria & Guiding Principles were adopted:
 - All departments undertook a review of user fees, permit fees, fine rates (user fees) to determine City's position using other relevant municipalities as comparators
 - Focused on rates that had a significant difference between our direct comparators
 - Assessed the impact of increase in rates on users and volumes
 - Limited the increase on programs for children ("Learn To" programs) and seniors
 - Implementation date for new user fees of January 1, 2018, where possible
 - 2018/19 would require monitoring to assess impact
- The recommended changes to Recreation fees were generally in facility booking based on comparison to other municipalities in York Region where the City had capacity to increase. Ice rates were aligned with Richmond Hill's 2017 approved rates. The City's "Learn To" programs - aquatics, sports, camps and general interest user fees were already at the top of the range in the Region or at least within the top of the percentile and were only increased by 1.30%.

1a. Bill 148 Recap

| <u>Bill 148 Components</u> | <u>2018 Budget</u> | <u>Department</u> | <u>Required 2018 Increase in Part Time Budget</u> | <u>%</u> |
|---------------------------------|--------------------|---|---|-------------|
| A) Minimum Wage increase | \$905,631 | Recreation | \$ 1,347,444 | 53.9% |
| B) Emergency Leave | \$528,096 | Operations | 420,643 | 16.8% |
| C) Vacation Pay | \$115,368 | Economic Growth, Culture & Entrepreneurship | 328,217 | 13.1% |
| D) Statutory Holiday Pay Change | \$251,351 | Markham Public Library | 255,011 | 10.2% |
| E) Equal Pay for Equal Work | \$571,391 | Legislative Services & Communications | 88,643 | 3.5% |
| F) Grid Compression | \$129,774 | Environmental Services (Waste) | 19,357 | 0.8% |
| Total 2018 Budget Impact | \$2,501,610 | Financial Services | 13,391 | 0.5% |
| | | Information Technology Services | 7,721 | 0.3% |
| | | Asset Management | 6,107 | 0.2% |
| | | Sustainability Office | 5,741 | 0.2% |
| | | Human Resources | 4,444 | 0.2% |
| | | Fire & Emergency Services | 2,380 | 0.1% |
| | | Development Services Commissioner's Office | 2,145 | 0.1% |
| | | Total 2018 Budget Impact | \$2,501,610 | 100% |

1b. Changes to Bill 148 – Current Provincial Government

- Effective July 1, 2018 the statutory holiday pay calculation which came into effect under Bill 148 was revoked and reverted back to the previous calculation method.
- On November 21, 2018 the Provincial Government approved Bill 47, Making Ontario Open for Business Act, 2018 with the following changes:

MINIMUM WAGE

- Bill 47 has repealed the \$15/hour minimum wage effective January 1, 2019 and therefore minimum wage will remain at \$14/hour. An annual adjustment tied to the rate of inflation will be introduced on October 1, 2020.

PERSONAL EMERGENCY LEAVE (PEL)

- Under Bill 148, effective January 1, 2018 all employees were entitled to ten (10) personal emergency leave days per year, including two (2) paid days (no medical notes were required).
- Bill 47 has rewritten this provision that all employees are entitled to 8 unpaid leave days: sick leave (3 days) (with appropriate notes, where required), family responsibility leave (3 days) and bereavement leave (2 days).

1b. Changes to Bill 148 – Current Provincial Government

EQUAL PAY FOR EQUAL WORK

- Bill 47 has repealed equal pay for part-time, temporary, casual and seasonal employees who perform the same job as full-time employees.
- The City implemented Equal Pay for Equal Work in some departments and the rates will remain at the current level. Therefore, only a portion of the amount included in the 2018 Operating Budget is required.

