

BMA

Management Consulting Inc.

Lake Ontario Park Campground
City of Kingston – Service Review



Report of Draft Recommendations

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Section 1—INTRODUCTION

The Review of Services is a long-term strategy, which is being conducted in two phases, to identify sustainable solutions to ongoing budget challenges and ensure municipal services and programs are provided in the most efficient, effective manner to best meet the needs of the community.

Phase 1, which is the focus of this report is to:

The Review of Services is being undertaken in a 2 phased approach...this draft report addresses the objectives identified in Phase 1

- ◆ Develop a better understanding to what extent the services identified help achieve public policy goals
- ◆ Determine the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value
- ◆ Investigate why the City provides a service, how the service is delivered and whether or not the City should continue providing a service.
- ◆ Identify any services that do not serve the purpose of achieving public policy and/or strategic intentions
- ◆ Assess financial implications of discontinuing any services that do not serve the public policy objectives
- ◆ Create an exit strategy as required for those services that are deemed to be non-essential

This plan was developed on the principles of openness, transparency, inclusion and accessibility. The following statements put those principles into the context of the **Review of Services**:

- ◆ City of Kingston employees, who take pride in delivering municipal services and programs, deserve to be informed and consulted about the Review of Services.
- ◆ Members of the public, who live, work and play in the City of Kingston and receive the services, deserve to be informed and consulted about the Review of Services

An assessment of the process will be undertaken to refine as required for future service reviews

Five services/programs were selected for review, including campground services/programs, currently provided at Lake Ontario Park (LOP) Campgrounds.

By looking at a limited number of smaller services areas, the expectation is that the City will be able to assess and refine the process and testing before engaging in a review of larger service areas. Phase I of the Review of Services will not necessarily result in fewer services and will not address contracting out or other Alternate Service Delivery models. The Review of Services will allow the municipality to confirm and clarify the reason it has decided to continue to deliver a service or services.

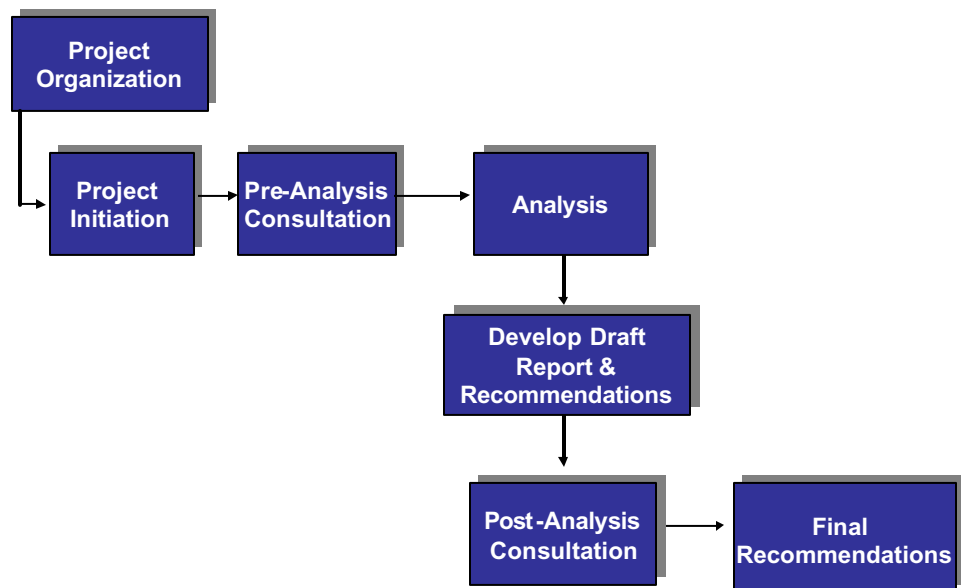
Phase 2, which would be the next phase of the project, focuses on:

- ◆ What level of services should be provided?
- ◆ How the services should be provided?
- ◆ How the service could be improved?

This focuses on ensuring that the most appropriate management and service delivery models are being used.

The following provides a high level overview of the review process undertaken in Phase 1.

Extensive consultation was undertaken in Phase 1...additional consultation will be held after the release of the draft recommendations



Pre-analysis included gathering information from stakeholders, the general public as well as from other municipalities that provide similar services

Pre-Analysis Consultation included:

- ◆ Meetings with staff providing the service to gather information
- ◆ Focus group session with staff providing the service
- ◆ Open house sessions for all staff within the municipality
- ◆ Open house sessions with the general public and users of the service
- ◆ Citizen surveys and comment cards
- ◆ Confirmation of Council's public policy objectives
- ◆ Received correspondence by email and regular mail

Every effort was made to provide ample opportunities to provide input into the service review. Staff developed a detailed communication plan to ensure that the public were well informed of the process and were given preliminary information upon which to understand the service under review. This included brochures, radio advertisements, extensive use of the City's website, newspaper notification of meetings and direct mail out to identified stakeholders.

The information gathered during the pre-analysis consultation phase sessions has been documented and included as appendices to the report. Highlights have been included throughout the report to assess the alignment of the service with public policy objectives.

In addition to the information gathered during the pre-consultation phase, information was gathered from other municipalities to better understand the rationale of other municipalities in the campground business as well as to identify those municipalities that do not own a campground.

This report presents draft recommendations and the analysis conducted to date. Further consultation will be undertaken in January/February. Following the post-analysis consultation, final recommendations will be presented to Council for consideration.

An evaluation was undertaken using 6 distinct tests

To ensure consistency, internal data gathering for each service followed a predetermined general framework. This format was also used in the assessment section of the report to evaluate the service in the context of 6 separate and distinct tests.

1. Clarity of Purpose Test

This includes defining the primary clients and stakeholders, defining other departments that are impacted by the provision of service, defining the purpose or intent of the service.

2. Public Interest Test

To determine how important the service is to meet the needs of the primary clients and stakeholders. Is there sufficient public interest?

3. Role of Government Test

Is there a legitimate and necessary role for municipal government in this service (public policy)? Determine if the service is legitimate and necessary to meet the municipality's legal/policy mandate. Who else is involved in the delivery of the service? Can the public interest needs be met if service was no longer provided by municipal government?

4. Strategic Value Test

Is the service important and necessary for the municipality to achieve the strategic objectives defined in the community and/or corporate vision?

5. Cost/Benefits Test

What is the net cost/revenue of the service? How is it funded? Is it affordable? Are city assets required to provide this service? How are they accounted for in the net cost/revenue calculation? What are the expenditures, revenues and staff associated with providing this service?

6. Performance Test

What is the evidence that this service is meeting its intended policy and public needs objectives as identified above? Are there established service levels for this service? Are there performance measures in place to monitor the achievement of established service levels?

Section 2—PROGRAM/SERVICE OVERVIEW

History Lake Ontario Park Campground

Lake Ontario Park (LOP) Campground is owned and operated by the City of Kingston. The entire park is 37 acres, with approximately 50% of the park dedicated to campground services. The remaining 50% of the park is open space available for all to enjoy. The site is located in relatively close proximity to the downtown core and is the only campground that is in the urban area of the City. The focus of this study is strictly on the operations of the campground, not the overall Lake Ontario Park open space.

