

Calgary



Calgary Recreation ZBR

Summary Report

PFC2018-0647 Attachment 4

ISC: UNRESTRICTED

June 5, 2018

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Aligning **Strategy** with improved

Operations creates an organization that is...

Focused

Inexpensive admission price with access to all facilities for children

Focus on children, youth, & families

Supporting underserved populations

Long Term:

A focus on customer needs and improved partnerships based on shared purpose

Nimble

More innovative community-based services

Responsive local decision making

Greater flexibility with staff assignments

Long Term:

Programming that Calgarians want, when and where they want

Sustainable

Up to 843,000 new visits per year (36% increase)

\$1.8M new revenue after implementation

Facility hours aligned with customer usage resulting in a savings of up to \$374K

Long Term:

Balancing community needs with business practices

Promoting healthy, active children and communities



Calgary Recreation by the Numbers[†]

Services

What do Calgarians receive through Calgary Recreation's work?

Recreation Opportunities	This service provides Calgarians (including special interest groups and sports organizations) the opportunity to conduct or participate in a variety of recreation, sport and leisure activities, inspiring healthy and active lifestyles. It also contributes to individual wellness and vibrant communities by leading and investing in Calgary's recreation sector.
Arts & Culture	This service provides arts and cultural experiences to Calgarians and visitors by: supporting the production and delivery of festivals and events; commissioning, acquiring and maintaining public art; offering a variety of visual and performing arts programming; and ensuring adequate access to art spaces. It also contributes to building the cultural landscape, creating vibrant communities and inspiring people to live creative lives by leading and investing in Calgary's arts and cultural sector.



Products & Services

4.9M Total Attendance

Admissions 980,997

Passes: 1,101,971

Term/punch

Programs 730,097

Bookings 2,130,229

610 City-Supported Festival & Event Days (272 Events)



Facilities

13 Athletic Parks

13 Arenas (21 ice sheets)

12 City-operated

+ 1 Partner-operated

12 Aquatics & Fitness Centres

9 Leisure Centres

2 City-operated

+ 7 Partner-operated

8 Outdoor Pools (Partner-operated)

8 Golf Courses

3 Driving Ranges

2 Arts Centres

1 Sailing School

1 Soccer Centre



Partnerships

131 Partner Organizations

Delivering...

• Recreation

• Sport

• Arts & Culture

Through...

• City Facilities

• Operating Grants

• Capital Grants

• Etc.

* Partnership means a formal working relationship between The City and an independent organization

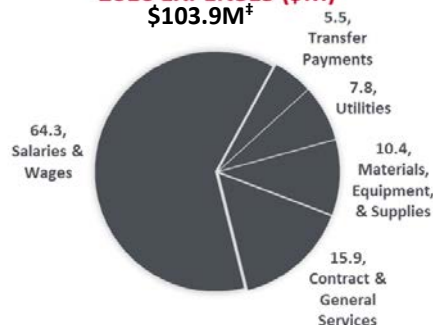
Resources

What does The City invest to provide recreation to Calgarians?

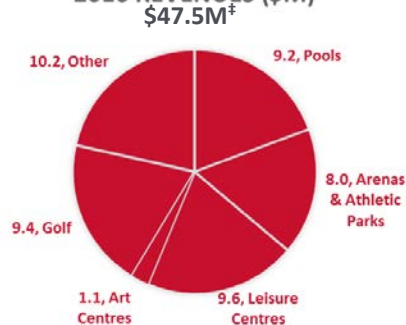


Financial

2016 EXPENSES (\$M)
\$103.9M[†]



2016 REVENUES (\$M)
\$47.5M[‡]

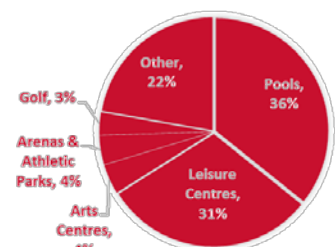


People



1531 Employees

573.5 FTEs



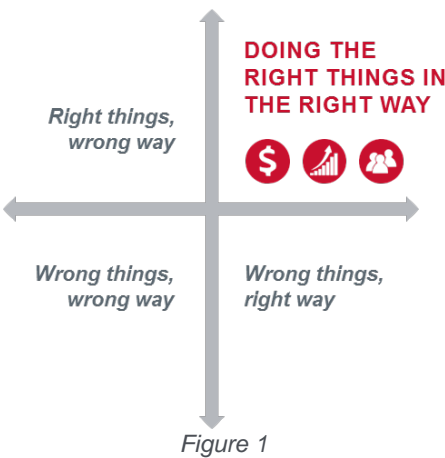
[†] 2016 numbers used as the report was initially prepared late in 2017

[‡] Balance of costs are covered by tax support.

Calgary Recreation ZBR – Alignment and Focus

Doing the **Right** Things in the **Right** Way

The ZBR Program exists to increase the value Calgarians get from their tax dollars by improving the efficiency, effectiveness, and sustainability of services. It complements The City's other continuous improvement activities by adding a periodic, more thorough review of whether the right services are being provided in the right way. This work is especially important when resources are limited but the demand for City services is not. The recent economic downturn has increased the pressure for Administration to use fewer resources without compromising service quality, and incremental budget cuts are no longer enough to address this challenge. By first asking fundamental questions about whether we are doing the 'right things', the ZBR program lays a foundation for true efficiency.



The first step in improving the value of a service is defining what that value is. This flows from clarity of purpose and mandate, or "Why the service exists". From this foundation of understanding, an effective and efficient service can be designed (Figure 2). Each step is a prerequisite for the next. In other words, clarity about purpose leads to an informed choice of service offerings and service levels that align with customer, community and corporate requirements. Design of a well-aligned operating model is needed before investing resources into optimizing delivery, through process, people and technology improvements. This provides a clear rationale for service improvements from the customer's point-of-view.

Like many businesses, Calgary Recreation has implemented initiatives at the top of the model while the foundation has not been addressed. As will be shown in this report, the Calgary Recreation ZBR is therefore all about getting the foundation right: alignment, focus and, ultimately, sustainability.

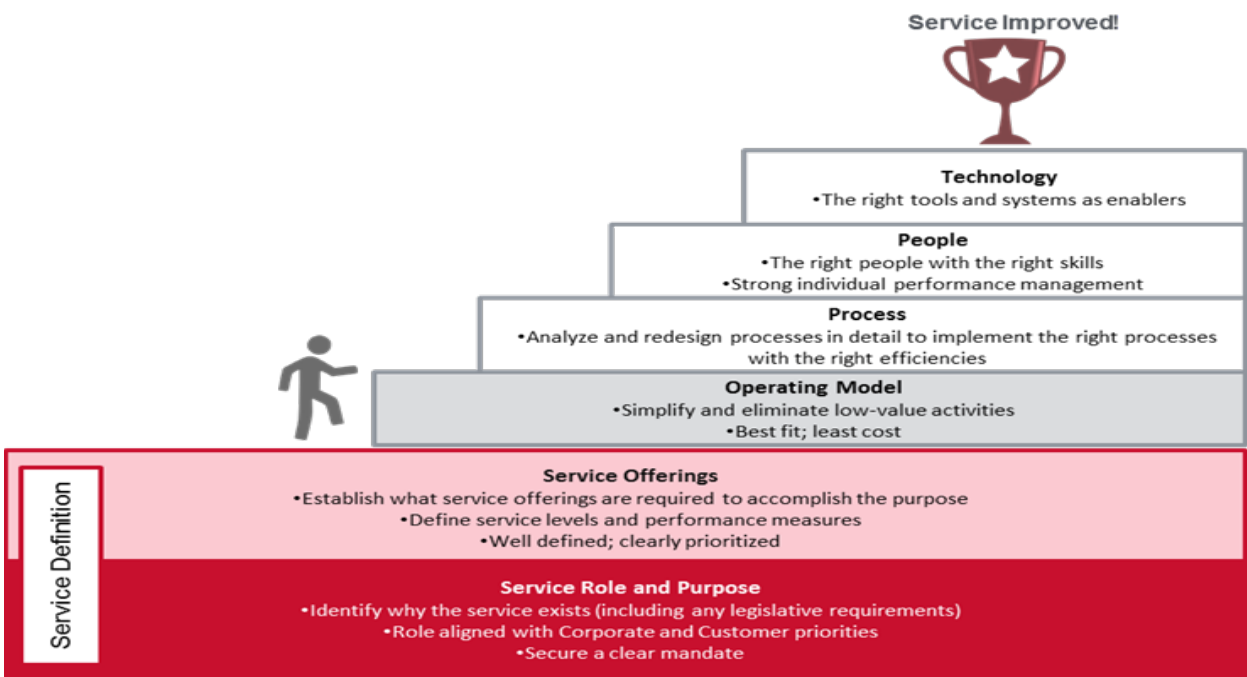


Figure 2: Service Improvement Framework

Calgary Recreation Current State Business Model

The first step in all ZBRs is to understand and document how the service delivers value.

Together Corporate Initiatives (CI) and the Recreation Management Team clarified the key facts about the Calgary Recreation service:

- 1. **Why** does it exist? – Purpose/mandate, and identifying **who** it serves (target customers) and what they value
- 2. **What** does the organization provide? – Services/products
- 3. **How** does the organization provide those services and products to customers? – Operations, i.e. channels, key partners, costs/revenue structure

Definition:

A **business model** can be defined as an abstract representation of an organization and its core components (including but not limited to value propositions, services offered, and customer segments) and how these components allow the organization to achieve its strategic goals and objectives.

Documenting and analyzing Calgary Recreation’s current business model created a common frame of reference and helped to identify service improvement opportunities.

Aligning operations to purpose, and focusing resources on the most effective activities will substantially increase the value of the service to customers and tax payers as the business unit becomes increasingly focused on what it should be doing, and increasingly vigilant in getting out of what it can therefore no longer do.

What We Found

Through the business model work with the Recreation Management Team, interviews and ongoing discussions with staff and management, and a review of key documents, policies and plans, a picture of a dedicated, hardworking, and very knowledgeable group emerged. Calgary Recreation has, over the years, demonstrated its commitment to running an efficient and effective organization, pressing staff to continually improve the way they work.

This work also revealed an organization dealing with disparate and changing demands, limited resources, and a vision that has gotten lost in day to day operations and firefighting. There is always room for improvement to operations, but Calgary Recreation, supported by CI and the external consultants (Health Systems Group, HSG), identified that efforts would be better focused on more fundamental changes driven by vision. This will lead to real sustainable value creation by Calgary Recreation in the long run.

The most important issue this work uncovered is the growing misalignment between changing customer and stakeholder expectations, and Calgary Recreation’s strategic aspirations and supporting operations.

The following table summarizes Calgary Recreation’s key strengths and the challenges they face as identified through the opportunity identification, business model analysis work, and analysis by HSG. The work initially focused on a review of Calgary Recreation’s direct delivery services (which comprises 80% of the Calgary Recreation budget of \$104M); however, when the early-stage findings emerged, the review broadened to include strategic discussions of purpose and the role of Calgary Recreation in making Calgary “A Great Place to Make a Living, A Great Place to Make a Life”.

