



Audit Follow Up Report

May 31, 2014

To: Pre Audit Sub Committee

From: Brian Bigger, Auditor General

Re: User Fees – Sports Fields

Audit Report Released	November 2012
Original # Of Recommendations	9
# Of Action Plans Previously Completed	3
# Of Action Plans Now Closed	3
# Of Action Plans On Next Follow Up	6
Status As Of May 31, 2014	Some Delays

Recommendation and Summary Of Progress (Note: Self assessment conducted by Community Development)	Self-assessed Status
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Recommendation 1

Evaluate whether the youth per participant rate should be replaced by an hourly rate. If any changes are required, it should be reflected within the User Fee By-law approved by Council.

- No Substantial Action Taken

Original Management Response

Review impact of any potential changes to minor sports playfield user fees and prepare a report to Standing Committee with options re: participant rates vs. hourly, etc. The review will be conducted in time for the 2014 playfield season.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

A report will be presented to the Community Services Standing Committee scheduled for September 16th, 2013. The report will provide a summary of the 2013 youth participant numbers for minor soccer and minor baseball and the fee charged for playfield use based on the existing per participant fee. The report will also provide a financial analysis of the revenues generated based on the participant rate fee versus an hourly rate fee. In addition, the report will provide Council with comparatives with other cities related to playfield user fees for youth sports. Should Council support changes to the youth playfield user fees, the rates would be included as part of the user fee by-law in time for the 2014 season.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The original deadline to submit a report to the Community Standing Committee as identified on June 30, 2013, was not realized. The analysis will be completed and presented to the Community Standing Committee for direction in early 2015.

Recommendation 4

If the City continues to charge a per participant fee for youth associations, Leisure Service should consider including a provision for participant number verification rights within the Facility Agreement for youth leagues similar to other revenue generating contracts within the City.

- **No Substantial Action Taken**

Original Management Response

Contingent on any decisions made from recommendation #1. The requirements would have to be incorporated into the facility use agreement.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

A report will be presented to the Community Services Standing Committee on September 16, 2013. The report will review the recommendation and will determine if the user fee be amended to revise the fees from a participant rate to an hourly rate. Should Council support maintaining a per participant rate recommendation, #4 would be implemented in time for the 2014 playfield season.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The department will be requesting a signed letter from each minor sports organization confirming the total number of registrations.

Recommendation 5

A best practice for user fees is for the City to set a policy framework that provides transparency and clarity, promotes consistency, and makes cost sharing amongst users more equitable. Management should present user fee target recovery options to Council after performing a full cost analysis. Since the decision for establishing user fees rests with Council, full cost analysis will better inform Council of cost recovery target options as well as their impact on user fees. Management may want to consider implementing these recommendations within Leisure Services prior to rolling it out to other departments within the City.

- **Partially Implemented**

Original Management Response

The City's Base Budget Preparation Policy states "that when establishing user fee rates, the (a) Cost of service, including direct, indirect costs, allocation of capital costs etc. should be considered." In addition, policy #7 of the Long Term Financial Plan states "Ensure operating revenues are sustainable and consider community-wide and individual benefits (taxes versus user fees)". In addition, there are a number of principles that provide guidance to management regarding user fees. For example, principle 3.3 states "Establish target proportions of program costs to be raised through user charges based on reviews of benefits received; Principle 3.6 states "Ensure both operating and capital costs are considered when establishing user fees (full program costing)".

Management agrees that the City should expand the use of the existing policy framework when setting user fees. As a first step, the Finance and Leisure Services department will prepare a report to Finance and Administration Committee which discloses the current and historical user fee recovery percentages for the larger programs in Leisure Services, and to seek the committee's direction regarding increasing user fees to address the City's infrastructure shortfall or to reduce the tax levy.