1c. Financial Impacts from Changes to Bill 148

- Based on the changes made to Bill 148 in 2018, there is \$0.79M in unused funds

| Expenditures | 2018 Base Budget | Implemented & continue into 2019 | Unused Funds |
|---------------------------------|-------------------------|---|---------------------|
| A) Minimum Wage increase | 905,631 | (905,631) | - |
| B) Emergency Leave | 528,096 | - | 528,096 |
| C) Vacation Pay | 115,368 | (115,368) | - |
| D) Statutory Holiday Pay Change | 251,351 | - | 251,351 |
| E) Equal Pay for Equal Work | 571,391 | (334,200) | 237,191 |
| F) Grid Compression | 129,774 | (129,774) | - |
| G) Standby pay (2019 and 2020) | - | (225,274) | (225,274) |
| Total | 2,501,610 | (1,710,247) | 791,364 |

1d. Options for Bill 148 Unused Funds

Option 1: Reduce the operating budget by \$791,364 in the same proportion that was used to fund the original Bill 148 budget impact.

A) Tax rate decrease of \$213,668 (27%)

B) User fee decrease \$577,696 (73%)

➤ The user fee decrease of \$577,696 would be allocated as follows:

| <u>Department</u> | <u>2018 Budget</u> | <u>%</u> |
|---------------------------------------|--------------------|-------------|
| Recreation | 328,000 | 56.8% |
| Culture | 79,529 | 13.8% |
| Operations | 78,021 | 13.5% |
| Legislative Services & Communications | 39,744 | 6.9% |
| Financial Services | 34,100 | 5.9% |
| Environmental Services (Waste) | 6,701 | 1.2% |
| Asset Management | 6,359 | 1.1% |
| Library | 4,431 | 0.8% |
| Fire & Emergency Services | 811 | 0.1% |
| Total | 577,696 | 100% |

1d. Options for Bill 148 Unused Funds

- Staff are not recommending this option as the user fee analysis conducted in 2017 identified that Markham's rates were lower than other municipalities.
- Reducing the user fees will have the most adverse impact on Recreation Services which makes up 56.8% of the overall user fee impact.
- Specifically, the department is currently forecasting to reach a cost recovery rate of 65.5% in 2018. Reducing the user fees will move the department further away from reaching the historical target of a 70% direct cost recovery (total expenses divided by total revenues).

1d. Options for Bill 148 Unused Funds

Impact of reducing user fees to Recreation

The table below provides an overview of the cost recovery rates from 2010 to 2023:

| Year | Recovery Rate | |
|---------------|---------------|----------------------------|
| 2010 | 71.0% | |
| 2011 | 69.1% | |
| 2012 | 66.2% | Cornell opened in Dec 2012 |
| 2013 | 68.4% | Full year of Cornell |
| 2014 | 66.7% | Pan Am opened in June 2014 |
| 2015 | 63.2% | Full year of Pan Am |
| 2016 | 64.8% | |
| 2017* | 68.3% | Aaniin opened in Dec 2017 |
| 2018 Forecast | 65.5% | Full year of Aaniin |
| 2019 Budget | 66.2% | Excluding User Fee Impact |
| 2020 Forecast | 67.7% | |
| 2021 Forecast | 68.2% | |
| 2022 Forecast | 68.8% | |
| 2023 Forecast | 69.3% | |

- Recovery rates range between 68.0% and 70.0% prior to the opening of a new community centre. When a new community centre opens the recovery rate initially declines but then increases until the next community centre opens, with the process repeating itself.
- Currently, the recovery rate is projected to reach 70% by 2024.

*Recovery Rate in 2017 was 70% excluding Pan Am

1d. Options for Bill 148 Unused Funds

Impact of reducing user fees to Recreation

- The table below illustrates the impact on Recreation recovery rates when comparing the current recovery rate with the reversal of the Bill 148 impact of \$328,000:

| Year | Current Recovery Rate | Recovery Rate with Reversal of Bill 148 | % pt change |
|---------------|-----------------------|---|-------------|
| 2018 Forecast | 65.5% | 64.6% | -0.9% |
| 2019 Budget | 66.2% | 65.3% | -0.9% |
| 2020 Forecast | 67.7% | 66.8% | -0.9% |
| 2021 Forecast | 68.2% | 67.3% | -0.9% |
| 2022 Forecast | 68.8% | 67.9% | -0.9% |
| 2023 Forecast | 69.3% | 68.4% | -0.9% |

- The recovery rate will drop by almost a full percentage point with the reversal of the Bill 148 impact.
- Staff is not recommending this option as Recreation is already below the 70% target recovery rate and decreasing user fees will move the department further away from reaching the target.