As will be discussed later in the report, the currently operating policies of LOP are more limiting than most other service providers....no residents and no seasonal stays limits the overall use of the campground

LOP Campground is geared to short term stays for tourists, which is clearly the target market of the campground. There are no seasonal spaces available and the maximum stay is a two week period.

Overnight camping is not available to residents of the City of Kingston, Lennox, Addington or Frontenac residents. However, residents are permitted to use the campground and open park area for daytime use. This has been an ongoing practice of LOP Campgrounds.

About the Campground Services

There are currently 250 campsites available:

- ◆ 114 of the sites have water and electrical services (15 and 30 amps)
- ◆ 6 sites have full services including sewer connections
- ◆ 130 have no services

The campground is considered by industry standards to be a reasonable sized operation

The campground is typically open from the middle of May to the middle of October, weather permitting. Washrooms and shower facilities are available.

The campground is typically host to a number of large groups in recent years including:

- ◆ Braun Cycling—240 cyclists
- ◆ CORK—50-75 (sailing regatta annually)
- ◆ HOG rally—200
- ◆ Kingston Kennel Club—180-200 people, 93 sites booked (annual)
- ◆ Limestone Dog Show—300 people with 153 sites booked (annual)
- ◆ Scuba Divers—100-125 people throughout the season
- ◆ Square Dancers—200-215 people

Relatively low occupancy levels at LOP

While the campground has served large groups over the years, overall activity at the campground is relatively low. The following chart shows the number of nights stay at the park and the total potential occupancy based on when the park was open. While it is unreasonable to expect full occupancy, occupancy rates tend to be low at the park compared to industry standards both locally and in other municipalities as will be discussed later in the report. For example, in 2004, there were only 3 weekends in the season where the park reached 40% occupancy. During peak season, on average the campground had an occupancy of 21% (July/August) per night.

Month	Total Night	Total Potential Night Stays Available	% of capacity	# of unique rentals	average length of stay	Average # of persons per unit
May	240	3,750	6%	106	2.3	2.3
June	1,095	7,500	15%	440	2.5	2.1
July	1,830	7,750	24%	724	2.5	2.3
August	1,508	7,750	19%	616	2.4	2.5
September	662	7,500	9%	290	2.3	2.3
October	29	2,750	1%	13	2.2	2.2
	5,364	37,000		2,189	2.4	2.3

The City contracted operations for a brief period in the late 90's but returned to City staff operating the campground

Operations

Between 1998 and 1999, the City contracted the operations of the campground to the private sector. Municipal operation of the campground has since been reinstated. Based on the limited information available, there were issues associated with the contract in that there were limited if any performance measures to ensure quality service or to identify cost/revenue impact to the City.

Recent Capital Expenditures/Upgrades

A capital upgrade was made to increase some of the sites to 30 amps, at a cost of \$100,000. Of the sites that have electrical service, approximately 70% have 30 amp service, with the remaining 30% with 15 amp service. In addition, 6 sites were upgraded to provide sewer services at a cost of \$150,000. As will be discussed later in the report, given the trends in camping, there may be additional pressure for upgrades to accommodate the demands of the public for additional sewer services and also increased load capacity for electrical to 50/100 amps. While the financial information presented in this report includes ongoing capital, it does not include special projects noted above.

Information on tourism has been included in the report as this is the primary public policy objective of the campgrounds

Tourism Trends in the Kingston Area

As will be discussed later in the report, the primary public policy objective served by the provision of a municipal campground is to host a number of large events that have attracted both tourists and residents. In addition, the objective of operating a campground is to provide economic benefit to businesses in the surrounding neighbourhoods and downtown area. As such, some general information has been included in this section of the report to review the trends within the tourism industry in the Kingston Area and to highlight how campgrounds factor into tourism in the City.

Tourism information has been included in this report for the Frontenac Area, which includes the following municipalities:

Wolfe Island	Portland	Barrie
Howe Island	Hinchinbrooke	Clarendon & Miller
Pittsburgh	Bedford	Palmerston
Kingston	Oso	North and South Canonto
Storrington	Olden	Kennebec
Loughborough		

The analysis of market trends are based on the Kingston Area (Frontenac County), of which the city of Kingston comprises approximately 82%

This is the lowest level of comparison available for the City of Kingston. Given that Kingston comprises 82% of the total Frontenac Area, this information is considered to be reasonably representative of the overall trends within the City.

Excerpts have been prepared by the Ontario Ministry of Tourism and Recreation (2002 Frontenac County) as well as a report presented to Kingston Economic Development Corporation (KEDCO), “An Overview of Tourism in the Kingston Area, 1999.” While these studies are somewhat dated, the trends identified in these studies are consistent with that experienced currently in Lake Ontario Park (LOP) Campground. Additionally, more current information has also been provided specific to the municipal campground as provided by City staff and also by private sector operators within the City of Kingston.

Lodging Person Nights

According to the Ministry information, in 2002, overnight visitors spent 3.9 million person nights in the Kingston area. The following table provides a breakdown by accommodation type:

Type of Accommodation	% of total nights
Private Homes or Private Cottages	52%
Hotels, Motels, BB, Commercial Cottages	28%
Local Campgrounds, Trailer Facilities	11%
Accommodation Unknown	9%
	100%

More than half of the 3.9 million person nights were spent in non-commercial accommodation such as private homes and cottages. Approximately **11%** of the overnight stays were spent in local campgrounds or trailer facilities. In terms of total number of night stays, LOP Campground represents approximately 3% of the campground market in the Kingston area and less than 1% of the total overnight stays in the Kingston area.

According to the Ministry of Tourism and Recreation, the average per person night spending for overnight visitors to the Kingston area in 2002 was \$66 (consolidated figure for all types of accommodation). Canadian visitors typically spent less than visitors from other countries. For example, on average \$66 was spent by Canadian visitors compared with \$72 for US visitors and a high of \$73 per visitor from other countries. These results are relatively consistent with the information provided by KEDCO which estimated that every visit to the Kingston area generates close to \$80 in consumer spending in 2001. There are no estimates available to identify average spending for individuals using campgrounds.

Origin of Visitors

The following summarizes the trends identified within the Kingston area with respect to tourism. The chart separates the number of visitors based on the residency and also how many made overnight stays in the Kingston area.

Approximately 11% of the overnight stays within the Kingston Area are at local campgrounds and trailer facilities....this is equivalent to 429,000 overnight stays annually

LOP averaged around 5,900 nights stay in 2002, which was equivalent to approximately 3.2% of the campground market in the Kingston area

Consistent with overall tourism activity in the area, LOP draws heavily from the Canadian market, with in excess of 83% of the visitors from Canada

As shown below, there is an overall increase in the number of visitors from Canada (2%) to the Kingston area as well as an increase in number of overnight visitors from Canadians (7%) between 1998 to 2002. While there has been a small increase (1%) between 1998 and 2002 of American visitors to the area, there has been an increase of 16% in the number of visitors that made overnight stays between 1998 and 2002. Visitors from other countries decreased 3% between 1998 and 2002, with a decrease in overnight stays of 19%.