Calgary Recreation Strengths and Challenges

Strengths	Challenges
<p>Calgary Recreation management team has a deep understanding of the Calgary recreation & culture sector as evidenced by:</p> <ul style="list-style-type: none"> Calgary Recreation Master Plan 2010 – 2020 reflects real insight of an evolving and growing sector Has high customer satisfaction rates, according to the 2016 Citizen Satisfaction Survey 	<p>Calgary Recreation participates in a highly competitive, evolving sector.</p>
<p>An organizational commitment to continuous improvement and efficiencies, for example:</p> <ul style="list-style-type: none"> Transforming Calgary Recreation which took the business unit to regional service delivery – now modeled across the department. Innovative partnerships with Patient Care Networks, Alberta Health Services, Province of Alberta. Complexing initiative implemented in 2014. This initiative allowed sharing of employees and equipment across facilities. Support of energy efficiency initiatives at Village Square and Southland Leisure Centres (capturing energy from an onsite electrical generator and full set of solar panels, respectively) plus other energy efficiency improvements. Development of 12-year strategic capital plan generated from Facility Development and Enhancement Study. 	<p>Absence of a clear, decisive mandate and accompanying critical decision-making frameworks. The mandate, purpose, service offerings, and confirmation of operating model are components that have not been clearly developed and established for the recreation business nor endorsed by Council. This is currently being addressed by Calgary Recreation with a declaration of their strategic intentions and development of their strategic plan as part of One Calgary.</p>
<p>A team with strong operational insight; good facility operators.</p> <ul style="list-style-type: none"> Facilities and spaces directly operated by Calgary Recreation are well maintained and well utilized (most at capacity during peak hours) and are viewed by residents as having significant value to the communities they service (most top-of-mind service for Calgarians, compared to other City services). 	<p>Program and service decisions are decentralized and made at a facility level. Facility schedules (including the balance of rentals, drop-in, and registered programs) are typically based on historical precedent and have been essentially unchanged for many years. There is no overarching program strategy across facilities. In some cases, programming staff are not subject matter experts in offering, planning or organizing programs and services.</p>
<p>A workplace culture of openness, approachability, and collaboration.</p> <ul style="list-style-type: none"> Fully supported this service review and provided supporting resources throughout a sometimes-challenging process. 	<p>Aging infrastructure, with new facilities built by The City turned over to other service providers for operation. Over the last two decades, 7 new facilities have been turned over to third party operators reflecting the political environment of the time. However, there is no consistent framework for a robust analysis to determine the ideal model for facility operations.</p>
	<p>Fees are often below market rates and subsidy rationale unclear:</p> <ul style="list-style-type: none"> Current pricing and revenue process is not fully aligned with Calgary Recreation's mandate No explicit strategy in place for determining the balance of tax support vs user fees for specific recreation services or customer segments

Service Improvement Opportunities

The following summarizes the service improvement opportunities the Calgary Recreation ZBR Steering Committee felt would provide the greatest benefit. As noted above, the misalignment between Calgary Recreation's strategic intentions and its current operating model is the "heart" of this ZBR. Therefore, Calgary Recreation's first step in their journey of service improvement is to declare and communicate the organization's strategic purpose, based on both internal and external factors. Once questions of purpose (i.e. "Why Calgary Recreation exists", "Who are priority customers", "What services should Calgary Recreation offer") are answered, the business unit's operating model must be redesigned to support Calgary Recreation's direction. It will take several years (2019-2022) to implement a highly integrated, supporting operating model; but it is essential if Calgary Recreation is to be sustainable into the future.

At the same time, CI and Calgary Recreation identified several areas in Calgary Recreation's direct delivery organization that will deliver short term savings and efficiencies. Figure 3 shows how the Calgary Recreation ZBR three Focus Areas align with CI's Service Improvement Framework. Note that

Focus Areas 1 and 2 are strategic in nature, addressing the foundations of the entire Calgary Recreation business as the crux of many of Calgary Recreation’s challenges. Focus Area 3 is specific to Calgary Recreation’s direct delivery operation and are short term optimization opportunities that place the organization squarely on the “path of change”.

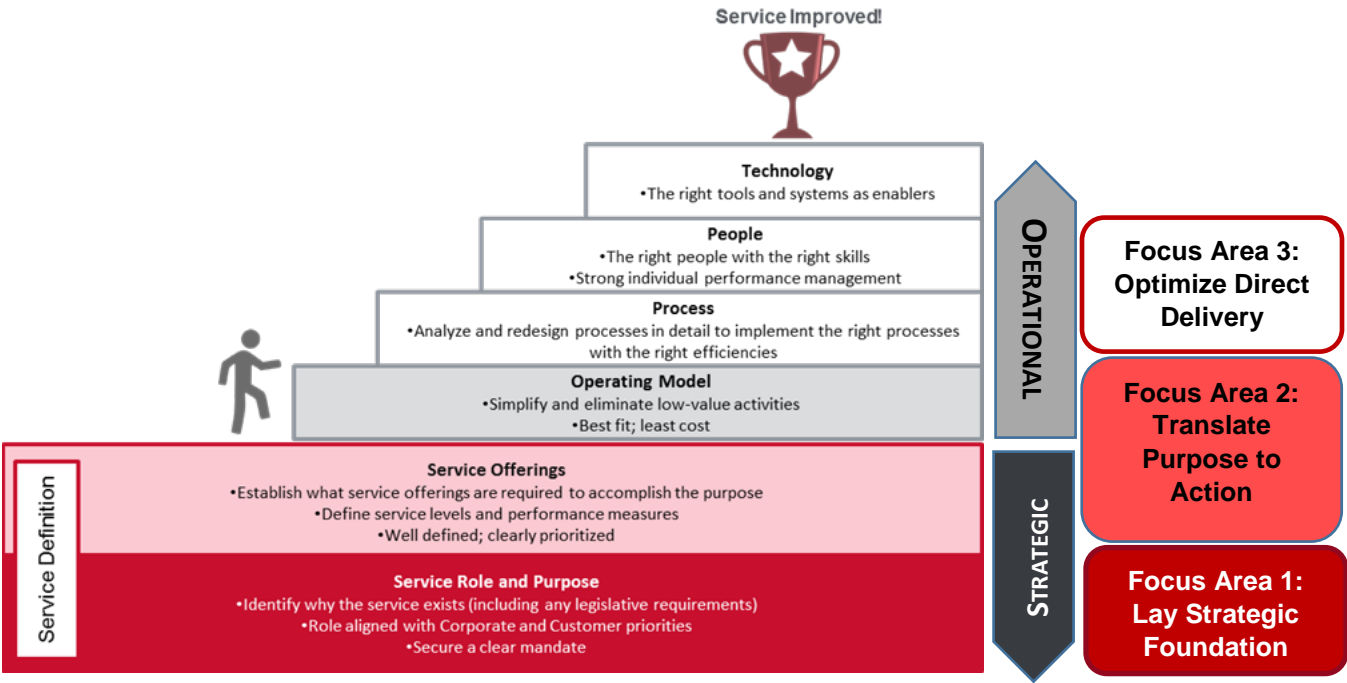


Figure 3: Understanding the Calgary Recreation ZBR

Focus Area 1: Lay a Strategic Foundation

Throughout the ZBR process, CI continually saw signs of Calgary Recreation’s challenges as an organization stretched thin by a wide-ranging service and product portfolio, aging facilities, and years of cost cutting.

Furthermore, Calgary Recreation’s Collaborative Service Delivery Model involves a mix of direct delivery services and a variety of partnerships and affiliations. Collaborative Service Delivery enhances The City’s ability to contribute to Quality of Life Results and meet customer needs that Calgary Recreation’s direct delivery cannot. At the same time, it creates tension around how limited resources should be spent.

The essence of strategy is knowing what not to do.

Michael Porter

The root of many of Calgary Recreation’s issues is the lack of a consistent, shared understanding of the role of The City in the highly competitive, evolving recreation and culture marketplace. This ZBR offered an opportune time for Calgary Recreation to take the first step in building organizational agreement on “The Why”.

The work in Focus Area 1 addresses: Why Calgary Recreation is vital to the quality of life in Calgary and how to better align Calgary Recreation resources and investments to those areas identified as priorities in its strategic plan.

Focus Area 2: Translate Purpose into Action

Once Calgary Recreation's purpose/mandate is confirmed, the next step is to turn that purpose into achievable strategies and goals. The next opportunities build on the strategic foundation developed in Focus Area 1 and drive the business unit to a more sustainable operating model:

- Currently Calgary Recreation is very facility focused. This limits the resources available to provide new and innovative programming to those customer segments (children and families, youth and under-served populations) that would truly benefit from municipal involvement in the recreation sector. A shift to a more **customer-focused approach** is required. The opportunity exists for Calgary Recreation to shift focus from facilities to customers by developing and implementing program strategies that are aligned with their strategic aspirations and the needs of customers.
- Calgary Recreation will develop a **strategic approach to pricing** based on The City's existing User Fee and Subsidy Policy. Calgary Recreation relies on user fees that it charges in exchange for products and services (within its direct delivery operations). The revenue generated this way currently covers approximately 50% of total operating costs. A renewed and consistent approach to setting user fees/pricing (programs, services, rentals, admissions and passes) is required to protect and enhance this important revenue source. An overarching strategy would ensure subsidies are directed to the Calgarians who need it the most and services that provide the greatest societal benefits. A pricing strategy and supporting model will provide a holistic view of pricing across different programs, facilities and customer segments and the ability to analyze price change implications on multiple levels.



Focus Area 3: Optimize Direct Delivery

As stated above, Focus Areas 1 and 2 are strategic and will take several years to socialize and implement (2019-2022 One Calgary Plan). In the shorter term, several direct delivery operational activities can be optimized.

- **Increasing attendance/increasing revenue** - Attendance at Calgary Recreation facilities is stagnating (see Figure 4) and the best opportunity to increase attendance (and thereby revenue) is through modernizing the approach to admission charges.
- **Aligning operating hours with actual customer usage** – There is a natural fluctuation in attendance within any given facility during peak and off-peak hours. In general, Calgary Recreation facilities experience a slow period between the hours of 9:00am and 3:00pm on weekdays (Monday to Friday). This is influenced by some uncontrollable factors, most notably the fact that the majority of Calgarians are busy at work or

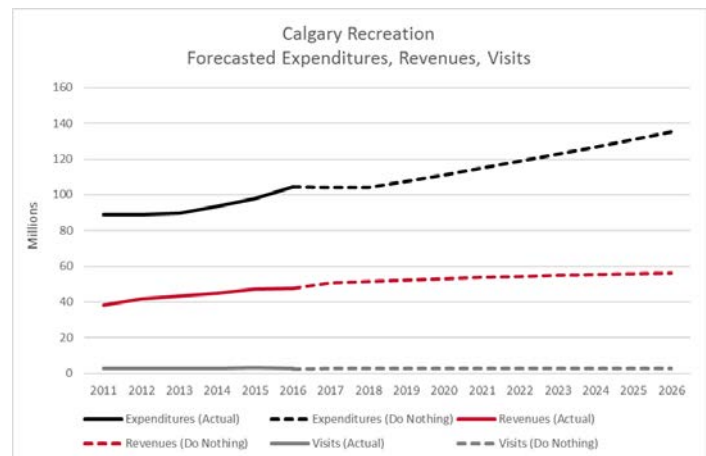


Figure 4 Expenditures, Revenue, Visits

school during daytime hours. Nevertheless, there are opportunities for Calgary Recreation to adjust service levels and service scope to mitigate the costs associated with operating facilities during off-peak hours.