1d. Options for Bill 148 Unused Funds

Option 2: Retain the status quo by not making changes to the Operating Budget

- The available funds of \$791,364 be used as follows:
 - \$160,000 to \$175,000 to fund the 2020 CPI increase in part time salaries
 - \$321,543 to fund proposed new staffing requirements which will be presented as part of the 2019 Budget
 - \$294,821 for future salary increases from collective agreements and cost of living adjustments

Staff recommend Option 2 for Bill 148 unused funds

2. 2019 User Fee, Permit Fee and Fine Increases – Market Competitive Analysis

- The process of undertaking a market competitive analysis continued in 2018.
- All departments undertook a market competitive analysis of user fees, and permit and fine rates (user fees) to further determine the City's position against other municipalities as comparators in preparation for the 2019 Budget.
- The mandate was to benchmark the City's fees against a minimum of three municipal comparators, two of which were the City of Vaughan and the Town of Richmond Hill. The goal was to adjust the City's fees at a minimum to be equivalent to the highest of the three comparators.
- The City will be introducing a subsidy program based on the 'ability to pay' model being undertaken with the Region of York. The intention of the subsidy program will be to address growing concerns with affordability of children's program for the working poor which is a 'gap' in our service plan. (Report back Fall 2019).

2a. 2019 Tax Funded User Fees Impact

| Commission | Department | Total User Fees | Fees with No Change | Fee Revisions | New Fees | 2019 Impact (\$) | Volume Adjustments (\$) | Net 2019 Impact (\$) | Annualized Impact (\$) |
|---------------------------|------------------------------|-----------------|---------------------|---------------|-----------|---------------------|-------------------------|----------------------|------------------------|
| Corporate Services | Financial Services | 10 | 2 | 8 | 1 | 180,086 | 35,870 | 215,956 | 215,956 |
| | Legislative Services | 110 | 98 | 12 | 6 | 397,309 | (254,092) | 143,217 | 143,217 |
| | Sustainability & Asset Mgmt. | 5 | 5 | - | - | - | - | - | - |
| CAO's Office | Legal | 43 | 15 | 28 | 3 | 40,000 | - | 40,000 | 40,000 |
| Development Services | Art Gallery | 20 | 16 | 4 | - | 31,861 | - | 31,861 | 42,481 |
| | Theatre | 17 | 12 | 5 | - | 32,048 | - | 32,048 | 32,048 |
| | Museum | 16 | 16 | - | - | - | - | - | - |
| Community & Fire Services | Fire | 15 | 1 | 14 | 7 | 23,048 | - | 23,048 | 23,048 |
| | Operations - Sportsfields | 36 | 21 | 15 | - | 98,695 | (28,506) | 70,189 | 82,189 |
| | Library | 45 | 45 | - | - | - | - | - | - |
| | Roads | 43 | 19 | 24 | - | 75,245 | - | 75,245 | 75,245 |
| | Waste | 9 | 4 | 5 | - | 46,375 | (16,053) | 30,322 | 30,322 |
| | Recreation | 510 | 493 | 17 | - | 317,481 | (70,420) | 247,061 | 349,821 |
| Total | | 879 | 747 | 132 | 17 | \$ 1,242,147 | \$ (333,201) | \$ 908,946 | \$ 1,034,326 |

| | | | |
|---------------------|--------|-------|-------|
| Percentage of total | 100.0% | 85.0% | 15.0% |
|---------------------|--------|-------|-------|

2b. Corporate Services Commission

Financial Services

- A market competitive comparison was performed against 27 municipalities which included Vaughan, Richmond Hill, Toronto, Mississauga, Brampton and Oakville.
- One new fee is being proposed for implementation in 2019 (Statement of Taxes \$25.00 fee).

| Plus CPI increase HST not applicable | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|---|----------------|---------------------------------|------------------------------------|---------------------|
| Ownership Change | \$36.50 | 9.59% | \$40.00 | \$3.50 |
| Mortgage Admin Fees | \$14.00 | 7.14% | \$15.00 | \$1.00 |
| Overdue Notice Fees | \$5.50 | 81.82% | \$10.00 | \$4.50 |
| Tax Certificates | \$82.50 | 9.09% | \$90.00 | \$7.50 |

NOTE: Appendix A in the November 12, 2018 report to General Committee entitled "2019 User Fee, Permit and Fine Increases – Market Competitive Analysis" includes the full listing of all departments' proposed user fee changes.

