

## **For Information Only**

### **Municipal Trailer Park Review**

Presented To: Community Services  
Committee

Presented: Monday, Jan 18, 2021

Report Date Monday, Jan 11, 2021

Type: Managers' Reports

### **Resolution**

For Information Only

### **Relationship to the Strategic Plan / Health Impact Assessment**

This report supports Council's Strategic Plan in the areas of Quality of Life and Place; Responsive, Fiscally Prudent, Open Governance; and Sustainable Infrastructure as it aligns with the Population Health Priority of Play Opportunities. The report provides information related to the capital requirements to maintain municipal trailer park operations and user fee cost recovery. The report also includes considerations for the conversion of municipal trailer parks to community or regional parks.

### **Report Summary**

This report responds to Council's request to review municipal trailer park operations. Council requested information relating to converting trailer park lands to a community/regional parks, analysis on focusing operations from seasonal rentals to short term rentals and further analysis on user fees for full recovery.

### **Financial Implications**

There are no financial implications associated with this report.

#### **Signed By**

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## Purpose

This report responds to Council's request for additional information related to City of Greater Sudbury operated trailer parks. At the Community Services Committee meeting of August 10, 2020, the following motion was passed:

WHEREAS the City of Greater Sudbury operates three campground (trailer park) facilities through a purchase of service agreement at Centennial Park (Whitefish), Ella Lake Park (Capreol) and Whitewater Lake Park (Azilda);

AND WHEREAS the City of Greater Sudbury owns the waterfront properties upon which the trailer parks are operated upon;

AND WHEREAS the Official Plan, at Section 7.3 Parks & Open Space Designation, 7.3.1 Parks and Open Space Public Ownership at subsection 8 stipulates that "8. Waterfront properties owned by the municipality will generally not be offered for sale or disposal...";

AND WHEREAS the Core Service Review report prepared for Council's review suggested at page 18, Ref. no. 33, under "Opportunities Requiring Further Study" that the City of Greater Sudbury perform a deep dive of the revenue generated vs. the cost of operating trailer parks to assess whether the costs of running trailer parks are worth the revenue generated from these services;

AND WHEREAS the Core Service Review also indicated that service levels for the corporation's trailer parks were classified as "above standard" because Greater Sudbury is unique in its provision of these services;

AND WHEREAS the Core Service Review also indicated at page 111 that "It should be noted that electrical upgrades are required for Trailer Parks with an estimated cost of \$427,000 budgeted for 2021";

AND WHEREAS on June 23rd, 2020, the COVID-19 Update Report generated considerable discussion among Council Members about whether municipal campgrounds should remain closed for the remainder of the 2020 operating season as a cost avoidance to be applied to offset the projected year-end 2020 COVID-19 deficit, which also raised the question of whether the City of Greater Sudbury should continue to operate trailer parks;

THEREFORE BE IT RESOLVED that the City of Greater Sudbury directs staff to prepare a report in Q4-2020 for the Community Services Committee's consideration outlining the following:

- a) An evaluation of the operating and expected short-term capital costs to operate the 3 existing campground facilities versus the capital and operating cost of converting the lands to a community or regional park pursuant to section 7.2 of the Official Plan – Parks and Open Space Classification and Provision Targets.
- b) In consultation with Economic Development, an evaluation of the potential to pivot the campground facilities away from seasonal rentals towards short-term rentals which could be marketed to out-of-town visitors (post COVID-19)
- c) Provide an analysis of the fee structure and rental terms necessary to ensure that the full costs of operating the camp ground facilities are covered by user fees.

## Executive Summary

This report responds to Council's direction to provide further information regarding the sub-service area of municipal trailer parks and facilities operated at Centennial Park, Ella Lake Park and Whitewater Park. The report provide an overview of existing service levels and information regarding current utilization, operating costs and capital requirements.

As requested by Council, the report includes an analysis of the operating costs and capital requirements should Council direct that the lands where existing municipal trailer parks are located be converted to regional parkland. The report also provides considerations for a shift from focusing on seasonal campers towards a focus on short-term and overnight campers. The report also includes proposed user fees that consider full cost recovery.

The report is presented as information only, with the recognition that Council has requested business cases on user fees and facility rationalization through the budget process. Information contained in the report will support these business cases as it relates to the sub-service area of municipal trailer parks.