In addition, as part of the 2013 budget planning session, Council requested a detail breakdown on the operational costs for the following programs:

- a) camp Sudaca / Wassakwa
- b) summer playground programs
- c) fitness facilities
- d) trailer park operations

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

As reported under "Actions Taken", management at the request of Council brought forward reports to the CS Standing Committee regarding Leisure Services review program fees for Camp Sudaca/Wassakwa, summer playground programs, fitness facilities and the trailer park operation. At the Feb. 4, 2013 CS Standing Committee meeting, Council approved net operating cost recoveries for fitness centre operations at 75% and summer playground programs at 86%. Camp Wassakwa weekly rates were increased by \$10/week in order to harmonize the weekly fees with Camp Sudaca. The fee will be increased and will be implemented in 2014. Trailer park fees were adjusted in 2012 to be in line with the North Eastern Ontario Provincial Park rates. In addition, management as part of the Arena Renewal Strategy, has provided Council with net operating/capital cost recoveries for the 14 municipally operated arenas. Council approved a user fee increase at the Gerry McCrory Countryside Sports Complex and at community arenas to offset the net operating cost at Cambrian Arena. Both facilities are operated with no impact on the levy.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The fitness fees are currently being reviewed and a recommendation will be presented to CS Standing Committee in 2015. The department is using the City's base budget preparation policy as a guide in establishing user fee rates. In addition the Parks, Open Space, Leisure Master Plan review as part of the implementation strategy have identified an action plan on user fees & cost recovery. The plan recommends that Staff regularly assess rates and fees for Leisure programs and facilities to ensure that they represent a fair and equitable balance between true costs and public benefits. It is recommended also to include annual capital requirements within the cost recovery targets to provide a true indication of the balance between user fee contributions, taxation, and other funding sources. The master plan review provides recommendations on developing an Affordable Access to Recreation policy in order to bolster universal access to physical activity and recreation opportunities based on an ability -to-pay model. The draft Parks, Open Space, Leisure Master Plan review will be presented to CS Standing Committee on June 16th, 2014.

Recommendation 6

User fee rates for James Jerome artificial turf should be re-evaluated to ensure it is meeting established program objectives.

• **No Substantial Action Taken**

Original Management Response

User fee rates for James Jerome artificial turf will be re-evaluated in time for the 2014 Playfield season.

Actions taken, results and /or actions planned - As Of June 30, 2013

A report will be presented to Community Services Standing Committee scheduled for September 16, 2013. As part of the report, management will provide an analysis of the prime and non-prime use of the artificial turf at James Jerome during the 2012-13 season in order to determine if the user groups are using the majority of the prime time times available.

Actions taken, results and /or actions planned - As Of May 31, 2014

The original deadline to submit a report to Community Standing Committee on September 16, 2013, was not realized. The analysis will include a 3 year review (2012-2014) of the use of the artificial turf in order to establish an accurate pattern of use. The results of the analysis will be presented to Community Standing Committee in early 2015 for direction.

Recommendation 8

Additional clarification should be made in the User Fee By-law as to which City fields are major or minor complexes. This should include fields covered under Joint Use Agreements for which the City can charge a fee.

- No Substantial Action Taken

Original Management Response

Clarification will be captured through the annual user fee by-law review which is circulated to operating departments for input and forwarded to Council for approval annually (December/January).

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

Management will capture the clarification of major and minor complexes including fields covered under the joint use agreement in the next amendments to the user fee by-law which is scheduled to be submitted to Council for approval in December, 2013.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

There are definitions between major and minor fields in the current user fee by-law. School fields have not been included. Staff will review and include the school fields as part of the upcoming amendments to the user fee by-law.

Recommendation 9

Ensure the Joint Use Agreements are updated in a timely fashion with all school boards participating in this agreement. Ensure they accurately reflect the current understanding amongst all the parties in regards to field maintenance, usage and restrictions.

- Partially Implemented

Original Management Response

Leisure staff have been working on renewing the joint use agreement since the fall of 2011. A number of meetings have been held with representatives from all Boards of Education in order to revise and update the Joint Use Agreement. A draft agreement will be circulated to senior staff and will be presented to Council for feedback. The objective is to finalize the agreement by year end 2013.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

Management has progressed well regarding finalizing the draft joint use agreement between the City of Greater Sudbury and the local Boards of Education. The draft agreement is scheduled to be completed for Council's review by the end of 2013. The joint use agreement, once approved by Council, will be evaluated and reviewed semi-annually by the joint use agreement committee.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The draft is being reviewed by the respective boards and legal departments. The draft agreement is scheduled to be completed and presented to Council for their review by September 2015.



Brian Bigger, CGA, CRMA

Auditor General for the City of Greater Sudbury