- **Staffing model** - Calgary Recreation is a staff-intensive business unit with 62% of their operating budget going to salary and wages. Improvements to direct delivery staffing were made recently through the “Complexing Initiative” which enabled the sharing of employees and equipment between facilities in the same complex. This resulted in more efficient use of staff, however, challenges remain. For example, decisions get bottlenecked at too high a level, expertise gets siloed, and supervisory staff only have time to focus on operations, instead of managing and leading. There is an opportunity to better align Calgary Recreation’s staffing model with their strategic focus to allow even more flexibility, reduce overlap in work functions, and better align skills and resources to the tasks.

The commitments in response to this focus area will fine-tune operating hours to match demand, refine staffing, and better align Calgary Recreation’s user fee structure to ensure tax support is applied to those areas benefitting the community as a whole.

The remaining sections of this report provide an overview of each identified opportunity with supporting analysis, and highlights solutions on which Administration has committed to take action.

It should be noted that some of the agreed upon staffing Commitments and Actions in this report have risks associated with the opportunity. At the present time, the City and Unions are bargaining and changes to staffing may require negotiation.

Focus Area 1: Lay a Strategic Foundation

A Context for Change

The Calgary Recreation management team has a very strong sense of their long-term aspirations and a deep understanding of the recreation sector. In 2010, Calgary Recreation published their first master plan, a blueprint of the organization's response to the changing recreation sector. It is an excellent document with great ideas, but lacks a corresponding strategic plan and detailed implementation roadmap to effectively turn these ideas into reality. To be clear, since 2010, Calgary Recreation has used the multi-year business planning process to begin to operationalize the Calgary Recreation Master Plan, with many incremental changes implemented. Incremental change is safe, but it has limited impact on the existing structures or current methods of working. Contrary to incremental change, transformational change is the process of altering the basic elements of an organization's culture, including the norms, values, and assumptions under which the organization functions.

With a Master Plan refresh and One Calgary (new 4-year plan) on the horizon, the time is now for Calgary Recreation to clearly declare their future and build a culture and operating model that fully supports evolving customer needs and the changing role of municipal recreation. A bold strategy, shared with and endorsed by Council, will allow Calgary Recreation to focus on results across the Calgary Recreation Service Delivery continuum and measure those results to continuously improve services and supporting operations. Without a common and agreed understanding of The City's role in the recreation sector, Calgary Recreation will continue to be constrained in their ability to deliver value to customers.

Why Recreation?

For over 105 years recreation has been a part of life in Alberta, and the benefits of recreation and culture permeate today's society. The health, social, economic and environmental benefits of recreation are well documented through evidence-based research. The result is a general public understanding of both the direct and indirect benefits provided by recreation and acknowledgement that these services are essential to social and community development. This is evidenced by the National Framework for Recreation in Canada's definition of recreation:

"...the experience that results from freely chosen participation in physical, social, intellectual, creative and spiritual pursuits that enhance individual and community well-being."

National Framework for Recreation in Canada, 2015

Today, recreation is essential to a city's quality of life and is part of the decision-making process for choosing where to live. All "Best Cities" surveys, e.g. Forbes and The Economist, use recreation, parks, and culture as key criteria to determine the world's most liveable cities.

A Changing Landscape

Once the “only game in town” in many Canadian municipalities, municipal recreation departments find they are now competing in a growing and highly competitive market with many players (both non-profit and commercial). They, like Calgary Recreation, are struggling to balance revenue objectives with providing community benefits, in a time when cities are facing increasing pressure to reduce costs. A scan of several Canadian cities has shown that the discussion regarding the role of municipal government in recreation is happening across Canada. There is general agreement that in the 21st century, community recreation is a more varied and collaborative field, with municipal, as well as non-profit and other recreation providers serving residents.

Only **9%**
of kids in Canada are
achieving the daily activity
target of
60 min
of moderate to vigorous
physical activity each day†

61%
of children are more likely to
participate in **unstructured**
activity†

In addition, demographic and economic trends are driving changes in citizen’s expectations. For example, participation in physical and leisure activities is shifting. Not only are the physical activity levels of children and youth (ages 5-17) well below recommended levels, but children and youth are trending away from organized sports, and shifting in large numbers towards smaller, simpler sports that do not

require organization of large numbers of participants.

Municipalities are responding to these trends by redefining recreation in a broader context. Increasingly, local, provincial, national and international organizations are teaming up on integrated initiatives grounded in determinants of health.

Although the sector has effectively confirmed its wide-ranging benefits, those have not been communicated in a way that engages other sectors. The sector must put energy into demonstrating the crucial contribution it can make to a community-based health and wellness model. Epidemic obesity and other chronic illnesses due to a sedentary lifestyle ups the ante for municipal recreation, which has the expertise to enable people to develop a healthier lifestyle.

Sport participation in
Calgary has declined by
17%†

Since 2002, childhood
obesity has increased by
300%†

Rather than the historical focus on direct delivery of structured recreation programs within city-built facilities, cities across the country are expanding recreation to mean a wide spectrum of physical, social, and community activity delivered through a variety of partners. The focus of municipal recreation departments has shifted to emphasize community development and facilitation, and/or leadership of programming providers. It is through this expanded view of what recreation means, and how to provide it, that municipalities can best add value. This trend can be seen in examples like Fredericton and London, where municipal recreation is in the process of divesting all program delivery except for introductory programs.

A Focus on Children and Families: Recreation for Life

It has been well documented that play, recreation and the arts are important for the emotional, social, cognitive, and physical development of children. In addition to being critical for general health, recreation develops life skills for children and communication skills among peers and family members. To help children develop habits that will last a lifetime, an active, healthy lifestyle must start early in life. Active and creative kids become active and create adults. When they become parents,

Children who receive parental
support for physical activity are
6.3 times
more likely to be highly active‡

†Source: 2016 ParticipACTION Report Card on Physical Activity for Children & Youth, Highlight Report, pages 2 and 5.

‡Source: International Journal of Pediatrics, Parental Influence on Young Children’s Physical Activity.

they will keep their kids active – the effect is multi-generational.

Recreation is unique in its ability to build communities – the personal, social, economic, and environmental benefits of recreation are the essence of a healthy community and individual well-being. Children and their families are at the heart of community and at the core of the success of “complete communities”. It is therefore not surprising that municipalities across Canada, and indeed North America, are focusing on a wide variety of services (both inside and outside city operated facilities) that target children and youth and bring families together for “active living”.

Calgary Recreation Refreshes Their Strategic Direction

Every successful organization has a clear sense of its future direction. Too often however, without a conscious review, that direction gets lost in the “noise” of day to day operations. Leaders engage in reactive decision making or short-term gains designed to address urgent issues, and respond to the immediate concerns of the most vocal stakeholders and political leaders.

Calgary Recreation’s implementation of long-term goals is often overtaken by everyday operational needs while resources are not necessarily focused on the “right” activities: those that are most effective at achieving the organization’s overall purpose. Declaring their purpose and the role they play in Calgary’s recreation sector is foundational to building a well aligned organization with a sustainable future. The strategic foundation is the glue that holds the organization together. When senior leaders understand and agree on the PURPOSE, VISION, and MANDATE of the organization, they can tie short-term actions to long-term goals better ensuring Calgary Recreation will be able to balance the pressures of today with the needs of tomorrow.

Administrative Actions and Benefits

The Calgary Recreation management team, through a set of workshops and market research, has declared their strategic intentions (see Attachment 5). This positions Calgary Recreation as a 21st century leader – leading the sector to contribute, in a meaningful way, to Calgarian’s quality of life. The critical difference found in this new declaration is the shift in emphasis **from direct delivery of recreation in City-owned facilities, to a balanced approach based on the most effective way to achieve the desired outcomes**; including both direct and indirect delivery, City-owned facilities or other facilities or community programming.

This Strategic Foundation is the beginning of a multi-year journey to build Calgary Recreation’s future state business model. Calgary Recreation is currently creating a Strategic Plan and is committed to developing a four-year implementation roadmap with annual commitments to ensure their aspirations translate into well-aligned actions and investment of resources into the areas where it will best achieve the long-term intent.

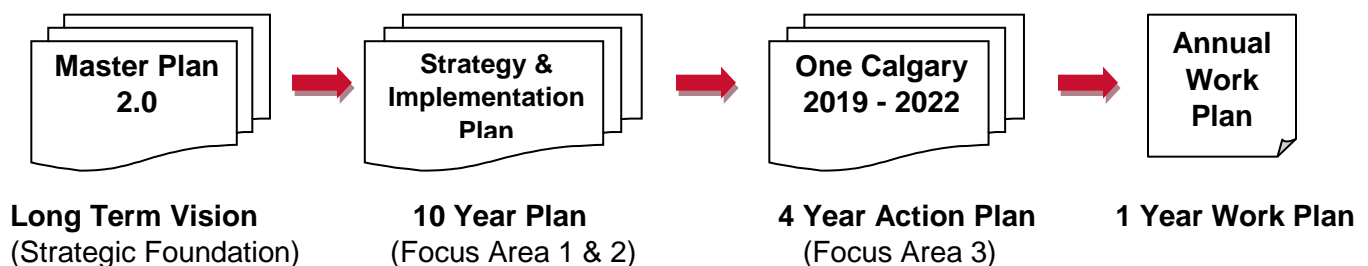


Figure 5 Guiding Documents

Administration's commitments and actions for implementing a solid strategic roadmap are:

Focus Area 1: Lay a Strategic Foundation

Commitment 1: Translate strategy into a clear plan of action

Actions:

1. Gain Council endorsement of Calgary Recreation's future purpose and mandate.
2. Develop a simple, clear Strategic Plan to fulfill that purpose, including an implementation 'roadmap' that defines how the Strategic Plan will be delivered.
3. Use the roadmap to define a four-year plan (as part of One Calgary) that will progress the chosen strategies.

Focus Area 2: Translate Purpose into Action

Meeting Calgary's changing community and citizens' needs and building a leadership role in the recreation and culture sector requires a fundamental change in thinking -- operating model, leadership and culture. The current Calgary Recreation thinking, with its focus on City-owned and operated facilities and direct delivery programming within those facilities, has successfully served The City for well over 105 years. Canadian research reports and Calgary's own experience shows that this way of thinking is no longer sustainable¹. In fact, many Canadian recreation departments are struggling with their strategic role and financial viability.

To move to the future, it is suggested that Calgary Recreation pivot to a mindset that requires a balance between meeting community needs and applying business practices to achieve sustainable community outcomes. This means:

- Putting customer and community needs first and tailoring products and services to those needs;
- Moving direct delivery beyond the walls of City of Calgary facilities, into the community;
- Moving beyond direct delivery of programs to leading the recreation service delivery continuum;
- Evaluating the role of every asset, shutting or optimizing those that are underperforming and moving those resources to more innovative programming;
- Thinking and working in a different way and building an operating model that supports Calgary Recreation's refreshed vision of municipal recreation in The City of Calgary in the 21st century.

Building a Sustainable Operating Model

It is important to recognize that Calgary Recreation has already been changing its way of thinking as evidenced by programs like the Calgary Afterschool Program and 'Get Moving YYC'. They have also, over 30 years, developed a wide range of partnerships. However, the business unit lacks a structured and rigorous framework for consistent, evidence-based decision making. With a new strategic plan in process (based on their refreshed strategic direction) and a shift in its thinking, Calgary Recreation is well positioned to build a sustainable operation that is aligned to the changing needs of Calgarians and their communities.

Basic resources Calgary Recreation needs to perform their routine activities are in place. What is needed are the resources to implement those parts of the strategy that target change. The change initiatives need to be translated into a series of specific, tactical objectives for which the team can develop solid action plans, assemble resources and make things happen.