2b. Corporate Services Commission

Legislative Services

- A market competitive comparison was performed against Vaughan, Richmond Hill, Brampton, and Mississauga.

By-laws

| Plus CPI increase HST not applicable | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|---|----------------|---------------------------------|---------------------------------------|---------------------|
| Park in Designated Handicapped Space without a Permit (Per infraction) | \$300.00 | 16.67% | \$350.00 | \$50.00 |
| Monthly Parking Permit - Overnight Parking in Designated Areas (Per permit) | \$30.00 | 76.67% | \$53.00 | \$23.00 |

Clerks

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|--|----------------|---------------------------------|---------------------------------------|---------------------|
| Civil Marriages | \$201.00 | 72.14% | \$346.00 | \$145.00 |
| Burial Permits | \$31.50 | 17.46% | \$37.00 | \$5.50 |
| Chapel Rental | \$280.50 | 23.34% | \$345.98 | \$65.48 |

2c. CAO's Office

Legal Department

- A market competitive comparison was performed against Vaughan, Richmond Hill and Mississauga.

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|--|-----------------------|---------------------------------|------------------------------------|----------------------|
| Amendments to Site Plan Control Agreements (Based on complexity) | \$1,100 - \$2,250 | 122.22% - 127.27% | \$2,500 - \$5,000 | \$1,400 - \$2,750 |
| Complex Agreements | \$5,300 - \$16,000 | 16.98% - 25.00% | \$6,200 - \$20,000 | \$900 - \$4,000 |
| Road Closing By-laws (Stop up and close) (Per request) | \$450.00 | 1077.78% | \$5,300.00 | \$4,850.00 |
| Proposed Sale Internal Circulation (Per request) (unless waived by City Solicitor) | \$535.00 | 0.00% - 834.58% | \$535 - \$5,000 | \$0 - \$4,465 |

2d. Development Services Commission

Art Gallery

- A market competitive comparison was performed against several specific facilities within the Greater Toronto & Hamilton Area (GTHA). This included facilities such as: McMichael Kleinburg (Vaughan), Latcham Gallery (Whitchurch-Stouffville), Art Gallery of Mississauga, Living Arts Centre (Mississauga) and Aurora Cultural Centre.
- The proposed increases identified by Staff were primarily in programs, camps and memberships.

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective March 17, 2019 \$ | Rate Increase \$ |
|--|----------------|---------------------------------|-----------------------------------|---------------------|
| Adult Programs (8 sessions) | \$204.00 | 44.12% | \$294.00 | \$90.00 |
| Adult Programs (4 sessions) | \$104.00 | 153.85% | \$264.00 | \$160.00 |
| Children/Teen/Pre-Teen Program (20 hours) | \$193.00 | 38.34% | \$267.00 | \$74.00 |
| Summer Full Day Camp (35 hours) | \$282.00 | 20.21% | \$339.00 | \$57.00 |

2d. Development Services Commission

Theatre

- A market competitive comparison was performed against: The City Playhouse (Vaughan), Richmond Hill Centre for Performing Arts, Oakville Centre for Performing Arts, Rose Theatre (Brampton) and Living Arts Centre (Mississauga).
- The increases identified were in staff related charges.

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|--|----------------|------------------------------|---------------------------------|---------------------|
| Front Of House Manager (Hourly) | \$29.00 | 42.24% | \$41.25 | \$12.25 |
| Technical Supervisor (Hourly) | \$39.00 | 29.49% | \$50.50 | \$11.50 |

2e. Community & Fire Services Commission

Fire

- A market competitive comparison was performed against Vaughan, Richmond Hill, Toronto and Mississauga as well as a cost recovery analysis on inspection and site visit type fees.
- The department identified seven new fees to be introduced in 2019.