Similar trends were seen in Lake Ontario Park (LOP) Campground in terms of the overall composition of the visitors, although even a higher proportion of the users of LOP Campgrounds are from Canada. For example, in 2002, 80% of the overnight stays in the Kingston area were by Canadians compared with 83% at LOP. The number of Canadians staying at the park increased to 85% in 2003. Similar information for 2004 by country of origin was not available.

Canadian Visitor Summary	1998	1999	2000	2001	2002	% change
Overnight Visits from Canada	1,151,681	1,335,916	1,132,193	1,093,041	1,232,497	7%
Total Visits from Canada	3,207,722	3,564,811	2,804,590	2,504,400	3,282,957	2%
Overnight Stays as a % of Total Visits	36%	37%	40%	44%	38%	

American Visitor Summary	1998	1999	2000	2001	2002	% change
Overnight Visits from Americans	198,737	198,936	211,387	209,003	229,782	16%
Total Visits from Americans	409,002	391,861	438,347	351,882	414,657	1%
Overnight Stays as a % of Total Visits	49%	51%	48%	59%	55%	

Visitors from Other Countries Summary	1998	1999	2000	2001	2002	% change
Overnight Visits from Other Countries	93,972	79,027	87,493	72,553	75,744	-19%
Total Visits from Other Countries	114,805	102,823	111,173	109,422	111,004	-3%
Overnight Stays as a % of Total Visits	82%	77%	79%	66%	68%	

Total Visitor Summary	1998	1999	2000	2001	2002	% change
Total Overnight Visits	1,444,390	1,613,879	1,431,073	1,374,597	1,538,023	6%
Total Visits	3,731,529	4,059,495	3,354,110	2,965,704	3,808,618	2%
Overnight Stays as a % of Total Visits	39%	40%	43%	46%	40%	

Frontenac Summary (Ontario Ministry of Tourism and Recreation)

Overnight Summary	1998	1999	2000	2001	2002
Canada	80%	83%	79%	80%	80%
USA	14%	12%	15%	15%	15%
Other Countries	7%	5%	6%	5%	5%
	100%	100%	100%	100%	100%

Source Tourism Government of Ontario website

Lake Ontario Park Campground (City of Kingston Site Statistics)

Number of Nights Stay	2000	2001	2002	2003
Canada	78%	83%	83%	85%
USA	17%	13%	14%	12%
Other Countries	5%	4%	3%	3%
Total	100%	100%	100%	100%

The majority of the visitors to LOP are from Ontario

The Canadian Market at LOP

Over the past 4 years, the proportion of Canadians visiting LOP campground increased. In 2003, this was equivalent to 85% of the total overnight stays. The following table summarizes the residency of Canadian visitors at LOP campground from 2000 to 2004. As shown below, by far most visitors are from Ontario, followed by Quebec and British Columbia.

Province	2000	2001	2002	2003	2004	Average
Ontario	78%	84%	76%	83%	86%	81%
Quebec	15%	10%	14%	9%	9%	11%
BC	3%	2%	4%	2%	3%	3%
Alberta	1%	1%	1%	3%	1%	1%
New Brunswick	1%	1%	1%	1%	0%	1%
Nova Scotia	1%	0%	1%	2%	1%	1%
Newfoundland	1%	1%	0%	0%	0%	0%
Yukon	0%	0%	2%	0%	0%	0%
Manitoba	0%	0%	0%	0%	0%	0%
Saskatchewan	0%	0%	0%	0%	0%	0%
PEI	0%	0%	0%	0%	0%	0%
North West Territories	0%	0%	0%	0%	0%	0%
	100%	100%	100%	100%	100%	100%

41% of the US visitor nights were from residents of New York State (5% of the LOP total business)

USA Visitors

The visitors from the USA are relatively consistent in the broader survey conducted by the Ministry of Tourism and Recreation of those using the services at the LOP Campground. The following table summarizes the ranking of the top 7 states that frequent the LOP Campground, with 1 being the highest number of visitors from that state. As shown below, New York State is LOP's primary feeder state in each of the past 5 years. This is equivalent to 41% of the US visitor nights or 4% of the total night stays at LOP Campground. New Jersey, Florida, Pennsylvania and Michigan have consistently been the next most important feeder states for the LOP Campground.

	2000	2001	2002	2003	2004
New York	1	1	1	1	1
New Jersey	6	3	4	2	2
California	5				3
Florida	7	4	2	4	4
Michigan	2	2	3	5	5
Pennsylvania	3	5	5	3	6
Ohio		6	6	7	7
Massachusetts	4	7		6	
Texas			7		

Purpose of Trip

The Ministry of Tourism and Recreation tracks the main purpose for overnight trips. The following summarizes the results for the Kingston area in 2002:

- ◆ 48% pleasure trips
- ◆ 41% to visit friends and relatives
- ◆ 5.5% for business
- ◆ 5.5% other reasons

Number of Unique Campers At LOP Campgrounds

According to the 2004 information available for LOP Campgrounds, there were 2,189 unique rentals at the site over the season spanning from mid May to Oct. 11th. There were 5,364 nights of paid accommodation at LOP Campground in 2004, with the majority of the occupancy in July and August. This is equivalent to serving approximately 5,000 visitors.

Month	Total Night Stays	Total Potential Night Stays Available	% of capacity	# of unique rentals	average length of stay	Average Party Size
May	240	3,750	6%	106	2.3	2.3
June	1,095	7,500	15%	440	2.5	2.1
July	1,830	7,750	24%	724	2.5	2.3
August	1,508	7,750	19%	616	2.4	2.5
September	662	7,500	9%	290	2.3	2.3
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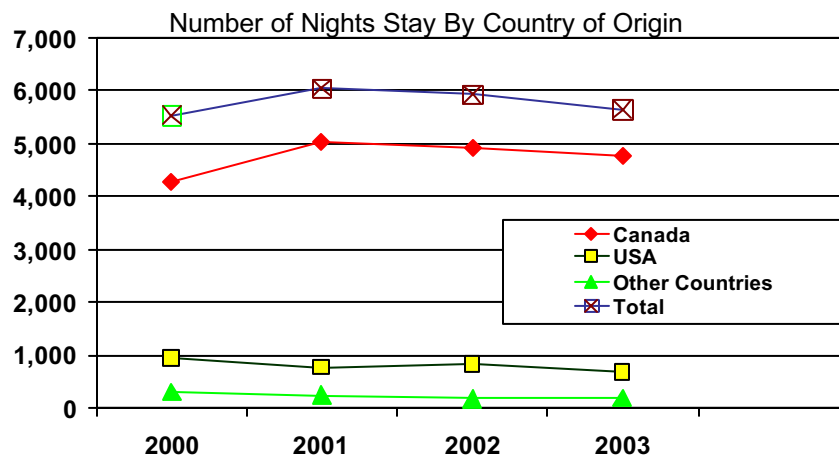
Approximately 5,000 visitors stay overnight at LOP...this is a relatively small portion of the campground market

In comparison to research undertaken by KEDCO using 1999 survey data, the average person nights stay in the Kingston area was 2.6 for Canadian visitors, 3.1 for US visitors and 4.0 for overseas visitors. The average length of stay at LOP Campgrounds in 2004 was approximately 2.4 nights, below the average identified across the Kingston area. The average party size however at LOP Campgrounds slightly exceeded that of the Kingston area as a whole according to research for KEDCO using 1999 data.

