

Auditor General's Office

Management Response and Proposed Actions

2012

User Fees and Recoveries – Sports Fields

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Management Response: 2012 Audit of User Fees and Recoveries – Sports Fields

Rec No	Recommendation	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/ Time Frame
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.	X			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.
2	For adult associations, the City should ensure that the terms within the Facility Agreement which is signed by each association are followed so that fees are collected prior to the use of the City's facilities.	X			Staff will ensure that all adult associations provide payment in advance of the rental by way of post dated cheques or credit cards in order to guarantee the facility bookings as identified in the facility rental agreement.
3	Leisure Services should amend the payment terms in the Facility Agreements for youth leagues, so that the City collects user fee revenue prior to the use of the facilities, similar to adult associations.	X			The payment terms will be amended for the youth playfield users and fees will be collected prior to the use of the facilities in time for the upcoming 2013 season.
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	X			Contingent on any decisions made from recommendation #1. The requirements would have to be incorporated into the facility use agreement.

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	leagues similar to other revenue generating contracts within the City.				
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.	X			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)".

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					<p>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:</p> <ul style="list-style-type: none"> a) camp Sudaca / Wassakwa b) summer playground programs c) fitness facilities d) trailer park operations

Appendix 2

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Rec No	Recommendation	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/ Time Frame
6	User fee rates for James Jerome artificial turf should be re-evaluated to ensure it is meeting established program objectives.	X			User fee rates for James Jerome artificial turf will be re-evaluated in time for the 2014 Playfield season.
7	Although the exceptions found in our limited review of Sports Fields did not have a significant dollar impact, any user fee charged should be specified within the User Fee By-law which is approved by Council. Exceptions to the By-law should not be given unless explicitly approved by the General Manager.	X			Staff will review the user fee by-law on a regular basis to ensure compliance. In addition, to continue past practice, finance circulates the user fee by-law to all operating departments on an annual basis in order to provide input prior to forwarding to Council for approval. Leisure Services will ensure that new fees or adjusted fees are captured through this process.
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.	X			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).
9	Ensure the Joint Use Agreements are updated in a timely fashion with all school boards participating in this agreement. Ensure they	X			Leisure staff have been working on renewing the joint use agreement since the fall of 2011. A number of meetings

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	accurately reflect the current understanding amongst all the parties in regards to field maintenance, usage and restrictions.				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.