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|--|----------------|---------------------------------|---------------------------------------|---------------------|
| File Search and Letter (Per application/ incident) | \$91.00 | 42.86% | \$130.00 | \$39.00 |
| Fire Works Permits Display fireworks | \$150.00 | 233.33% | \$500.00 | \$350.00 |
| Pyrotechnics Special Effects Events (permit) | \$150.00 | 233.33% | \$500.00 | \$350.00 |
| Open Air Burning Permits | \$50.00 | 300.00% | \$200.00 | \$150.00 |
| Approval Alternate Solution OFC plus site visit | N/A | N/A | \$250.00 | \$250.00 |

2e. Community & Fire Services Commission

Waste

- A market competitive comparison was performed against Vaughan, Richmond Hill, Newmarket and Whitchurch-Stouffville.
- The highlighted fee increases below were developed through a cost recovery analysis for the time and materials associated with assembling the recycling kits.

| Plus CPI increase and applicable taxes | 2018 Fee \$ | Additional Fee Increase % | Effective January 1, 2019 \$ | Rate Increase \$ |
|--|----------------|---------------------------------|---------------------------------------|------------------------|
| New Home Recycling Kit | \$72.00 | 72.43% | \$124.15 | \$52.15 |
| New Multi-Res Recycling Kit | \$26.00 | 28.81% | \$33.49 | \$7.49 |
| Appliance Pick up | \$11.06 | 24.05% | \$13.72 | \$2.66 |
| Kitchen Catcher (Per unit) | \$7.52 | 17.69% | \$8.85 | \$1.33 |
| Green Bins (Per unit) | \$20.80 | 2.12% | \$21.24 | \$0.44 |

2e. Community & Fire Services Commission

Recreation

OUR MISSION is to provide high quality, safe and fun programs and services that are inclusive, accessible and affordable for all residents.

Recreation Services provide three service delivery methods that include:

- Direct programming – Represents 38.5% of revenue collected
- Drop in opportunities – Represents 14.5% of revenue collected
- Facility Permit: Provision of facilities for use by recreational and competitive sport delivered by community partners – Represents 32.2% of revenue collected

2e. Community & Fire Services Commission

Direct Programs

Direct programs include “Learn to Programs” within aquatics, sports, camps and general programming.

These programs are instructional based and are accompanied by a paid instructor.

Learn to Programs are user fee based, participants pay a fee to take part in the program which are available for all age groups: parent and tots to older adults.

FEE REVIEW staff verified that **86%** of Markham Recreation’s “Learn to Program” user fees are either at the highest fee or are in the top percentile amongst comparable municipalities.

2e. Community & Fire Services Commission

Direct Program Fee Recommendations

Staff recommends for user fees associated with children and youth direct programs:

- Program Fees not move to the highest level if the comparator user fee is greater than a 10% increase
- The fee increase for 2019 is a maximum increase of 10% plus CPI
- The fee increase for 2020 is a maximum increase of 10% plus CPI

Staff recommends for user fees associated with adult direct programs:

- Program Fees not move to the highest level if the comparator user fee is greater than a 15% increase
- The fee increase for 2019 is a maximum increase of 15% plus CPI
- The fee increase for 2020 is a maximum increase of 15% plus CPI