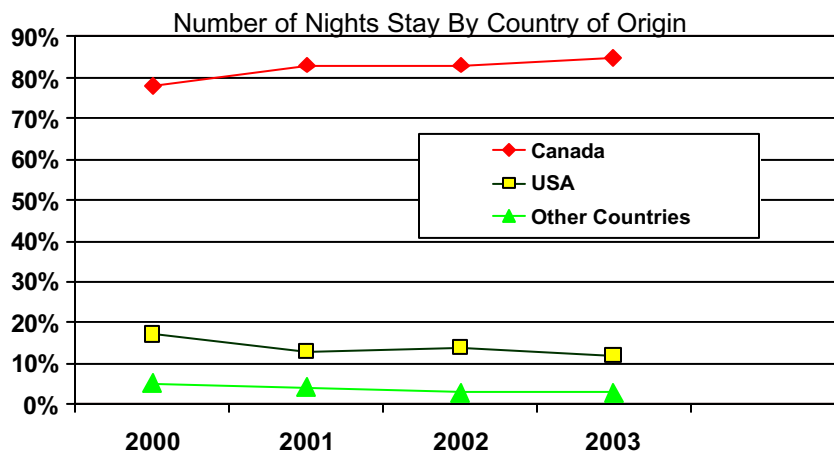
The Ministry information indicates that 82% of the overnight visitors to the Kingston area in 2002 were traveling in *adult-only parties*. Similar information is not available for the LOP Campground.

There has been an overall decline in the number of nights stay at LOP

The following summarizes the number of nights stay at LOP Campground by residency. As shown below, there was an overall decline in the number of nights stay at LOP Campground between 2001 and 2003. The final results were not available by residency for 2004 however the decline of total number of nights stay continued with a decrease of 5% between 2003 and 2004. Since 2001, there has been an 11% decline in overnight stays at LOP Campground.



The Canadian market is by far the most important to LOP



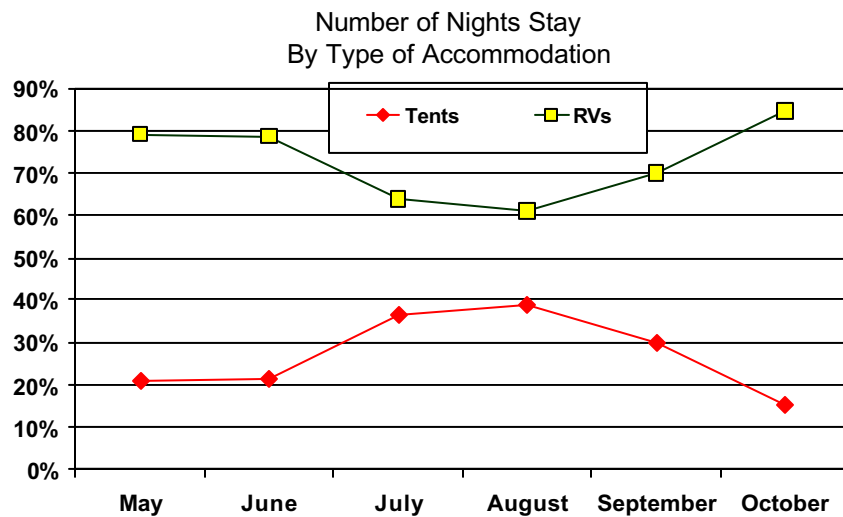
While the number of total nights has declined, the proportion from Canada has increased, with a decrease in the proportion from both the USA and other countries.

New state of the art RV's require additional services beyond that currently provided at LOP

Type of Camping Experience—Tents Versus RVs

As shown below, the proportion of tents as opposed to Recreational Vehicle (RVs) rentals varies on a monthly basis. However, on average, 27% of the rentals at LOP Campground are for tents, with the remaining 73% rented by RVs in 2004. Based on discussions with members of the private sector campground industry, there has been a marked increased in the number and size of high-end large RVs. These vehicles require larger camping spaces and increased amenities including 50 to 100 amps and sewer services which are currently not available at LOP Campground. Industry experts also noted an increase in recent years in high-end tent camping for young couples.

Month	# of unique rentals	% of unique rentals	Tents		RVs	
			Count	%	Count	%
May	106	5%	22	21%	84	79%
June	440	20%	94	21%	346	79%
July	724	33%	263	36%	461	64%
August	616	28%	240	39%	376	61%
September	290	13%	87	30%	203	70%
October	13	1%	2	15%	11	85%
Total	2,189	100%	708	27%	1,481	73%



The following table summarizes the 2004 fees for service at LOP Campground.

As will be shown later in the report, the rates are low compared to other local services

Daily Rates Fees	Lake Ontario Park Campground
2 adults no water, no sewer, no electrical	\$ 16.00
2 adults with electricity and water seasonal	\$ 19.00
2 adults with electricity and water off-season	\$ 12.00
2 adults with electricity, water & sewer seasonal	\$ 25.00
Tent	\$ 16.00

The LOP Campground is supported through taxpayer contributions

Direct costs as well as administrative overhead and capital have been calculated to provide the cost to the municipality of operating LOP campgrounds

Department linkages were identified in the provision of LOP campground services

Financial Information

A review of the revenues and expenditures was undertaken over the past 3 years to determine the net position of the LOP Campground operations on an annual basis. Consistent with current financial practice across the City of Kingston, administrative costs are not included in the Department's accounts, nor are capital costs specifically allocated to departmental budgets. In assessing the cost of service delivery, these expenses must be identified and considered as part of full costs.

The allocation of administrative costs is a component of the Financial Information Return (FIR) that every municipality is required to report to the province on a yearly basis. The issue of indirect costs deals with the operating expenses that are identified as "General Government" on the FIR and include such expenditures as Corporate Services, Accounting, Payroll, Taxation, Communications, Human Resources and IT. The FIR uses an allocation model to apportion these costs. The allocation model, referred to as a "Modified Percentage" basically allocates the costs proportionately, based on the percentage of department expenses to total expenses for each department.

As such, to show the actual cost of operations, capital costs have also been included and cost allocation methodology has been employed, consistent with accounting practices used by Ontario municipalities to allocate administrative overhead.