## Background

### Current Service Level

The City operates three seasonal trailer parks located at Centennial Park, Ella Lake Campground, and Whitewater Lake Park. The management of municipal trailer parks is contracted out under purchase of service agreements. Under normal operating conditions, trailer parks are open from mid-May through mid-September annually. The following provides a summary of amenities and services offered at each location:

Location	# of Seasonal Sites	# of Daily/Weekly Sites	# of Tenting Sites	Other Amenities & Services
Centennial	52	7	7	<ul style="list-style-type: none"><li>•15 amp hydro</li><li>•water service</li><li>•shower and toilet facilities</li><li>•confectionery</li><li>•unsupervised beach area</li><li>•playground</li><li>•boat launch</li><li>•picnic pavilion</li><li>•sewage dumping station</li></ul>
Ella	14	2	n/a	<ul style="list-style-type: none"><li>•15 amp hydro</li><li>•water services</li><li>•boat launch</li><li>•unsupervised beach area</li><li>•canteen</li><li>•shower facilities</li><li>•portable washroom facilities</li><li>•sewage dumping station</li></ul>
Whitewater	20	4	n/a	<ul style="list-style-type: none"><li>•15 and 30 amp hydro</li><li>•water services</li><li>supervised beach area</li><li>•boat launch</li><li>•picnic pavilion</li></ul>

				<ul style="list-style-type: none"> <li>•play structure &amp; splash pad</li> <li>•beach volleyball court</li> <li>•shower &amp; washroom facilities</li> <li>•sewage dumping station</li> </ul>
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At the City Council meeting of June 23, 2020, a COVID-19 Response Update Report was presented which included recommendations and considerations for operating municipal campgrounds (trailer parks) in a COVID-19 environment. The report noted subsidies for campgrounds have annual direct operating requirements of between \$70,000 and \$104,000, net of rental revenues depending on utilization levels, equating to a subsidy of approximately \$800 to \$1,200 per seasonal user. A recommendation to keep municipal trailer parks closed for the season with the resulting cost avoidance applied to the projected year-end COVID-19 deficit was defeated. Direction was received to open municipal trailer parks for seasonal campers only for a shortened 2020 season.

#### Parks Open Space & Leisure Master Plan Implications

The City's Parks, Open Space & Leisure Master Plan Review (2014) does not recommend a provision level for municipal trailer parks, nor does it provide any recommendations or action items for this sub-service area. The Parks, Open Space and Leisure Master Plan does state that the long-term financial sustainability of the City's parks and leisure delivery system is to be ensured through the cost-effective and efficient management of resources, the appropriate and reasonable application of user fees, and the maximization of community resources.

#### Core Services Review

The City of Greater Sudbury Core Services Review (January 2020) completed by KPMG provides an analysis of the sub-service area of trailer parks. The report notes the opportunity to undertake a deep dive of the revenue generated vs. the cost of running trailer parks. The report states that as with the other areas of recreational services, the City should assess whether services should still be provided or if there is an opportunity to monetize or privatize those "non-essential" services. The report states that trailer park services are considered to be delivered above standard due to the number of sites available compared with other municipalities.

## **Analysis**

#### Trailer Park Utilization, Operating Revenues and Expenses

The following is a summary of historical utilization of each of the municipal trailer park locations:

Location	Seasonal Capacity	2017 Actual	2018 Actual	2019 Actual	3 Year Average Occupancy %
Centennial	52	41	37	41	76%
Ella Lake	14	14	14	13	98%
Whitewater	20	12	17	16	75%
<b>Overall 3 Year Average Occupancy for Municipal Trailer Parks</b>					<b>79%</b>

The following provides a summary of average revenues and operating costs for the three sites during 2017 to 2019:

	<b>Centennial 3 Year Average 2017 to 2019</b>	<b>Ella Lake 3 Year Average 2017 to 2019</b>	<b>Whitewater 3 Year Average 2017 to 2019</b>	<b>Total 3 Year Average 2017-2019</b>
<b>Total Average Revenues</b>	<b>(\$84,702)</b>	<b>(\$21,203)</b>	<b>(\$30,673)</b>	<b>(\$136,578)</b>
<b>Average Expenses</b>				
Salaries & Benefits (Work Done for Others)	\$21,337	\$3,927	\$17,512	\$ 42,776
Materials & Operating *	\$60,233	\$42,464	\$46,785	\$ 149,482
Energy Costs	\$14,966	\$860	\$14,352	\$ 30,178
<b>Total Average Expenses</b>	<b>\$ 96,536</b>	<b>\$ 47,251</b>	<b>\$ 78,649</b>	<b>\$ 222,436</b>
<b>Net Average Tax Levy Impact</b>	<b>\$11,834</b>	<b>\$26,048</b>	<b>\$47,976</b>	<b>\$ 85,858</b>

\* Third party operating expenses are included under Materials & Operating costs and makes up the majority of this expense category