2e. Community & Fire Services Commission

Direct Program Recommendations

| Camp and Program Activities Plus CPI increase and applicable taxes | 2018 Fee | Recommended Fee Increase | Effective January 1, 2019 | 2019 Rate Increase |
|---|-----------------|-------------------------------------|--|-------------------------------|
| | (\$) | (%) | (\$) | (\$) |
| Camps - General/Variety (hourly)* | \$5.04 | 9% | \$5.52 | \$0.48 |
| Camps - Sports Camps (hourly)* | \$5.04 | 9% | \$5.52 | \$0.48 |
| Camps - Outdoor 2 (hourly)* | \$5.24 | 5% | \$5.52 | \$0.28 |
| Badminton – Children (hourly) | \$5.69 | 10% | \$6.27 | \$0.58 |
| Basketball – Children (hourly) | \$5.69 | 10% | \$6.27 | \$0.58 |
| Tennis – Children (hourly) | \$12.22 | 10% | \$13.47 | \$1.25 |
| Cooking – Children (hourly) | \$11.42 | 10% | \$12.59 | \$1.17 |
| Aquatics - Private Lessons – Child (hourly) | \$37.36 | 4% | \$38.72 | \$1.36 |
| Learn to Skate – Children (hourly) | \$10.84 | 10% | \$11.94 | \$1.10 |
| Ballroom Dancing – Adult (hourly) | \$7.94 | 15% | \$10.33 | \$1.22 |
| Learn to Skate – Adult (hourly) | \$10.84 | 4% | \$11.26 | \$0.42 |
| Tennis – Adult (hourly) | \$12.22 | 15% | \$14.87 | \$1.87 |

*Camps weekly rate is the hourly rate times 35 hours

2e. Community & Fire Services Commission

Drop In Programs

- **Drop In** opportunities include scheduled times in community centres where an activity is open for public use for a variety of age groups.
- These programs allow for the greatest benefit to the community based on cost and accessibility, which aligns with Recreation's priority to provide opportunities for accessible and affordable service for all residents without barriers to participation.
- The approach undertaken by staff within Recreation Service is consistent with the 2018 user fee review, which recommended no changes in user fees to Drop-In programs.

Staff are recommending no changes in user fees associated with Drop-In Programs.

2e. Community & Fire Services Commission

Fitness

- A supplementary review was completed on Fitness offerings within Recreation.
- This competitive analysis was excluded, because comparator municipalities are currently experiencing low participation levels and low membership enrollment in their Fitness portfolio, which they believe could be as a result of their current membership rates are priced above market trends.

Staff recommends for fitness user fees:

- To maintain fitness user fees at current levels until the findings are available from the work being done by our comparators.

2e. Community & Fire Services Commission

Facility Permits

- **Facility Permits** is the provision of facilities to local sport organizations, so that they can deliver sport within Markham.
- Recreation Services partners with over 200 sport organizations and permits space and city assets to groups to deliver competitive and community sport programming.
- User groups pay a permit fee for the use of City assets.
- City assets include hockey arenas, baseball diamonds, soccer fields, cricket pitches and pools.

2e. Community & Fire Services Commission

Facility Permits

FEE REVIEW

- The fee review did identify pricing gaps that exist within facility permits.
- Some include a 300% difference in fee, which if implemented could have a significant impact on users especially for user groups that supports children and youth programming.
- There is concern that community sport groups will not be able to absorb these increases and will not have the financial viability to support the fees there are examples of the impact below for 'one' sample club.

2e. Community & Fire Services Commission

Facility Permit Fee Recommendation

Staff recommends for Permit fees for Children and Youth:

- Permit fees not move to the highest level if the comparator user fee is greater than a 10% increase
- The fee increase for 2019 is a maximum increase of 10% plus CPI
- The fee increase for 2020 is a maximum increase of 10% plus CPI

Staff recommends for Permit fees for Adults:

- Permit fees not move to the highest level if the comparator user fee is greater than a 15% increase
- The fee increase for 2019 is a maximum increase of 15% plus CPI
- The fee increase for 2020 is a maximum increase of 15% plus CPI

2e. Community & Fire Services Commission

Facility Permits – Pools/Ice

| Competitive Swim Clubs Plus CPI increase and applicable taxes | 2018 Fee (\$) | Recommended Fee Increase (%) | Effective January 1, 2019 (\$) | 2019 Rate Increase (\$) |
|---|-------------------------|--|--|---------------------------------------|
| Competitive Aquatics Club - 6 lanes (hourly) | \$16.65 | 10% | \$18.32 | \$1.67 |
| Competitive Aquatics Club - 8 lanes (hourly) | \$35.07 | 10% | \$38.58 | \$3.51 |
| Arenas Activities Plus CPI increase and applicable taxes | 2018 Fee (\$) | Recommended Fee Increase (%) | Effective January 1, 2019 (\$) | 2019 Rate Increase (\$) |
| Adult – Prime (hourly) | \$262.42 | 15% | \$302.61 | \$40.19 |
| Adult - Non Prime (hourly) | \$190.60 | 15% | \$219.79 | \$29.19 |
| Non Resident / Commercial (hourly) | \$339.78 | 10% | \$373.25 | \$33.47 |