Through the course of the study, a number of departments were identified as providing direct/indirect support for LOP Campgrounds. These include:

- ◆ Parks Maintenance Staff
- ◆ Solid Waste
- ◆ Properties
- ◆ Fleet Division—maintain equipment
- ◆ Finance—budgeting, accounting, payroll, accounts payable etc
- ◆ Human Resources— staffing
- ◆ Information Systems support
- ◆ Client Services
- ◆ Communications
- ◆ Utilities

As such, the allocation of administrative overhead costs is justified.

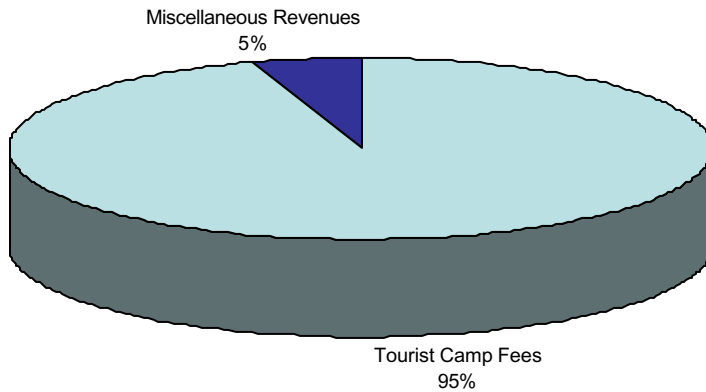
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Summary - Lake Ontario Park Campground	2001	2002	2003	3 year Average
Direct Revenues	\$113,311	\$116,190	\$105,479	\$111,660
Direct Expenditures	\$102,382	\$111,911	\$99,342	\$104,545
Net Direct Operating Position	\$10,929	\$4,279	\$6,137	\$7,115
Capital Requirements	\$16,380	\$16,380	\$16,380	\$16,380
Net Direct Operating Costs + Capital	(\$5,451)	(\$12,101)	(\$10,243)	(\$9,265)
Administrative Overhead	\$19,184	\$20,912	\$16,041	\$18,713
Total Net Position	(\$24,635)	(\$33,013)	(\$26,284)	(\$27,978)

LOP Campground is supported through taxpayer contributions

The annual cost to the taxpayer of operating LOP Campgrounds is approximately \$28,000. Over the past 3 years, the average net direct operating position for the LOP campground is a profit of approximately \$7,100 annually. The inclusion of \$16,380 in capital requirements increases the loss to approximately \$9,300. The inclusion of administrative overhead increases the 3 year annual loss to \$28,000.

Summary of 3 year average revenues (2001-2003)



While administrative costs should be allocated, if the campground were no longer operated, the majority of these costs would likely not be eliminated, however, it is important to recognize the full cost of the service provided. The detailed financial information is provided in Appendix A.

The chart to the left reflects the average revenues by type over the past 3 years. Of the \$111,000 average annual revenues, 95% are associated with camping fees, with the remaining 5% from ancillary revenues such as snacks, beverages and camping supplies

Section 3—PUBLIC POLICY OBJECTIVES

Municipal governments exist to serve two primary purposes:

1. To act as a political mechanism through which a local community can express its collective objectives for community development; and
2. To provide various services and programs to local residents.

To determine public interest, we can assess the extent to which a service or program helps Council to address broad community needs. We refer to these broad community needs as “Public Policy Objectives”.

Every municipal service or program should support, to some extent, the ability of Council to fulfill the following six common Public Policy Objectives

1. Public Health and Safety
2. Environmental Sustainability
3. Wealth Redistribution
4. Program and Services Accessibility
5. Economic Sustainability
6. Community Development

[Note: These objectives are not listed in order of priority or importance.]

These public policy objectives help define and set objectives for our municipal services and programs. To determine what services to provide, the municipality should determine the extent to which services and programs fulfill each of the public policy objectives.

For each of the services under review, it was necessary to identify, in principle, the public policy objectives that each of the services supports. To do this the Task Force to Review Services and some members of Council considered the provision of **campground facilities** and the extent to which it fulfills the above public policy objectives.

Council identified one public policy objective that is intended in the provision of campground services....one of the key objectives of Phase 1 of the Service Review is to determine the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value

Through this exercise Council approved the following motion:

On October 26, 2004, Council passed the following resolution with respect to the Review of Services:

WHEREAS Council has adopted a set of Public Policy Objectives that will be used to help us define and review our municipal services and programs

AND WHEREAS The Task Force to Review Services and some members of Council participated in a workshop to identify what Council wants to achieve through the delivery of the five services and programs under review

THEREFORE BE IT RESOLVED

THAT Council adopt in principle the following Public Policy Objectives that will be communicated to the public and staff as part of the consultation exercise.

AND FURTHER it being understood that the Public Policy Objectives will be brought back for final approval after public consultation.

Lake Ontario Park Campground

That the provision of the Lake Ontario Park Campground contributes **minimally** to the achievement of Economic Sustainability within the community. Rationale:

- ◆ The campground has been host to a number of large events that have attracted both tourists and residents.
- ◆ The campground provides an economic benefit to businesses in the surrounding neighbourhoods and downtown.

The extent to which the provision of the **campground** and specifically, **the LOP Campground** contributes to these public policy objectives will be discussed throughout this report.

As indicated by Council, Economic Sustainability is one that:

- ◆ Encourages and provides for the growth and expansion of the City's various economic sectors including commerce, industry, **tourism**, government administration and health, educational, corrections and military institutions;
- ◆ Directly or indirectly attracts new businesses to the City;
- ◆ Directly or indirectly retains or enhances the viability of existing businesses;
- ◆ Directly contributes to the maintenance of a balanced City assessment base and strengthened employment base;
- ◆ Strengthens the prosperity of the citizens of Kingston;
- ◆ Facilitates an environment that attracts new business and promotes economic development;
- ◆ Facilitates diversification of the local economy and provides for a functional mix and balanced representation of commercial activities within the municipality.

Section 4—ANALYSIS

The next section of the report summarizes the information gathered during the pre-analysis consultation. The appendices included in this report provide the full detail that supports the analysis undertaken.

This section includes:

- ◆ Summary of Citizen Survey
- ◆ Summary of Comment Cards/comments Received
- ◆ Summary from Open House Session
- ◆ Other Municipal Experiences

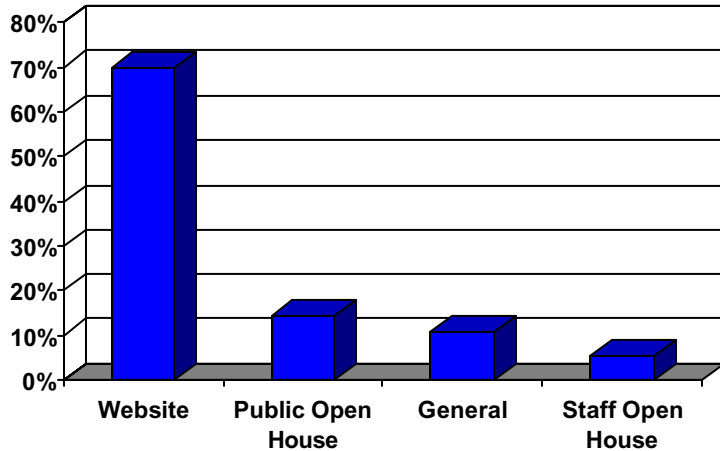
While the intention of the survey was to identify those individuals that specifically used the campground facilities within LOP as opposed to those that used the park in general, this does not appear to have been clearly articulated in the survey. As such, the classification of “users”, those have used the service in the past 12 months and “non-users” in the survey may be somewhat misleading.