As noted previously, municipal trailer parks operated for a pro-rated season for seasonal campers only due to COVID-19. The following provides the number of seasonal campers for the 2020 season:

	<b>Centennial</b>	<b>Ella Lake</b>	<b>Whitewater</b>	<b>Total</b>
Capacity	52	14	20	84
2020 Seasonal Campers	27	9	11	47

Projected revenues and expenses for the truncated 2020 season are as follows:

	<b>Centennial 2020 Projections</b>	<b>Ella Lake 2020 Projections</b>	<b>Whitewater 2020 Projections</b>	<b>Total 2020 Projections</b>
<b>Projected Revenues</b>	<b>(\$37,629)</b>	<b>(\$9,656)</b>	<b>(\$16,238)</b>	<b>(\$63,523)</b>
<b>Projected Expenses</b>				
Salaries & Benefits (Work Done for Others)	\$3,918	\$453	\$9,209	\$13,580
Materials & Operating *	\$41,018	\$32,387	\$30,827	\$104,232
Energy Costs	\$16,390	\$402	\$9,801	\$26,593
<b>Total Projected Expenses</b>	<b>\$ 61,326</b>	<b>\$ 33,242</b>	<b>\$ 49,837</b>	<b>\$144,405</b>
<b>Projected Net Tax Levy for 2020 Season</b>	<b>\$23,697</b>	<b>\$23,586</b>	<b>\$35,599</b>	<b>\$82,882</b>

\* Third party operating expenses are included under Materials & Operating costs and makes up the majority of this expense category

### Capital Requirements for Municipal Trailer Parks

The following is a summary of the capital costs required to maintain municipal trailer park facilities in a state of good repair for the next 5 to 10 years. Estimates for Building Condition Assessments refer to capital requirements for vertical assets (facilities) at each of the locations. Estimates below include upgrading of electrical systems from 15 amp service to 30 amp service, grey water system installation and accessibility improvements required in the short term.

<b>Capital Category</b>	<b>Centennial</b>	<b>Ella Lake</b>	<b>Whitewater</b>
2016 BCA Summary	\$144,000	\$118,000	\$97,000
Accessibility & Landscaping	\$90,000	\$25,000	\$40,000
Electrical Upgrades	\$200,000	\$100,000	\$127,000
Grey Water Systems	\$90,000	\$45,000	\$40,000
Contingency (20%)	\$85,500	\$57,600	\$60,800
Sub Total	<b>\$513,015</b>	<b>\$345,600</b>	<b>\$364,800</b>
<b>Total Capital Requirements for Municipal Trailer Parks</b>			<b>\$1,339,200</b>

### Conversion of Municipal Trailer Parks to Community/Regional Parks

Staff were requested to provide the capital and operating cost of converting lands to a community or regional park in order to meet parkland provision targets. The Green Space Advisory Panel Final Report classified lands as follows:

- Centennial Park – Regional Park (park size 38.9 ha)
- Ella Lake Park – Community / Neighbourhood Park (park size 4.0 ha)
- Whitewater Lake Park – Regional / Community Park (park size 10.2 ha)

The Green Space Advisory Panel Final Report, defines Community and Regional Parks as follows:

- Community Parks - Primary purpose is to provide the space and supportive facilities needed for active recreation in the community. Community Parks should be within a 20-minute walk (1600 metres) of residential areas without crossing a major barrier.
- Regional Parks - Primary purpose is to be a focal point for the City as a whole, due to their unique attributes, function and size. Regional Parks can also be a tourist attraction.

The Parks, Open Space and Leisure Master Plan Review (2014) notes that Capreol (2.6 ha/1000 residents) and Rayside-Balfour (3.3 ha/1000 residents) are falling short of the target of overall parkland (4.0 ha/1000 residents). The plan also establishes a provision target of 1.0 ha of regional parkland for every 1,000 residents. Capreol currently does not have parkland classified as a regional park. The classification of Ella Lake as a Regional Park would fill the void of this type of parkland in Capreol.

Should direction be received to discontinue municipal trailer park operations, and maintain lands as regional parkland, cost estimates are provided below.