Administrative Actions and Benefits

The following are benefits derived from enhancing and aligning Calgary Recreation's operating model:

- Increases the probability of strategy implementation by assigning clear responsibility for each of the requisite elements in the operating model;
- Supports improved service outcomes by creating the operational structures and resources necessary to manage across the whole service delivery continuum;
- Ensures focus, and the best use of limited resources;
- Better employee engagement; and
- Increase leadership credibility and respect.

¹ Source: Balmer, K. Rethinking Leisure Services –Trendscan –Prediction –Prescription.

Focus Area 2: Translate Purpose into Action

Commitment 2: Align the Recreation operating model to purpose

Actions:

1. Design a new operating model for the business unit that moves Calgary Recreation beyond its role in directly delivering programs and services within City owned facilities, to steward the entire continuum of recreation in the city.
2. Review overall business unit management and governance structures to ensure alignment with the new operating model for a balanced focus across the *whole* service delivery continuum (direct and indirect).

A Focus on the Service Delivery Continuum and Innovative Products and Services

As stated in the Calgary Recreation Master Plan 2010 – 2020, “The City plays several roles in the development and delivery of new and existing recreation opportunities within Calgary. Direct delivery has been, and will continue to be, an important focus of recreation service delivery for the next 10 years. In addition, partnerships and collaborations are recognized as vital to the development of a broad and responsive recreation service continuum, to a Recreation for Life service approach, and to building complete communities.” While Calgary Recreation has been developing partnerships and affiliations for over 30 years to build the service continuum, 80% of its resources are still focused on facility-based direct delivery and the management and maintenance of aging structures. With limited resources, Calgary Recreation is in survival mode, its focus split in too many directions.

Calgary Recreation is building a strategic plan based on their purpose (Attachment 5), in which a greater focus and more resources are dedicated to positioning The City as a leader of Calgary’s recreation service continuum. This means the development of collaborative programming and performance measurement that address the needs of all Calgarians while Calgary Recreation’s direct delivery focuses on priority customers and introductory and entry skill development.

In addition, Calgary Recreation should move from a facility-based programming focus to creating recreational opportunities in the community. Not only are Calgary Recreation-managed facilities aging and limited in their ability to support a wide range of programming for Families, Children, and Youth; but a swing away from highly structured forms of recreation is on the rise. (In Calgary, participation in sports is down 17% and only 9% of Canadian children are achieving the daily activity target of 60 minute.)



Facilities are only one way to provide products and services and there is a wealth of opportunities in the community to provide innovative services. Examples of programming opportunities are described in Appendix 1, such as the Mobile Adventure Playgrounds, which were launched in collaboration with Calgary Parks summer of 2017. These Playgrounds, are an example of promoting play across Calgary, furthering The City’s commitment to create a city of inspiring neighbourhoods and creating a healthy and green city.

Within existing facilities, the physical space, programming and pricing structure should, where possible, create community space

for families, children, youth and under-served populations. Increasing family and child-only opportunities, and modernizing admission charges (described below), are starting points.

In the short term, a business case will be developed for increasing drop-in provision for children and youth. This could be framed as an “Active Kids Club” that encourages and rewards children for visiting a recreation center for more than their swim lesson or other registered program. When this happens, parents (or grandparents) may also come, increasing total visits and encouraging family attendance.

In the longer term, Calgary Recreation will develop further business cases for family offerings in which family members “Play Together” or “Play Side by Side”, along with more state-of-the-art children and youth services. Current facilities (aside from Leisure Centers) impose significant limitations. Several older facilities, such as Beltline, hold very limited options due to size and footprint. These opportunities may therefore require a more community-based approach and/or capital investment.

Administrative Actions and Benefits

The following are benefits derived from developing enhanced service offerings and programming that are explicitly focused on priority customers and communities, and maximize the use of the service delivery continuum:

- Increased number of children and increased hours of children recreating due to products and services Calgary Recreation provides or provided by others;
- Broaden the branding of Calgary Recreation;
- A focus on priority customers;
- Improved collaboration with partners built on a shared purpose and in support of the “curves The City wants to turn”.

Focus Area 2: Translate Purpose into Action

Commitment 3: Define the product and service offerings to maximize results

Actions:

1. Shift the focus of the Recreation Management Team from operational management of directly delivered services to strategic leadership of the entire service delivery continuum.
2. Define the desired service offering menu for the entire service delivery continuum to maximize results. (Based on “Curves The City wants to turn”.)
3. Develop and implement performance measures to assess the improved effectiveness of the revised product and service mix, and to ensure it is achieving its intended results. Use these measures to fine-tune the mix.
4. Develop a business case for increasing drop-in program for Children (“Active Kids Club”)
5. Develop a business case for increasing families recreating together (“Play Together”; “Play Side by Side”)

A Comprehensive Pricing Strategy for Direct Delivery

Calgary Recreation generates approximately \$48 million in revenue annually, approximately 66% (excluding golf and culture) of which is through user fees (rentals, admission and passes, and registered programs) at City facilities. Fees are currently set through two different methods:

- (i) **User Fee and Subsidies Policy (UFSP; C2011-77):** User fees are set using the User Fee and Subsidy Policy as part of the corporation’s four-year business planning and budgeting process. One

of the key principles of the User Fee and Subsidy Policy states that when consumption of a good or service benefits society as a whole, all citizens should pay for the societal benefit. This principle ensures that where the individual benefits the individual pays while taxes support the community benefit. Calgary Recreation currently targets a specific long term recovery rate set through business planning cycles, which means that the remainder of Calgary Recreation expenditures are funded through mill rate support because both the individual and the community benefit from recreation services.

- (ii) **Council Direction (CPS2007-47):** Layered on top of the User Fee and Subsidy Policy, Council, as per historical practice, approves or amends a representative schedule of user fees associated with admissions, passes, and rentals. This Directive precedes the User Fee and Subsidy Policy but still is used, due to the lack of a comprehensive Calgary Recreation pricing strategy. Council direction has held recovery rates for Children/Youth/Seniors admissions and passes at 50% of Adult fees without clear guidance as to why the percentages are chosen (benefit, market, etc.).

Calgary Recreation's long term recovery rate target is a central factor in how Calgary Recreation sets fees. However, the recovery rate exists only at a high level and does not address who should receive what level of subsidy at the facility, program, or customer segment level. The way Calgary Recreation employs the User Fee and Subsidy Policy and Council's involvement at the user fee level is limiting Calgary Recreation's ability to effectively price products and services to align with their strategic intent and measure contributions to financial sustainability and Quality of Life Results.

Over time, the use of these two separate tools has created a situation where:

- Children (who should be highly subsidized, given their long-term contribution to the community) have higher cost recovery rates than adults;
- Rates significantly lower than the market (based the consultants' market review, see Appendix 2) in many of the revenue generating categories (Admissions, Passes, Rentals), which impacts Calgary Recreation's ability to generate greater cost recovery rates than it sees today.

For a customer-facing organization offering products and services in a competitive market, a well aligned, highly integrated pricing strategy is vital; for without it, priority customers may be lost, money will be left on the table, and Calgary Recreation will struggle to meet expected results and ensure its own sustainability. Calgary Recreation will therefore use the Cost Recovery Framework developed by the consultants (Appendix 3) as a tool to analyze their business at different levels and with different lenses. This insight will provide the foundation for building pricing strategies that address the complexity of their business.

Administrative Actions and Benefits

The benefits of implementing a focused, comprehensive pricing strategy based on the current User Fees and Subsidy Policy are:

- Ensure mill rate dollars are directed to the services contributing the most to the community;
- Adjust pricing to help attract priority customer segments;
- Ensure full alignment of Calgary Recreation's pricing strategy with the corporate User Fee and Subsidy Policy at the facility, program, and customer segment level;
- Create a transparent rationale behind fees.

Focus Area 2: Translate Purpose into Action

Commitment 4: Adopt a Strategic Approach to Pricing: Apply Cost Recovery Framework to inform pricing decisions based on balancing community vs. individual benefit ensuring tax support/subsidies are applied to services that benefit the whole community.

Actions:

1. Secure Council approval for the new pricing approach, including reconsidering the principles used in Council Direction CPS2007-47 and focusing instead on using the Cost Recovery Framework.
2. Ratify the Cost Recovery Framework and apply classification of various programs and services at each level within Calgary Recreation, ensuring alignment with the overall strategic plan.
3. Establish the full cost of each product and service to provide the information that is the basis for establishing costs and tax support rates for all products and services.
4. Develop financial modeling to apply the Cost Recovery Framework to the full cost figures to generate actual proposed prices and tax support rates for all products and services.
5. Implement, with a phased approach, the pricing changes (as an integrated part of the overall implementation roadmap).

Focus Area 3: Optimize Direct Delivery

With their strategic focus declared and a strategic plan in process, Calgary Recreation is embarking on a journey of organizational and operational change that requires a long-term view. To set the organization on the path of change, several shorter-term opportunities have also been identified to optimize the direct delivery operations.

Increasing Attendance/Revenue

Over the past 12 years, both revenues and operating expenses have increased annually, with expenditures increasing at a faster rate than revenues (See Figure 4). Expenses in 2016 were 90% higher than in 2005, while revenues have increased by 56% in the same period. Except for rentals, which increased by 129% from 2012-2015, attendance at Calgary Recreation facilities has been stagnant for

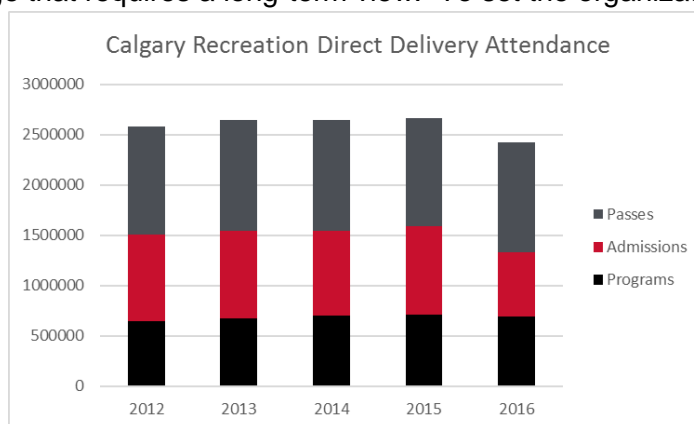


Figure 7

several years (Figure 7). Layered on top of the need to increase attendance to help cover costs is Calgary Recreation's strategic interest in increasing the attendance of prioritized customer segments – Families with Children, Youth, and Under-served Populations.

Children mainly participate through registered programs, as seen in Figure 8, below.

	Children/Youth	Adults	Seniors
% of Total Visits	38%	47%	14%
% of Segment Visits from:			
Passes (Term + Punch)	1%	67%	62%
Admissions	26%	25%	36%
Registered Programs	73%	8%	2%

Figure 8

In 2016, children and youth accounted for only 28% of all visits through passes and admissions (i.e. not registered programs or rentals), while adults and seniors accounted for 72%. These data are worrisome given Calgary Recreation's declared focus on children and families, as the basis for building lifelong participation in recreation.