Summary of Citizen Survey

The website proved to be an effective means of receiving preliminary feedback on LOP campgrounds

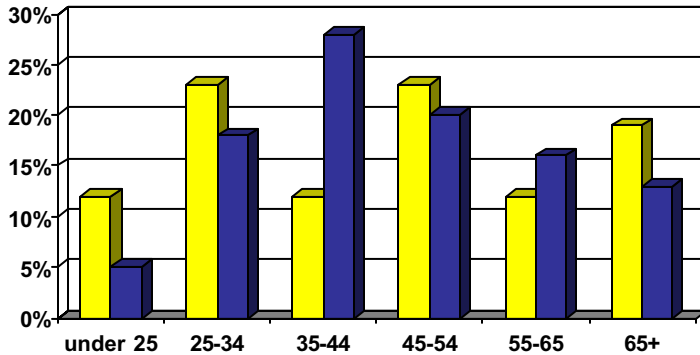
In total, 112 surveys were completed:

- ◆ 70% were completed on the website
- ◆ 5% were completed during staff open house sessions
- ◆ 14% from the public open house sessions
- ◆ 11% were completed in general



While not a statistically valid sample, consistent with the other services reviewed clear trends were identified.

■ Used The Service In Past 12 Months ■ Non-User in Past 12 Months

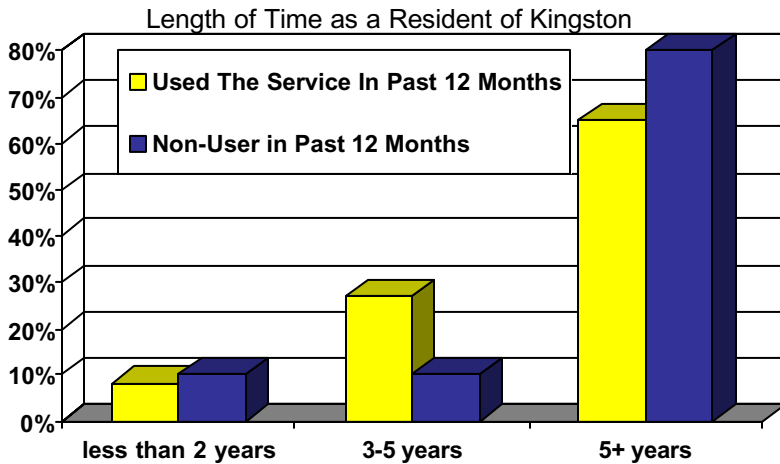
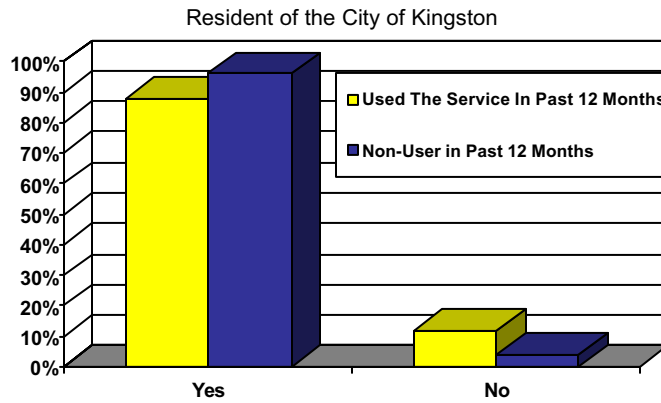


General Information

Of the surveys completed, 24% were by individuals that used the service in the past 12 months (referred to in the report as “users”), with the remaining 76% not having used the service in the past 12 months (referred to in the report as “non-users”). In order to track the difference in opinions between these two groups, the charts reflect the results separately.

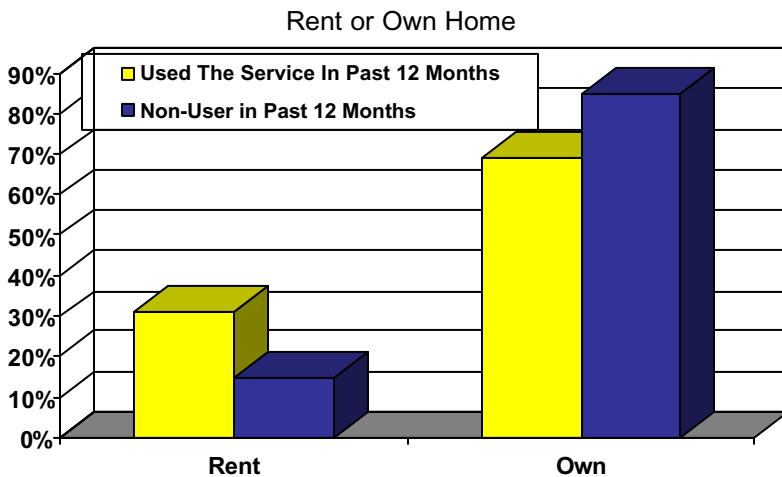
In general, there is good representation across the survey from various demographic segments.

The survey was mainly completed by long time residents of the City of Kingston



Approximately 94% of those that completed the survey are residents of the City of Kingston.

The majority of the residents completing the survey have lived in the City 5 years or more. Across the entire survey (users and non-users), 77% of the respondents have lived in the City 5 years or more.



The majority of the respondents own their own home. A greater proportion of the respondents who used the facilities in the past 12 months rent compared with “non-users.”

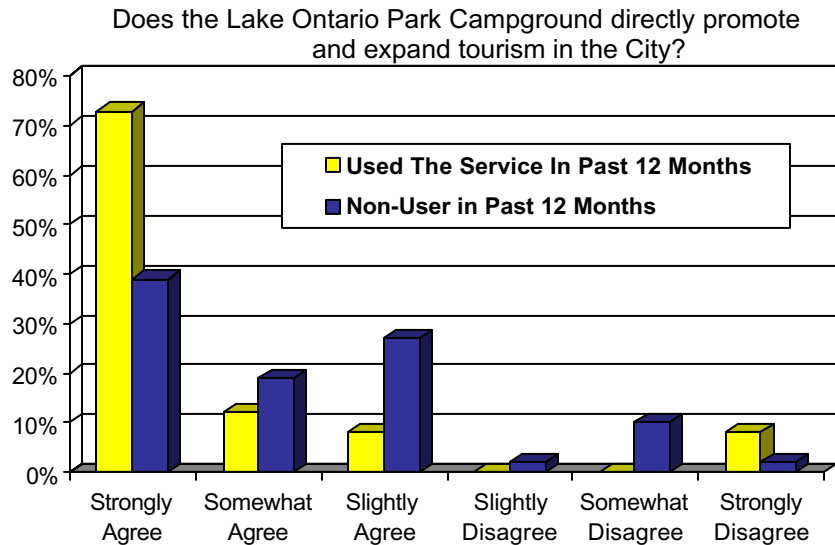
While there was significantly stronger support from users of LOP that the campground promotes and expands tourism, the majority of the non-users also agreed that the campground meets this public policy objective

Opinions were sought to test the public policy objectives identified by Council for each of the services. The key public policy objective identified for the provision of campground services is to promote and expand tourism in the City.