2e. Community & Fire Services Commission

Facility Permits – Sports Fields

| Sports Fields Activities Plus CPI increase and applicable taxes | 2018 Fee (\$) | Recommended Fee Increase (%) | Effective January 1, 2019 (\$) | 2019 Rate Increase (\$) |
|--|------------------|---------------------------------|--------------------------------------|-------------------------------|
| Art. Turf - Prime - Child – Soccer (hourly) | \$15.35 | 10% | \$16.92 | \$1.57 |
| Art. Turf - Non Prime - Child - Soccer, Cricket (hourly) | \$15.37 | 10% | \$16.92 | \$1.57 |
| A Field - Prime - Child - Diamonds (hourly) | \$6.82 | 10% | \$7.52 | \$0.70 |
| B Field - Prime - Child - Diamonds (hourly) | \$6.96 | 10% | \$7.67 | \$0.71 |
| A Field - Non Prime - Child - Soccer, Cricket (hourly) | \$4.92 | 10% | \$5.42 | \$0.50 |
| B Field - Non Prime - Child - Soccer, Cricket (hourly) | \$4.92 | 10% | \$5.42 | \$0.50 |
| Art. Turf - Prime - Adult - Soccer, Cricket (hourly) | \$27.68 | 15% | \$36.85 | \$4.24 |
| Art. Turf - Non Prime - Adult - Soccer, Cricket (hourly) | \$27.68 | 15% | \$36.85 | \$4.24 |
| A Field - Non Prime - Non Resident - Adult - Diamonds (hourly) | \$26.28 | 15% | \$30.30 | \$4.02 |
| B Field - Non Prime - Non Resident - Adult - Diamonds (hourly) | \$26.28 | 15% | \$30.30 | \$4.02 |
| B Field - Non Prime - Adult - Diamonds (hourly) | \$11.72 | 15% | \$13.51 | \$1.79 |
| A Field - Prime - Adult - Soccer (hourly) | \$38.13 | 15% | \$43.79 | \$5.66 |
| B Field - Prime - Adult - Soccer, Cricket (hourly) | \$13.96 | 15% | \$16.10 | \$2.14 |
| A Field - Prime Non Resident - Adult - Soccer, Cricket (hourly) | \$60.60 | 15% | \$69.88 | \$9.28 |
| B Field - Prime Non Resident - Adult - Soccer, Cricket (hourly) | \$29.51 | 15% | \$34.03 | \$4.52 |

3. Next Steps

- A market competitive analysis will be conducted every year to monitor Markham's pricing alignment to other municipalities.
- Development of a subsidy program for children and youth along with guidelines, eligibility criteria and in take system will be presented to Council before Fall 2019
- Staff will report back in Q3 2019 to Council on research, guidelines and a proposed framework on an Ability to Pay Fee Program

4. Recommendations

1. That the presentation dated December 10, 2018 entitled “Bill 148 Recap and User Fees Competitive Analysis” be received; and
2. That Option 2 “Retain the status quo by not making changes to the Operating Budget” for Bill 148 unused funds be approved; and
3. That the 2019 user fee, permit and fine increases and their respective effective dates as outlined on Appendix A of the report dated November 12, 2018 entitled “2019 User Fee, Permit and Fine Increases – Market Competitive Analysis” be approved; and
4. That Council approve in principle the establishment of a subsidy program for children and youth and staff will report back before the fall in 2019 with the guidelines and eligibility criteria and intake system; and
5. That Staff be authorized and directed to do all things necessary to give effect to this resolution.