The ZBR analysis also reveals two important findings:

1. Calgary Recreation has done a good job at maximizing their product mix based on the facility. Improvements, in many cases, are limited due primarily to facility limitations and/or capital implications – size, components (i.e. lack of multi-purpose rooms, no true studios) and age. In addition, facilities are mostly at capacity during prime usage hours; and,
2. The current pass system, with its heavy reliance on 10x and 30x punch cards, is outdated. Although reach rates (the percentage of the population who uses the service) for adults and seniors are reasonable (5.4% on a system-wide basis – with varying success in each center, compared to a commercial fitness industry standard of 3%) – punch cards do not motivate increased participation (i.e. visits per person). More importantly, the design of the pass system does not adequately promote child/youth and family use. The majority of Canadian municipalities (including all of the 13 municipalities used as comparators) have moved to a more comprehensive membership offering and reduced the use of punch cards.

Improvements in programming (as recommended in Focus Area 2) are only part of the solution. The success of these changes depends upon parallel improvements in admission charges.

The challenge Calgary Recreation faces is balancing their business objectives (increasing attendance/revenue) with their strategic intentions, community benefits and Quality of Life Results commitments (increase active families, children and youth).

Modernizing Admission Charges

To increase both attendance in facilities and revenue, and attract families and children beyond registered programs, a simpler, more appealing model for admission charges should be implemented. The current pass system has been in place for many years and was last updated in 2009. Its structure and pricing, in which the 10x and 30x punch cards are the most attractive product (see Figure 7) and term passes must be paid for in a single lump sum, does not promote regular weekly visits to the recreation centers

In addition, some prices are far out of line with the local market. For example, currently a child's pass ranges from \$29.24/month (Tier 1) to \$45.22/month (Leisure Centers), if committed to 12 months. This price is currently between 5% and 63% greater than the median rate of \$27.76/month for similar facilities in Calgary (primarily the YMCA). This market context impacts citizens' perception of the value of City-run facilities. It is also at odds with the strategic intent to attract more children, youth and families.

To create greater alignment with their strategic direction and drive greater and more regular attendance, it is recommended that Calgary Recreation make several highly integrated changes in the pass structure and pricing.

1. Set pricing for Tier 1 and Tier 2 Aquatic and Fitness Centers (AFCs) at the same rate (while retaining the Leisure Centers as distinct) and allow AFC members to access Leisure Centers on a 'drop-in' basis at a reduced rate. Although Tier 1 customers will experience a small price increase, this will be offset by greater flexibility (with access to all Tier 1 & 2 facilities), helping to ensure a continued perception of value. A member has different options depending on their need and if a facility is closed other facilities are available. This will also simplify decision making regarding hours of operation of facilities across the system. As an example: if members can access any of the 12 AFCs it would be possible to not open all of them at 6am for swimming or fitness.
2. Shifting from the current term and pass system to a new membership² structure (eliminating the 30x punch card) with a monthly auto renewal payment system and adding two new membership categories (Family and Youth/Student/Young Adult) will create a sense of community, motivate more regular attendance, make it easier to "do business" with Calgary Recreation, and puts more focus on children and families.
3. As a result of a market analysis and feedback from the ZBR Peer Review two key pricing changes are recommended:

² Members of the Peer Review panel suggested that the consultant's word 'membership' may lead to unintended – and unwelcome – perceptions of exclusivity. Calgary Recreation may want to therefore consider (during implementation) using different wording although the concept remains the same. This is also dependent on the "right" marketing to ensure changes are well-perceived by customers.

- One common rate for children (up to age 13) at all City of Calgary recreation facilities. Based on current rates for children at YMCAs in Calgary and a fuller market analysis, reduce pricing for children. HSG suggested 1 year pricing of \$20 per month. (Note: In Toronto, children can drop-in to facilities free!) This price paired with innovative children and youth programming is expected to increase attendance and forecasted revenue, despite the reduction in price (See Appendix 4). Note the exact price will be determined and finalized during implementation.
- Currently the senior's rate is equal to the child rate. While Calgary Recreation should continue to discount pricing for seniors, this should be based on community benefit and "financial ability", not solely on age, in line with wider City policy. As a result of the market analysis and review of other municipalities (see Appendix 5) it is recommended that senior s' passes should be priced at 75% of adult prices in all categories (membership and punch cards) and all types of facilities. For those seniors with financial constraints the Fair Entry program is available (with the potential to increase sliding scale for seniors on fixed income).

Administrative Actions and Benefits

The benefits of a shift from the current term and punch card pass system to a **Membership Model**, with rates aligned to those of the market, will:

- **Increase visits by approximately 843 thousand (843,000)** representing an increase of 36% in attendance at Leisure Centers and Aquatics and Fitness facilities from Admissions, Passes, and Registered Programs;
- Support increased numbers of citizens accessing services;
- Support an increased number of visits by each individual;
- Contribute to a sense of 'belonging' and community;
- Promote community and individual health and wellbeing;
- Generate a projected annual revenue increase of **\$1.8M** after 4 years. (Note: this is dependent on the implementation of *all* recommendations, and that revenue will potentially decrease before increasing. See Appendix 4.)

Focus Area 3: Direct Delivery Service Optimization

Commitment 5: Modernize Admissions Charges:

Actions:

1. Withdraw the current term passes, and replace them with a membership model that includes monthly billing and auto-renewal, starting at 1/12 of the current annual price.
2. Charge the same prices for membership at Tier 1 and 2 Aquatics & Fitness Centers (AFCs), and enable members to use any centre.
3. Reduce the price of a children's membership to initially \$20 per month for open access to any City of Calgary Aquatics and Fitness Centers and Leisure Center. (Exact pricing will be determined and finalized during implementation.)
4. Increase prices for seniors (ages 65+) to a target of 75% of the adult price.
5. Create new membership categories for youth/young adult (ages 15-24) and single or multi parent families (including access for children under 14 and youth discounts 15-18).
6. Change the child age ranges from 7-12 years with a separate 'pre-school' rate for children 2-6, to a single rate for children 2-14.

Align Facility Operating Hours with Customer Usage

Calgary Recreation operates 12 arenas (19 sheets of ice). This represents approximately 50% of ice pads available in Calgary. Arenas, for the most part, operate between October 1 and March 31 (winter) – for a total of 26 weeks. There are 5-6 sheets of ice provided between April 1 and Sept 30 for Spring/Summer use.

Winter hours of operation are similar for all arenas: Monday – Sunday 6am – 11pm for a total of 119 hours per facility per week. Some arenas are open until 12:00am if there is a demand for this time period, bringing the total available hours to 2,290 per week. Peak Hours are Monday – Friday between 4pm to closing and all day Saturday and Sunday.

During the busiest part of the ice season, 62% of all available ice time in The City operated arenas is *booked* (reserved for use) for either rentals or programming by Calgary Recreation: This means that 38% of available ice time is vacant. Whilst 98% of available peak hours are booked, weekday mornings have the least number of bookings, with only 33% of the available hours booked i.e. 67% is vacant. Overall, vacancy rates in City arenas range from a low of 29% to a high of 56% of all available ice times. Staff are on-site during all hours of operation.

Of the **total bookings**, rental is the predominant form of ice utilization (accounting for 89% of booked hours); with the balance of bookings being used for programming by Calgary Recreation including: seniors skate, public skates, shinny hockey and other registered programs.

	Total Available Hours	% of Total Hours	Total Booked Hours	% of Available Hours Booked	Total Rented Hours	Rentals as % of Booked Hours	Total Program Hours	Programs as % of Booked Hours
All Hours	2,290	100%	1,429	62%	1,276	89%	152	11%
Prime Time*	1,140	50%	1,116	98%	1,054	94%	61	5%
Weekday Mornings**	555	24%	184	33%	127	69%	57	31%

* Prime Time defined as Weekdays 4pm to Closing and all hours Saturday and Sunday

** Weekday Mornings are 6am - noon

Figure 9

Administrative Actions and Benefits

Aligning operating hours with actual customer usage will provide the following benefits:

- *Minimum Savings:* A minimum savings of **\$131,187** per year by being more efficient with the staff scheduling;
- *Maximum Savings:* An estimated maximum savings of **\$373,997** per year by being more efficient with arena and staff scheduling. There would be opportunity for cost savings by reduced staffing in each of the 12 arenas that the City of Calgary operates. See Appendix 6.

Focus Area 3: Direct Delivery Service Optimization

Commitment 6: Realign operating hours with actual customer usage

Actions:

1. Reduce arena operating hours Monday – Friday by opening later, or in a few cases, closing earlier, on an arena by arena basis.
 - Consider staffing arrangements, including alternative plans to maintain and operate both the arenas and the athletic parks.
 - Move maintenance hours scheduled for the beginning or end-of-day to mid-day time slots to accommodate later opening times or earlier closing times.
 - Shift any morning bookings into those arenas which do still open early.
 - Move some Calgary Recreation programming activities (morning Public Skating or Shinny) to later time slots or alternative near-by arenas.
2. Following the combination of Aquatics & Fitness Centre (AFC) Tiers 1 and 2 into a single tier (enabling pass holders to use a wider range of facilities), review attendance figures to identify any similar opportunities to reduce operating hours at AFCs and other facilities.

Optimize the Direct Delivery Staffing Model

Salaries and wages account for approximately 62% of Calgary Recreation's annual operating costs, or \$64 million in 2016. Of the \$64 million, approximately 62% or \$40 million was for the 447 FTE involved in the direct delivery of recreation services (e.g. City-operated pools, arenas, athletic parks, leisure centres, golf courses and art centres). Over time, as Calgary Recreation grew, multiple staffing models have been deployed and have evolved, giving rise to challenges in delivering services efficiently.

Currently, Calgary Recreation manages many facilities all with differing staffing tactics. To add to staffing challenges, employees fall into six different labour segments – three unionized groups (Local 37, Local 38, and Local 709) and three non-unionized (Code 81 and Code 86 non-union staff and Management Exempt).

HSG worked closely with Calgary Recreation, CI and Labour Relations to determine which, if any, staffing model could provide significant cost savings. Three opportunities (Reduce Staffing Hours, Decreased Wages, and Outsourcing) were reviewed and referred to the City's Labor Relations team to progress via wider labour negotiations and other corporate initiatives.

Calgary Recreation's ZBR staffing opportunity thus became a more holistic review of the staffing model with the intention of: fine-tuning staffing to ensure greater leadership and management at the complex level; and to more effectively provide the "right services and products in the right way" in each catchment area.

Administrative Actions and Benefits

The benefits of fine-tuning and better aligning staff to purpose are:

- Improved outcomes through supporting local decision-making;
- Improved internal ability to deliver continuous service improvements through empowering supervisors to continuously improve services within their span of control;
- Enabling regional and complex management to focus on business and people management by providing an enhanced support structure that better manages operations and special projects;

- Supporting improved service outcomes by creating the structures necessary to define and enforce consistent, intentional standards, policies and procedures across the whole of Direct Delivery;
- Increased productivity, as greater standardization in delivery approach facilitates staff movement between different facilities and regions.

Focus Area 3: Direct Delivery Service Optimization

Commitment 7: Enhance leadership and management within complexes and regions

Actions:

1. Redefine role, qualifications and hiring practices for Complex Coordinators, considering: mechanism to recognize greater levels of responsibility and authority;* Job Evaluation Questionnaire's to reflect greater managing roles; prioritize overall management skills; open up the talent pool.
2. Ensure all Superintendents and Coordinators have, or acquire, key management skills including performance planning, performance coaching, and performance reviews.
3. Enable Foreman4s and Attendants to support the performance management process by being involved in performance planning and coaching.
4. Empower staff (primarily 'Management Exempt') through a wider delegation of authority to ensure that appropriate decisions are made at the appropriate level.
5. Ensure clear accountability and decision-making authority are assigned for key service elements: direct delivery, complexes, products & services, and facility operations.