While 73% of the respondents that used the campground in the past 12 months strongly believe that LOP Campgrounds promotes and expands tourism in the City, only 39% of the “non-users” strongly supported this statement.

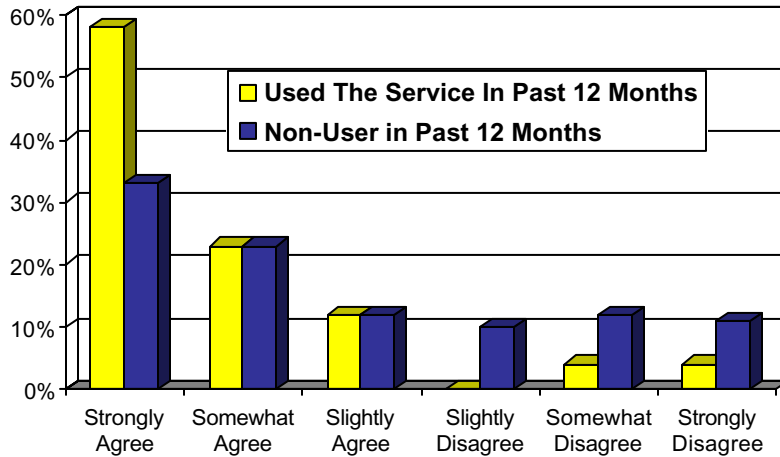
Of the respondents surveyed, 92% of the “users” and 86% of the “non-users” agree either slightly, somewhat or strongly that the provision of a campground meets the public policy objective of promoting and expanding tourism in the City.

In total, 13% of the respondents to the survey disagree that the campground promotes or expands tourism.



While not identified as a public policy objective, the practice at the City has been to provide low cost camping for tourists

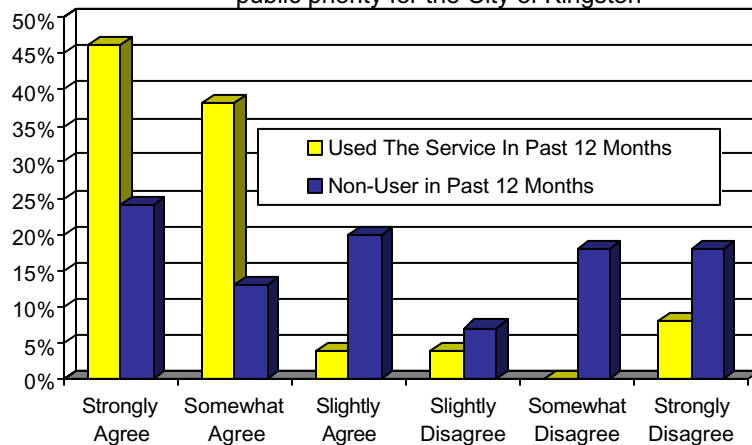
The City should provide low cost, affordable camping to tourists



Approximately 58% of the “users” strongly agree with this public policy objective, however, of the “non-users” surveyed, only 33% strongly agree with this public policy objective. In total, 70% of the respondents agree (strongly, somewhat or slightly) that the City should provide low cost, affordable camping for tourists, with 30% disagreeing with this objective.

Approximately 46% of the “users” strongly agree that the provision of a campground is a high priority for the City compared with 24% of the “non-users.”

The provision of a City owned and operated campground is a high public priority for the City of Kingston



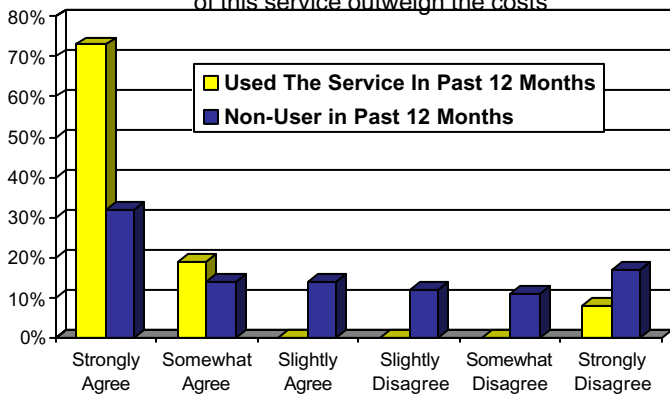
In total, approximately 29% of the respondents strongly agree that campgrounds are a high priority for the City. In total 15% strongly disagree that this a high priority.

Lake Ontario Park Campground—Report of Draft Recommendations

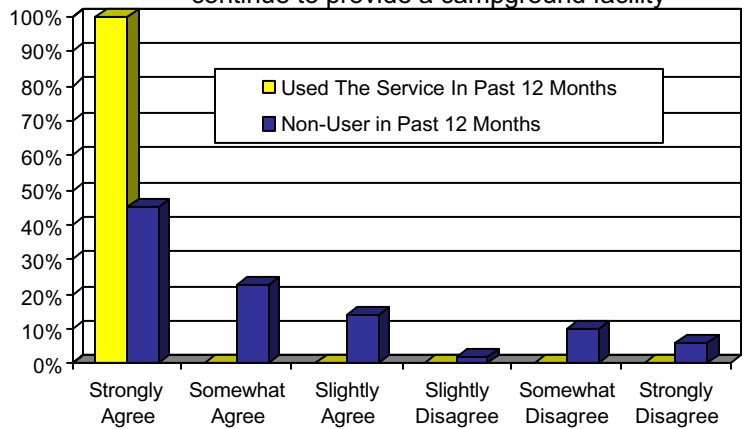
As shown previously, the annual cost of operating the campground was estimated to exceed \$25,000. The survey queried whether the benefits of the service outweigh the costs.

A second question was posed to determine the extent to which there would be support for the ongoing operation of a campground if there were **no costs** to the taxpayer. The following two charts reflect the opinions of those surveyed.

The annual cost to the taxpayer is approximately \$25,000. Based on your understanding of the service, the benefits of this service outweigh the costs



If there were no cost to the taxpayer, the City should continue to provide a campground facility



At the annual cost of \$25,000, 73% of the “users” strongly agree that the benefits of operating the campground outweigh the costs, however, only 32% of the “non-users” strongly agree with this statement.

If there were no cost to the taxpayer, support from “non-users” increased to 45% strongly agreeing that the benefits would outweigh the costs. At no cost, 100% of the users strongly agree that the benefits outweigh the cost of the service.

Of the total respondents, 58% strongly agree that the City should continue to provide a campground facility if there were no costs.