Estimates for capital costs are as follows:

<b>Capital Category</b>	<b>Centennial</b>	<b>Ella Lake</b>	<b>Whitewater</b>
Accessibility & Landscaping	\$90,000	\$25,000	\$40,000
Play Equipment	\$0	\$75,000	\$0
Signage & Furnishings	\$12,000	\$6,000	\$8,000
Demolition Costs	\$50,000	\$20,000	\$20,000
2016 BCA Summary for Retained Facilities	\$144,000	\$118,000	\$97,000
Sub Total	<b>\$296,000</b>	<b>\$244,000</b>	<b>\$165,000</b>
<b>Capital Requirements for Development of Regional Parkland</b>			<b>\$705,000</b>

When considering the one time and capital costs required to convert municipal trailer park facilities to community/regional parkland, the following items were considered:

- Accessibility improvements for beach access routes, pathways, etc.
- Considerations for replaced/enhanced play equipment
- Allowances for new signage, site furniture
- Demolition and removal costs for trailer park infrastructure no longer required
- BCA costs for vertical infrastructure to be retained

The estimated annual operational costs to maintain parks are estimated as follows:

	<b>Centennial</b>	<b>Ella Lake</b>	<b>Whitewater</b>	<b>Sub Total</b>
Estimated Operating Costs	\$29,000	\$20,000	\$35,000	\$84,000

Operating cost estimates are based on typical activity levels for regional parkland and consider the existing size of sites. The following is a summary of typical maintenance activities for regional parks:

- Grass cutting – 1 to 2 times per week
- Garbage collection – daily
- Washroom facilities – cleaned daily

#### Seasonal Camper vs. Short-Term Camper Focus

In the 2017 Tourism Profile for CMA 580 (Greater Sudbury), collected and reported by the province, current data estimates that Sudbury attracts 1.1 M person visits to the community per year. Of these visits, only 8,977 of the person visits were reported to be using camping/RV accommodations in Greater Sudbury.

In 2019, the City of Greater Sudbury recorded 1221 overnight visits at its three municipal trailer parks. It is estimated that 75% (916) of these visits were from out of town. The following is the economic impact calculation for overnight visits from out of town visitors at three municipal campgrounds in 2019, using the Tourism Profile for CMA 580 data:

- 916 out of town visits X 2.1 (average people per party) X 2.8 (average nights) X \$204 (average spending per person per overnight = \$1,098,760)

Within the current overnight site capacity, there are approximately 3500 nights available each season at municipal trailer parks. With 1221 overnights recorded for 2019, there is an opportunity to increase this revenue opportunity by increasing bookings of existing overnight sites.

In order to evaluate the opportunities and considerations of shifting municipal trailer park focus from seasonal rentals to catering towards more short-term/overnight customers, Economic Development and Leisure Services staff conducted research by reviewing private and public campground information/reports and conducting outreach to industry stakeholders, including three municipally operated campgrounds in Ontario.

Camping Ontario, also known as Ontario Private Campground Association (OPCA), is a member-based association, comprised of privately and publicly owned small businesses located throughout the Province of Ontario. From the outreach conducted with Camping Ontario, it was understood that demand outweighs supply for overnight camping and RVing sites in the province. Specifically, it was discussed that there could be opportunities for Northern Ontario if there is interest and investment made to meet the camper expectations.

To meet these expectations there are a few key factors to attracting overnight visitation to campgrounds and they vary based on the type of guest. The revenue potential can be much greater when catering to the avid RV travelers versus those staying in tent sites. In order to host and properly accommodate these avid RV travelers today, campgrounds must have services, such as 50 amp electrical service, WIFI, drive-through sites, hydro, water and sewer/pump services available on site.

From the review, it is apparent that many campgrounds (both private and public) aim for seasonal rentals to reap the benefits from the guaranteed income. In areas that are busy tourism destinations, campgrounds see high occupancy rates for seasonal rentals and experience positive profit margins as a result. In order to attract seasonal renters, it is becoming a standard at private campgrounds to be more resort based businesses, through added value amenities such as pools and coordinated events for campers e.g. Christmas in July or Halloween in the park.

There was no clear best practice found that could estimate the ratio of seasonal campers versus transient/overnight campers. From the review of other campgrounds, it was found that Southern Ontario private campgrounds range from 40 to 80% of sites as seasonal rentals. In Northern Ontario private campgrounds range from 30% to 100% of sites as seasonal rentals. In the Greater Sudbury area, there are four private campgrounds, three of which range from 40 to 100% of sites as seasonal rentals, based on information available on their websites.

By contrast, the Provincial Parks system is primarily overnight camping, whereas Southern Ontario Provincial Parks have little to no seasonal site rentals, but in the North the number of permitted seasonal site rentals increase the farther north you go. Provincial Parks near Greater Sudbury indicate the following percentage of seasonal sites:

- Fairbanks Provincial Park - 17% seasonal sites with rates of \$1398.41- \$1741.07
- Halfway Lake Provincial Park - 30% seasonal sites with rates of \$1538.49 - \$2488.90
- Windy Lake Provincial Park - 30% seasonal sites with rates of \$1398.41- \$1741.07

As a means of comparison, seasonal sites are offered as part of a lottery system each year, and generally, the Provincial Parks are known to generate approximately 80% of their operating costs from user fees.