Focus Area 3: Direct Delivery Service Optimization

Commitment 8: Fine-tune regional and complex staffing structure:

Actions:

1. Review the current staffing structure in direct delivery to ensure consistent standards across the whole of direct delivery and that clear accountability and decision-making authority are assigned for: developing and implementing strategies and providing operational oversight.
2. Review how special projects are resourced to reduce their impact on operations.
3. Increase the support for staff by the Staffing Coordinator positions by aligning processes and resources.
4. Review the distribution of the Recreation Specialists to better support ALL facilities and community based programming.
5. Review the staffing structure in direct delivery to better embed and leverage business intelligence in operations.

In Summary

Using the Service Improvement Framework for Planning Implementation

Calgary Recreation began the journey of redefining its role and building community partnerships many years ago. The Calgary Recreation Master Plan 2010 – 2020, is still relevant today, yet, the organization struggles with communicating the “why” of the changes required and the “how” and “when” these changes should be implemented.

Key to the successful implementation of the ZBR’s recommended actions is understanding the logical sequence and timing of those actions. The “Service Improvement Framework” (Figure 2, page 4), will help Calgary Recreation develop the detailed implementation plan and schedule which maps this multi-year journey.

A clearly articulated strategy and detailed implementation plan, for both direct delivery and ‘leading the Service Delivery Continuum’ will allow Calgary Recreation’s management team to focus on what must be done today to move the organization to its future state (Focus Area 1).

Calgary Recreation is currently refreshing their Master Plan and developing a strategic plan based on their declared Strategic Foundation presented in Attachment 5.

As indicated by the Service Improvement Framework, defining the sub services and programs, which meet the needs of priority customers, and developing a well aligned operating model (Focus Area 2) is the next step on the journey. This work is mostly about ensuring that Calgary Recreation is providing the “the right services” to targeted customers – effectiveness. Calgary Recreation will develop measures and report through the ZBR program to monitor key effectiveness metrics, including the market reach and attendance rates of priority customer segments.

Finally, through the implementation plan, Calgary Recreation must determine when and how the recommendations for direct delivery optimization or efficiencies (Focus Area 3) are to be rolled-out. Timing here is crucial and it will take leadership and organizational discipline to build a sustainable, community-based organization. The challenge is one of setting appropriate limits, maintaining focus and prioritizing the many ideas that the Recreation management team will have for making progress.






A Review by Peers

As with most ZBRs, the final step in the Calgary Recreation ZBR was a formal review of the external consultant’s reports and recommendations by colleagues from several Canadian municipalities. All four peers agreed that the questions, issues and concerns expressed by the Calgary Recreation ZBR analysis were “right on” and that the proposed solutions were headed in the right direction. All members of the peer review panel are dealing with similar issues and are very interested in staying in contact and sharing experiences.

While we touched upon most of the recommendations in our review, much of their feedback was on implementation – citizen engagement (and co-creation) and intentional change management is critical. As Malcolm Bromley, General Manager, Vancouver Board of Parks and Recreation, said³, “Don’t underestimate how hard this work is. Communicate your vision. Make a plan. Implement parts of the plan. Then take a break. This type of change takes time and can be hard on staff. Do not let the Gantt chart rule your timing.”

³ Paraphrased.

Calgary Recreation ZBR at a Glance

Focus Area / Administration's Commitments and Actions	Benefits
Focus Area 1: Lay a Strategic Foundation	
Commitment 1: Translate strategy into a clear plan of action: <ol style="list-style-type: none"> 1. Gain Council endorsement for Calgary Recreation's future purpose and mandate. 2. Develop a simple; clear Strategic Plan to fulfill that purpose, including an implementation 'roadmap' that defines how the Strategic Plan will be delivered. 3. Use the roadmap to define a four-year plan (as part of One Calgary) that will progress the chosen strategies. 	 Sustainability & Continuous improvement
Focus Area 2: Translate Purpose into Action	
Commitment 2: Align Calgary Recreation's operating model to purpose: <ol style="list-style-type: none"> 1. Design a new operating model for the business unit that moves Calgary Recreation beyond its role in directly delivering programs and services within City owned facilities, to steward the entire continuum of recreation in the city. 2. Review overall business unit management and governance structures to ensure alignment with the new operating model for a balanced focus across the <i>whole</i> service delivery continuum (direct and indirect). 	 Sustainability & Continuous improvement
Commitment 3: Define the product and service offering to maximize results: <ol style="list-style-type: none"> 1. Shift the focus of the Recreation Management Team from operational management of directly delivered services to strategic leadership of the entire service delivery continuum. 2. Define the desired service offering menu for the entire service delivery continuum to maximize results. (Based on "Curves The City wants to turn".) 3. Develop and implement performance measures to assess the improved effectiveness of the revised product and service mix, and to ensure it is achieving its intended results. Use these measures to fine-tune the mix. 4. Develop a business case for increasing drop-in program for Children ("Active Kids Club") 5. Develop a business case for increasing families recreating together ("Play Together"; "Play Side by Side"). 	 Sustainability & Continuous improvement  Service outcomes
Commitment 4: Adopt a strategic approach to pricing: <ol style="list-style-type: none"> 1. Secure Council approval for a new pricing approach, including reconsidering the principles used in Council Direction CPS2007-47 and focusing instead on using the Cost Recovery Framework. 2. Ratify the Cost Recovery Framework and apply classification of various programs and services at each level within Calgary Recreation, ensuring alignment with the overall strategic plan. 3. Establish the full cost of each product and service to provide the information that is the basis for establishing costs and tax support rates for all products and services. 4. Develop financial modeling to apply the Cost Recovery Framework to the full cost figures to generate actual proposed prices and tax support rates for all products and services. 5. Implement, with a phased approach, the pricing changes (as an integrated part of the overall implementation roadmap). 	 Sustainability & Continuous improvement

Focus Area 3: Optimize Direct Delivery

<p>Commitment 5: Modernize admission charges:</p> <ol style="list-style-type: none"> 1. Withdraw the current term passes, and replace them with a membership model that includes monthly billing and auto-renewal, starting at 1/12 of the current annual price. 2. Charge the same prices for membership at Tier 1 and 2 Aquatics & Fitness Centers (AFCs), and enable members to use any center. Reduce the price of a children's membership to initially \$20 per month for open access to any City of Calgary Aquatic and Fitness Centers and Leisure Centers. (Exact pricing will be determined and finalized during implementation.) 3. Increase prices for seniors (ages 65+) to a target of 75% of the adult price. 4. Create new membership categories for youth/young adult (ages 15-24) and single or multi parent families (including access for children under 14 and youth discounts 15-18). 5. Change the child age ranges from 7-12 years with a separate 'pre-school' rate for children 2-6, to a single rate for children 2-14 (TBD). 	<div data-bbox="1219 218 1276 281"></div> <p>Customer satisfaction</p> <div data-bbox="1227 407 1284 470"></div> <p>Revenue generation \$1.8M over 4 years</p>
<p>Commitment 6: Realign operating hours with actual customer usage:</p> <ol style="list-style-type: none"> 1. Reduce arena operating hours Monday – Friday by opening later, or in a few cases, closing earlier, on an arena by arena basis. <ul style="list-style-type: none"> • Consider staffing arrangements, including alternative plans to maintain and operate both the arenas and the athletic parks. • Move maintenance hours scheduled for the beginning or end-of-day to mid-day time slots to accommodate later opening times or earlier closing times. • Shift any morning bookings into those arenas which do still open early. • Move some Calgary Recreation programming activities (morning Public Skating or Shiny) to later time slots or alternative near-by arenas. 2. Following the combining of Aquatics & Fitness Centre (AFC) Tiers 1 and 2 into a single tier (enabling pass holders to use a wider range of facilities), review attendance figures to identify any similar opportunities to reduce operating hours at AFCs and other facilities. 	<div data-bbox="1227 621 1284 684"></div> <p>Cash savings \$131 – 374K annually</p>
<p>Commitment 7: Enhance leadership and management of complexes and regions:</p> <ol style="list-style-type: none"> 1. Redefine role, qualification and hiring practices for Complex Coordinators, considering: mechanism to recognize greater levels of responsibility and authority; Job Evaluation Questionnaire's to reflect greater managing roles; prioritize overall management skills; open up the talent pool 2. Ensure all Superintendents and Coordinators have, or acquire, key management skills including performance planning, performance coaching, and performance reviews. 3. Enable Foreman4s and Attendants to support the performance management process by being involved in performance planning and coaching. 4. Empower staff (primarily Management Exempt) through a wider delegation of authority to ensure that appropriate decisions are made at the appropriate level. 5. Ensure clear accountability and decision-making authority are assigned for key service elements: direct delivery, complexes, products & services, and facility operations. 	<div data-bbox="1227 1020 1284 1083"></div> <p>Sustainability & Continuous improvement</p>
<p>Commitment 8: Fine-tune regional and complex staffing structure:</p> <ol style="list-style-type: none"> 1. Review the current staffing structure in direct delivery to ensure consistent standards across the whole of direct delivery and that clear accountability and decision-making authority are assigned for: developing and implementing strategies and providing operational oversight. 2. Review how special projects are resourced to reduce their impact on operations. 3. Increase the support for staff by the Staffing Coordinator positions by aligning processes and resources. 4. Review the distribution of the Recreation Specialists to better support ALL facilities and community based programming. 5. Review the staffing structure in direct delivery to better embed and leverage business intelligence in operations. 	<div data-bbox="1227 1419 1284 1482"></div> <p>Sustainability & Continuous improvement</p>

Appendices

Appendix 1: Programming Scenarios for Children and Youth

Calgary Recreation has already begun engaging in innovative programming targeting children and youth, often outside of Calgary Recreation facilities. The financial gains achieved through the actions proposed in this ZBR, combined with enhanced focus on this customer segment as a priority, could enable Calgary Recreation to invest further in this Active Foundations Strategy and bring more programs like those below to Calgarians. For all of these scenarios, assessing both the experience of participants and the attitudes of their parents/guardians will assist in determining progress towards the goal of providing an inspirational customer experience and getting more Calgarians, more active, more often.

Programming Scenario #1 - The Community Sport Hub

The Community Sport Hub (CSH) concept is collaboration between The City, the Calgary Board of Education and sport clubs to offer multi-sport opportunities for children/youth aged 4 to 18. Participants will benefit from both organized and unstructured (active/free play) sport opportunities before school, in school, after-school, and extending into the community. This focused approach is designed to introduce children and youth to physical literacy using exposure to multiple sports to achieve their daily physical activity requirements. The CSH will use the Sport for Life Long Term Athlete Development model to provide access to quality sport instruction both within schools and geographical communities. A CSH will utilize all existing amenities such as; playfield, parks, school gymnasiums, community spaces, and sport facilities (both City and Partners).

The CSH pilot site for 2017/18 was the Crossing Park School and the community of Martindale. This selection was made using the Community Neighbourhoods Stronger Neighbourhoods Initiative, as well as reviewing social conditions, community readiness, school characteristics, and existing service delivery. Available amenities within the community were identified as an important priority for selection. The Afterschool program representatives were engaged to ensure that the addition of an after-school program at Crossing Park would not inadvertently 'compete' with existing or planned Afterschool programming.

The success of this initiative can be assessed through determining the increased number of children/youth participating in Calgary Recreation programs and Calgary Recreation's ability to provide opportunities for increased activity and creativity.

Programming Scenario #2 - The Mobile Adventure Playground

The Mobile Adventure Playground travels to parks across the city and is a dynamic space that contains a variety of materials and loose parts such as boards, tires, tape and cardboard that children are free to use to build, demolish, assemble and change their environments as they desire. This program provides novel opportunities for children to play, create and to be active. In 2017, 7,515 children participated in Mobile Adventure Playground, over 74 days, spending an average of two hours in the mobile playground.

The success of this initiative can be assessed by a count of the increased number of children/youth who may otherwise not participate in programs to determine Calgary Recreation's ability to reach a greater cross-section of Calgarians.

Programming Scenario #3 - Family Supports for Children with Disabilities

Family Supports for Children with Disabilities (FSCD) is a Provincial Government program to allow children who are on the cusp of not requiring an aide or support worker to be successful by offering a lower participant/instructor ratio than the standard. These programs have afforded many children and youth who would otherwise not be able to participate in recreation activities the opportunity to become comfortable with attending recreation programs and then continuing to participate in non-FSCD recreation programs.

The success of this initiative can be assessed by a count of the increased number of children/youth who could otherwise not participate in programs to determine Calgary Recreation's ability to reach a greater cross-section of Calgarians. Tracking to determine further registration of FSCD participants in non-FSCD programs could also serve as an indication of the success of the program in expanding Calgary Recreation's reach.

Programming Scenario #4 - JumpStart Funded Programs

JumpStart funded programs are free introductory sport programs offered for children living in families with low incomes who would otherwise not have the opportunity to participate in recreation due to the uncertainty of how to do so or the associated costs. The choice of activities is based on the specific community to allow for children to continue their participation in recreational activities once the program is complete. Calgary Recreation staff follow-up after the program is over to see how we can assist the family in finding future programs to attend. Twelve programs were offered in 2017 and it is anticipated that in 2018 20 programs will be offered (contingent on JumpStart Charities funding).

The success of this initiative can be assessed by a count of the increased number of children/youth who may otherwise not participate in programs to determine Calgary Recreation's ability to reach a greater cross-section of Calgarians. Tracking to determine further registration of JumpStart participants in other recommended programs could also serve as an indication of the success of the program in expanding Calgary Recreation's reach.

Appendix 2: Market Review – Comparison Pricing – Created by HSG

General Impacts: Overall, Calgary Recreation pricing does not reflect the marketplace for many of the revenue streams reviewed (Admissions, Passes, Registered Programs, and Rentals).

- a. *Admissions:* Drop-in admissions is a means for individuals to access the facility on a 'one-time-basis'.

- i. In comparison to the Calgary market:

Leisure Centers

- **Children's** fees at the Calgary Recreation Leisure Centers are \$5.95 compared to the median Calgary market price of \$4.76. Calgary Recreation's fees are **above** the median Calgary market rate by **25%**. Children's rates are too high and limits their ability to drop-in often.
- **Youth, Senior and Adult** fees are low compared to the median market rate:
 - **Youth** fees are \$5.95 compared to the median Calgary market price of \$7.71 or **23%** below the median market rate;
 - **Adult** fees are \$11.90 compared to the median Calgary market price of \$13.81 or **14%** below the median market rate.
 - **Senior** fees are \$5.95 compared to the median Calgary market price of \$7.86 or **24%** below the median market rate;

This pricing strategy, although very affordable, impacts Calgary Recreation's revenue potential to either improve cost recovery rates or utilize revenues to provide additional support to reduce costs for products and services that directly benefit the community.

Aquatics and Fitness Centers

- Admission rates are **below** the median market rate in all categories:
 - **Children** fees are \$3.26 compared to the median Calgary market price of \$4.75 or **31%** below;
 - **Youth** fees are \$3.26 compared to the median Calgary market price of \$7.25 or **55%** below;
 - **Adult** fees are \$6.50 compared to the median Calgary market price of \$10.75 or **40%** below;
 - **Seniors** fees are \$3.26 compared to the median Calgary market price of \$7.25 or **55%** below.

- ii. In comparison to other major municipalities across Canada:

Leisure Centers

- **Children** fees are \$5.95 compared to the median Canadian market price of \$2.95 or **102%** above;
- **Youth** fees are \$5.95 compared to the median Canadian market price of \$8.00 or **26%** below;
- **Adult** fees are \$11.90 compared to the median Canadian market price of \$10.00 or **19%** above;
- **Seniors** fees are \$5.95 compared to the median Canadian market price of \$6.42 or **7%** below.

Aquatics and Fitness Centers

- **Children** fees are \$3.26 compared to the median Canadian market price of \$3.00 or **9%** above;
 - **Youth** fees are \$3.26 compared to the median Canadian market price of \$4.50 or **28%** below;
 - **Adult** fees are \$6.50 compared to the median Canadian market price of \$6.22 or **5%** above;
 - **Seniors** fees are \$3.26 compared to the median Canadian market price of \$4.53 or **28%** below.
- b. *Passes*: in the market, passes are generally sold for a term (period of time) for use of the facility.
- i. The price for a shorter-term pass is significantly greater than it should be to attract and retain active users. For an adult (age 18 – 64) the per month rate in a Calgary Recreation Tier 2 Aquatics and Fitness Centre for a single month term is \$72.92. The average monthly rate of a 12 month pass in a Calgary Recreation Tier 2 Aquatics and Fitness Centre is \$46.75: This is a variance of **156%**. In the Leisure Centers, the variance is **180%**. This variance between the per month rate and the average monthly rate of a 12 month term is consistent across all age categories for both Aquatics and Fitness Centers and Leisure Centers. Short-term pass rates (less than 12-month commitment) are a barrier to people participating more often.
 - ii. The senior and youth rate is 50% of the adult rate for all passes. In the majority of large municipalities in Canada, senior rates are, on average, 75% of the adult rate and youth rates are 71% of the adult rate.
- c. *Registered Programs*
- i. The majority of registered programs are priced to provide a minimum of 100% and up to 130% (targets) recovery of direct costs. Actual cost recovery in many cases is more than the upper target. Full costing including both direct and indirect costs has not been completed.
 - ii. This range of cost recovery (100% - 130%) is the same for all demographic users and does not provide a comprehensive enough benefits segregation based on the Cost Recovery Framework methodology.
 - iii. Given that Children and Youth are the largest users of registered programs, revenue generation is inappropriately relying on Children and Youth to support drop-in and (adult/senior) pass users.
- d. *Rentals*: The payment for use of a facility or space
- i. Athletic Fields: Current pricing is historical in nature. Rates are not based on the cost recovery principles of full costing and who benefits.
 - ii. Arenas: For the most part, there are 4 prices for arena rental – a prime and non-prime time Minor (children's) ice rate and a prime and non-prime adult ice and dry pad rates. These segments (prime/non-prime and child/adult) are common in municipalities. Pricing is consistent throughout the Calgary Recreation system even though some facilities are newer, or have enhanced features. Higher quality venues (Max Bell) could be generating more revenue as all arenas across the City of Calgary inventory are priced the same.
- Calgary Market Ice rental rates:**
- *Minor Prime*: Calgary Recreation rates are \$187.00 compared to Non-City operated ice rates of \$202.50, which is **8% below** the market rate.
 - *Minor Non-prime*: Calgary Recreation rates are \$66.86 compared to Non-City operated ice

rates of \$101.00, which is 34% **below** the market rate.

- *Adult Prime:* Calgary Recreation rates are \$251.05 compared to Non-City operated ice rates of \$241.40, which is 4% **above** the market rate.
- *Adult Non-prime:* Calgary Recreation rates are \$115.29 compared to Non-City operated ice rates of \$113.00, which is 2% **above** the market rate.

Alberta Market Ice rental rates:

- *Minor Prime:* Calgary Recreation rates are \$187.00 compared to Alberta median ice rates of \$123.35, which is 34% **above** the market rate.
- *Minor Non-prime:* Calgary Recreation rates are \$66.86 compared to Non-City operated ice rates of \$98.27, which is 32% **below** the market rate.
- *Adult Prime:* Calgary Recreation rates are \$251.05 compared to Non-City operated ice rates of \$241.94, which is 4% **above** the market rate.
- *Adult Non-prime:* Calgary Recreation rates are \$115.29 compared to Non-City operated ice rates of \$135.35, which is 15% **below** the market rate.

Dry Pads

- Calgary Recreation Dry Pad rental rates are **below** both the Calgary (35%) and Alberta (22%) market rates for Minor prime and non-prime times. Calgary Recreation Adult rates are **slightly higher** than both the Calgary and Alberta Markets.
 - i. *Pools:* Current pricing for swim clubs is historical in nature. Calgary Recreation has a sense of the hourly cost to provide pool; however, work needs to be done to ensure full costing is known and used as a base for determining rates moving forward.

The Rental Fees may not be appropriately contributing to the costs of operating the Athletic Fields, Arenas or Pools.

Appendix 3: Calgary Recreation Cost Recovery Framework – Summary of Analysis by HSG

The consultants worked with a team from Calgary Recreation to develop the expansion of the current User Fee and Subsidy Policy into a comprehensive cost recovery framework. This ensured that the framework was custom designed for Calgary Recreation taking into account their unique environment. The following are the key components of the Calgary Recreation Cost Recovery Framework

1. Benefits and Other Filters

Filters are a series of different ways of looking at service provision. The Benefits Filters are the foundational filters in the Cost Recovery Framework. Products and services with more individual benefit are generally offered only when the preceding levels below are full enough to provide a foundation for the next level. The base levels are intended to reflect Calgary Recreation's Purpose and Values and honour the Principles outlined in the User Fee and Subsidy Policy.

SPORT, RECREATION & CULTURAL OPPORTUNITIES - LEVEL	
5 – HIGHLY INDIVIDUAL Benefit	This level represents activities that have a profit centre potential, and may even fall outside of recreations core purpose. Programs and services at this level should be priced to recover full cost plus a designated profit percentage.
4 – MOSTLY INDIVIDUAL Benefit	This level represents specialized services generally for specific groups, and may have a competitive focus. In this level the programs and services may be priced to recover full costs, including all direct and indirect costs.
3 – INDIVIDUAL/Community Benefit	This level represents services that promotes individual physical and mental well-being, and provide and intermediate level of recreation skill development. This level provides more individual benefit and less community benefit and should be priced to reflect this. The individual fee is higher than the programs and services that fall within the lower levels.
2 - COMMUNITY/Individual Benefit	Includes programs, services and facilities that promote individual physical and mental well-being, and provide recreation skill development. These are traditionally expected services and beginner instructional levels. Typically assigned fees based on a specific percentage direct and indirect costs. These costs are partially off-set by both a tax subsidy to account for the community benefit and participant fees to account for the individual benefit.
1 - COMMUNITY Benefit	Includes programs, services and facilities that benefit the community as a whole. These provide safety, address social needs and enhance quality of life of citizens. The municipality traditionally pays for these basic services and facilities through taxes. These services are offered to citizens at minimal or no fee. A large percentage of the tax support would fund this level.