The three other municipal trailer park operators contacted to discuss their approach to operations were:

- Bucke Park Campground (Temiskaming, ON)
- Centennial Trailer Park (Kawartha Lakes, ON)
- Port Elgin and Southampton Campgrounds (Saugeen Shores, ON)



From these discussions, there was confirmation that seasonal sites were important for both revenue and operational perspectives. In particular, seasonal renters were identified as requiring a lower level of staffing compared to overnight guests, due to streamlined administration and predictable maintenance needs. For example, sites hosting overnight/transient campers require onsite booking and payment options, and since stays are not usually more than 2 nights, the individual site maintenance and security services are greater. From this initial outreach, it was reported that two of three municipal campgrounds are contributing to the municipal revenues and not requiring subsidy.

Should the City of Greater Sudbury continue to offer the sub-service of municipal trailer parks and shift focus towards short-term campers, the following items must be considered:

- Upgrades to electrical systems (30 amp and 50 amp services)
- Additional washroom, shower and laundry facilities required
- Additional administrative resources required (for booking and contract processing)
- Additional marketing resources required
- Uncertain revenue streams, particularly in shoulder months (May and September)
- Additional guest services and amenities (e.g. internet services)

A full conversion to short-term/overnight campers is not recommended. The additional resources and upgrades required to properly service and meet demands of short-term campers are difficult to justify given the uncertain revenues generated under this model.

Should the City of Greater Sudbury continue to provide municipal trailer parks, it is acknowledged there are opportunities to further market available overnight and short-term opportunities. Should this continue to be a sub-service, the Leisure Services Division will explore marketing avenues with Economic Development staff, local tourism partners and through membership with Camping Ontario.

#### User Fee Comparison

The following compares existing user fees for City of Greater Sudbury trailer parks in comparison with other private operators:

Location	Seasonal Rates	Daily Rates	Tent Rates	Extra fees
CGS Trailer Parks	\$1500 - \$1760	\$33-42	\$39	Yes (dumping)
Carol Campsite	\$1800 - \$2400	\$42	\$25	Yes (dumping)
Mine Mill Campground	\$1575 - \$1775	\$45	\$25	Yes (extra fridge, A/C, Wi-Fi)
Cedar Grove Campground	\$1650 - \$2150	\$45	\$30	Yes (extra amp, dumping, docking)

#### Full Cost Recovery Analysis

The following table illustrates a suggested fee structure, should user fees reflect full cost recovery. Two scenarios are illustrated; one demonstrating full cost recovery of operational costs only and the second showing full cost recovery including capital requirements.

Assumptions made as part of the analysis:

- User fee based on the availability of 99 total sites (seasonal & overnight sites, not including tenting sites)
- User fee assumes 90% occupancy of available sites (seasonal & overnight sites)
- Capital costs have been amortized over a 25 year period

<b>2017-19 Average Cost of Operating Municipal Trailer Parks</b>	<b>Existing User Fee</b>	<b>User Fee Based on Recovering 100% of Operating Costs</b>	<b>User Fee Based on Recovering 100% of Operating Costs &amp; Capital Requirements</b>
\$222,436	\$1500 - \$1760	\$2495	\$3210

## **Conclusion / Next Steps**

The analysis included in the report responds to Council's direction to provide further information regarding the sub-service area of municipal trailer parks.

More recently, the Finance & Administration Committee has requested business cases as part of the 2021 budget process, which will have implications for the sub-service area of municipal trailer parks. More specifically, Council has directed staff to prepare business cases on the following:

- Adjustments of user fees which would also consider allowances for low income individuals
- Rationalization of facilities to improve utilization levels

The information contained in this report will help support further analysis and recommendations regarding potential service level adjustments, user fee changes and facility rationalization as part of the budget process.

## **Resources Cited**

Parks, Open Space and Leisure Master Plan Review (2014)

<https://www.greatersudbury.ca/play/parks-and-playgrounds1/parks-open-space-and-leisure-master-plan-review-2014/>

City of Greater Sudbury Core Services Review (January 2020)

<https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/pdfs/kpmg-final-report-of-core-service-review/>

Final Report of the City of Greater Sudbury Green Space Advisory Panel

[http://www.greatersudbury.ca/content/div\\_planning/documents/GSAP\\_June\\_8\\_with\\_appendix.pdf](http://www.greatersudbury.ca/content/div_planning/documents/GSAP_June_8_with_appendix.pdf)

COVID-19 Response Update, City Council (June 23, 2020)

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=30590.pdf>