It is important when choosing cost recovery levels and pricing, to consider other filters beyond benefits. These include:

- **Cost recovery targets:** Understanding the full cost of providing a good or service should be done towards the beginning when calculating the appropriate user fee, starting with the full cost and applying the overall support rate (or Long Term Recovery Rates, set every 4 years during the planning the budgeting cycle).
- **Demand elasticity:** It is important to understand both the customer's need and their willingness to pay.
- **Market Comparison:** Consideration needs to be given to the existing market price for similar products and services. Traditionally, this is an analysis of median market price.
- **Differential Pricing:** Identification of any need for differential pricing strategies that may include: Peak-load pricing, amenity-based pricing, pricing based on location, pricing based on customer segment. These 'Other' filters are identified in the User Fee and Subsidy Policy as Pricing Methodologies. The Other Filters can result in decisions to place products and services in different levels than might have been suggested by the benefits filter only. These filters also follow a continuum, however they do not necessarily follow the five levels like the benefits filter. For example, the continuum of one filter may fall exclusively within the first two levels of the pyramid model. These filters can assist in identifying core programs and services versus ancillary programs and services. These filters represent a layering effect and should be used to make adjustments to an initial placement in the pyramid model.

2. Determining Current Subsidy/Cost Recovery

Traditionally, Support and Cost Recovery are synonymous based on industry practice. If a program is supported at 50%, it has a 50% cost recovery level and vice-versa. It is important to work through this process keeping in mind where the tax support is used rather than what is the cost recovery.

The overall support / cost recovery level is comprised of the average of all the products and services together as a whole. The consultant and Calgary Recreation determined the average budgeted support level for the categories of programs, services, rentals and admissions & passes. There is a range in each level to provide some opportunity to adjust recovery based on things like market demand, price elasticity and political will.

- **Determination of Direct and Indirect Costs for all Products and Services at the facilities level**

User fees charged to participants will reflect the full costs of providing a good or service, including operating expenses, administrative costs, capital expenses (including depreciation) as well as implicit costs or activities that are not being undertaken. Environmental costs and social costs are also important considerations when calculating the appropriate user fees.

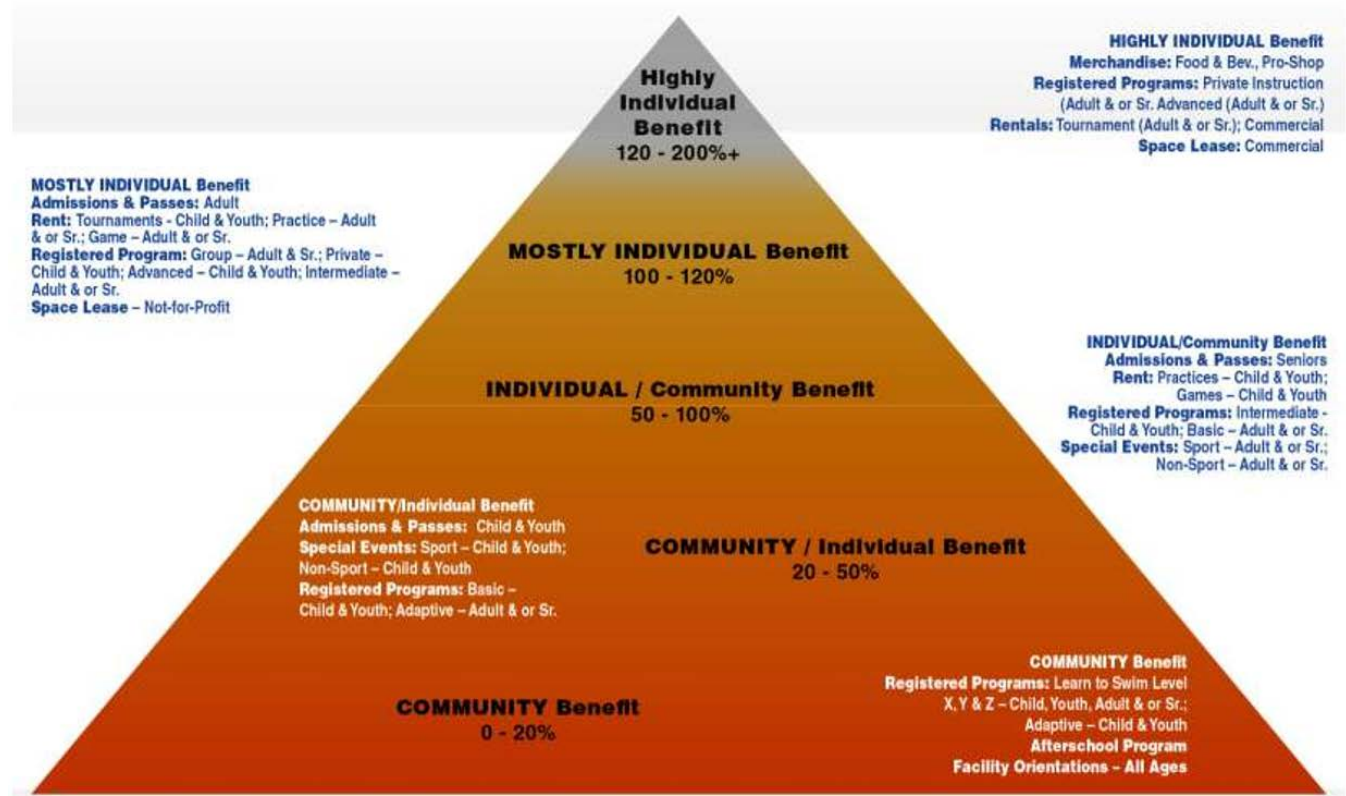
The consultant recommends that Calgary Recreation identify the full costs that will be applied to each product and service to identify the current cost recovery level. This list of costs includes:

- **Direct Costs:** Expenses that are directly related to a products or service and are subject to change depending on the program's day-to-day operation, participant levels, or market conditions.
- **Indirect Costs:** Expenses that can be related to a specific program or service, but are not influenced by changes in day-to-day operations, participation levels, or market conditions.

- **Overhead Costs:** Expenses that occur regardless of what programs are offered or whether services are delivered. These expenses are associated with operating the business unit in general.

Summary

The following pyramid ties these components together, creating a structured way to consider the most appropriate level of tax subsidy for different products and services.



Appendix 4: Revenue Gains from Modernizing Admissions – Summary of Analysis by HSG

Projected Revenue Gains from Modernizing Admissions

	2016	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Membership & Punch Cards	\$5,284,122	\$4,643,019	\$5,711,573	\$7,006,949	\$7,957,460
Admissions	\$3,845,561	\$3,632,070	\$3,632,070	\$3,632,070	\$3,632,070
Registered Programs	\$8,949,501	\$8,949,501	\$8,949,501	\$8,949,501	\$8,949,501
TOTAL REVENUE	\$18,709,184	\$17,224,590	\$18,293,144	\$19,588,520	\$20,539,031
GROWTH RATES SUMMARY - MEMBERSHIP & Punch Cards					
Year Over Year Growth		-5%	6%	7%	5%
Growth Compared to 2016		-5%	1%	8%	14%

Assumptions in Modernizing Passes:

1. All term pass holders will become members. Punch Card customers: 60% will convert in year 1 to membership and then 40% of the remaining convert each year thereafter until 100% have converted. This is assumed for all demographic sectors with the exception of seniors (the most significant users of punch cards) in which we have assumed only 80% convert.
2. Average number of visits per member per month ranges from 7 – 10 per site based on 2016 results. New members grow by 1% per year in all categories except children. Children's growth is site specific, from 10% to 200% in year 1 and then 10-20% each year thereafter.
3. New members grow by 1% per year in all categories except children. Children's growth is site specific, from 10% to 200% in year 1 and then 10-20% each year thereafter.
4. Average length of membership grows 1 month per year starting in either year 1 or 2. This is both site and demographic specific. The average length of membership by year 4 is between 6 and 7 months. This is site and demographic specific
5. The proposed Young Adult and Family membership categories are not modelled as there is no data available upon which to make assumptions.
6. The quantity of adult passes for ages 25-64 would be the same as 2016 purchases of adult range 18-64, and the quantity of youth passes of 15-24 is the same as the 2016 purchases in the youth category 13-17.
7. 2017 rates (not including GST) are used throughout the entire 4 years. The monthly rate is 1/12th of the annual paid in full rate.
8. Tier 2 2017 Pricing (not including GST) is used as the pricing for the combined Tier 1 & 2 price.
9. Senior rates are assumed to be 75% of adults.
10. Children rates are assumed at \$20 per month in ALL facilities in all years.
11. Registered Program revenue is not impacted by the shift to membership.
12. Monthly payments are available to all customers.

Potential Risks in Implementation:

1. The ability in deliver on this process improvement is 100% dependent on the completion of the software (Intelligenz) implementation project.
2. Due to a perceived 'lack of trust' in government in general – there may be higher than anticipated pushback on auto payments and concerns over stopping payments when requested.
3. Impact of new recreation facilities being opened (and operated by third parties – notably Rocky Ridge and Seton) may drive attendance away from older Calgary Recreation facilities.
4. Capacity limitations during peak periods may mean that growth in both number of users and usage patterns may not reach the assumptions used to estimate revenue results.
5. Implementing only some (and not all) of the recommendations would reduce benefits, as they are all directed related and require integration.
6. The implementation plan is not comprehensive and fully supported.

Appendix 5: Municipal Benchmarks for Senior and Youth Pricing – Summary of Analysis by HSG

Median % of Adult Rate for Seniors and Youth - Canadian Municipalities

City	<i>Senior</i>	<i>Youth</i>
Vancouver	71%	71%
Winnipeg	100%	69%
Toronto	50%	74%
Mississauga	80%	80%
Hamilton	66%	66%
Ottawa	82%	64%
Burnaby	75%	75%
<i>Median Rate</i>	<i>75%</i>	<i>71%</i>
Calgary Recreation	50%	50%

Appendix 6: Savings from Aligning Operating Hours – Created by HSG

Minimum Savings⁴

Hours of closure/Week	Wage Costs/Hour (Highest wage + Benefits)	Weekly Savings	Seasonal Weeks (October – March)	Total Savings/Season
114	\$44.26/hr.	\$5,046	26	\$131,187

Implementation Considerations:

1. Of the 19 ice surfaces that the City of Calgary operates, 10 have large blocks of time where they can either open later or be closed earlier during the week.
2. The minimum cash savings would require Calgary Recreation to exercise appropriate management decisions more effectively than they are today with regards to: 1) arena opening and closing schedules, and 2) staff scheduling and balance of full-time and part-time.

Maximum Savings

Hours of closure/Week	Wage Costs/Hour (Highest wage + Benefits)	Weekly Savings	Seasonal Weeks (October – March)	Total Savings/Season
325	\$44.26/hr.	\$14,385	26	\$373,997

Implementation Considerations:

1. In the maximum cost savings scenario, the staffing model would need to change by using more part-time staff to capitalize on greater scheduling efficiencies. This could lead to staffing challenges.
2. This opportunity would need to consider alternative plans for the use of Full-Time staff to maintain and operate the athletic parks in the spring and summer months. (Currently, the majority of the Full-Time equivalent staff move to the athletic parks in the summer to maintain their employment status.)
3. There is a risk of reduction in rental revenue if current bookings are not able to be moved and are therefore cancelled altogether.
4. Employee morale will need to be monitored and change management strategies implemented to assist with maintaining morale through staffing challenges.
5. There is a risk of reduction in current customer satisfaction levels as a result of fewer opportunities for access in some arenas.
6. There may be challenges surrounding the movement of some rentals and programs to other arenas in close proximity.
7. There may be some disruption of work methodologies as maintenance will be moved to mid-day in some cases.

⁴ Both are dependent on changes to the staffing model, which LABOR RELATIONS indicated would require negotiation.

Sources

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