Users of the park want to ensure that the park is maintained for heritage reasons as well as to promote tourism and waterfront access

Summary of Survey Comments - Users of the LOP Campground

The following provides some of the key advantages identified on the survey from respondents that have used the LOP Campground in the past 12 months. While the intention of the survey was to identify those individuals that specifically used the campground facilities within LOP as opposed to those that used the park in general, this does not appear to have been clearly articulated in the survey. As such, some of the comments from “users” appear to also include individuals that may not directly use the camping services but the park itself. The fully transcribed comments have been included in appendix B.

Favourable Comments Regarding LOP Campground

- ◆ Use the facility in the daytime—bring friends to visit and walk around
- ◆ Part of the heritage of the City
- ◆ Provides attractive waterfront access
- ◆ Kingston cannot afford to shut down or reduce services at Lake Ontario Park—however, if the revenues do not support its operations, then it should be closed
- ◆ Park is used by family and friends when they come to visit
- ◆ Close location to the downtown is an advantage

Operational Comments

- ◆ With less than 50% usage, there is a problem with marketing the service
- ◆ Need to raise fees to cover costs
- ◆ City should try to get entertainment and rides back at the park for locals to use

Note: comments not listed in any specific order

While there is overall support for maintaining LOP as a public space, non-users typically felt that the park could be put to better use or would require operational changes to improve the asset and enjoyment for residents and visitors

Summary of Survey Comments—From Non-Users of LOP Campground

The following provides some of the highlights of comments made on the survey from respondents that have not used the campground in the past 12 months. The fully transcribed comments have been included in appendix B.

Favourable Comments Regarding LOP Campground

- ◆ A small amount of money for a well used service by visitors
- ◆ This is good value for the money spent—tourists spend more in the town than the cost of the service provided
- ◆ It is one of the most beautiful waterfront sites the City has with mature trees
- ◆ The site is a huge asset and this is the time to seek public input into its future use (given the loss of the amusement park)
- ◆ Tourism is a high priority—LOP is a marvelous location

Unfavourable Comments Regarding LOP Campground

- ◆ The campground space could be better utilized as a public park and open space, especially for community events—the City should not be competing with the private sector at subsidized rates
- ◆ The focus of the site should be for residents — without the campground the site could be expanded for more picnics, concerts and outdoor theatre
- ◆ Keep as a park and enhance it for the enjoyment of the Kingston residents
- ◆ Campground is not necessary
- ◆ City should focus on core services, not duplicate services others provide

Operational Comments

- ◆ Improve the overall experience at the park to become a tourist attraction—e.g. add a water slide to appeal to families
- ◆ Needs improvements/upgrades to increase the number of US tourists and also the overall attractiveness for Kingston residents
- ◆ Raise fees somewhat to offset costs
- ◆ Open the park to Kingston residents as well—this will increase occupancy and balance the budget—also provides an opportunity for those without transportation to experience camping
- ◆ The money could be better invested in making the park into a public beach to add to the overall tourism appeal of the City
- ◆ Tender the campground to a concessionaire—typically better run

Summary of Comments Cards and Comments Received By Letter/ Email

The majority of the following comments were completed during the open house sessions. Every comment card, letter and email has been included in appendix C. These comments were consistent with those expressed by users on the survey.

While there is support for maintaining the park to provide public access to waterfront, a number of operational issues were raised with the existing operations

Favourable Comments Regarding LOP Campground

- ◆ Campground helps provide accommodation for people seeking treatment at the hospital
- ◆ Used by people for walks
- ◆ Camping at the site is enjoyable
- ◆ Need real waterfront access for residents

Unfavourable Comments Regarding LOP Campground

- ◆ City should get out of the campground business

Operational

- ◆ Open the park to residents for camping to increase occupancy
- ◆ Open the park in the off hours to residents
- ◆ Run it like a provincial or federal park
- ◆ Park has deteriorated—need to promote and enhance the campground

Note: comments not listed in any specific order

Summary of Open House Comments

A summary of the meeting has been included in appendix D.

- ◆ Maybe should increase fees to market rates
- ◆ Hard to get input from the real users—tourists visiting the park
- ◆ Tourism is very important to Kingston
- ◆ The campground is a gem and should be maintained
- ◆ The campground hosts a number of large events such as CORK and other sailing regattas as well as dog shows that cannot be accommodated in a hotel/motel environment
- ◆ City should do more to promote the campground

Note: comments not listed in any specific order

Municipal Experiences

The focus in reviewing experiences in other municipalities was to identify which municipalities operate campgrounds and why the municipality elected to do so. The following table summarizes which municipalities own/do not own campgrounds, with a focus on municipalities with populations greater than 70,000 as well as some of the other municipalities that were considered to be tourist destinations.

Municipality	Est. Population	Municipal Campgrounds	Comments
Cambridge	118,606	Yes	Small only 14 sites
Toronto	2,611,661	Yes	one from former City of Scarborough
Ottawa	823,608	Yes	In Nepean, a non-profit organization run in co-operation with the City of Ottawa and the National Capital Commission
Hamilton	516,776	Yes	Managed by Conservation Authority
Sudbury	160,113	Yes	2 parks
Kingston	120,848	Yes	1 park, 250 campsites
Thunder Bay	111,710	Yes	2 parks
Chatham-Kent	109,714	Yes	2 parks, makes money, waiting list to get in
Peterborough	75,406	Yes	contract operator
Kawartha Lakes	72,797	Yes	Recent review indicated that this is not a core service of the City, carry over from amalgamation
Mississauga	687,437	No	
Brampton	375,956	No	
London	355,169	No	Conservation Authority - no municipal involvement
Windsor	221,091	No	
Kitchener	202,923	No	
Burlington	165,965	No	
Oakville	160,765	No	
Richmond Hill	157,241	No	
Oshawa	146,206	No	
St. Catharines	133,546	No	
Barrie	118,950	No	
Guelph	113,457	No	
Whitby	97,065	No	
Pickering	94,032	No	
Waterloo	93,700	No	
Brantford	90,673	No	Conservation Authority - no municipal involvement
Niagara Falls	82,734	No	Conservation Authority - no municipal involvement
Clarington	76,664	No	
Sarnia	73,930	No	
Norfolk	63,496	No	Conservation Authority - no municipal involvement
Caledon	59,566	No	
North Bay	54,378	No	
Cornwall	47,221	No	
Prince Edward County	25,000	No	Provincial Parks
Quinte West	42,800	No	Conservation Authority - no municipal involvement

Only 26% of the municipalities surveyed own a campground...the majority were historical in nature and inherited through various amalgamations

Summary of Municipal Experiences

As shown on the previous page, the majority of municipalities surveyed do not own or operate campground facilities. Excluding the City of Kingston, only 26% of the municipalities surveyed own a campground. For the most part, municipalities are not in the business of operating campgrounds, leaving these services to the private sector, conservation authorities as well as federal and provincial parks.

The majority of the municipalities that own campgrounds have been in the business for many years. Some municipalities such as Sudbury, Ottawa, Toronto, Kawartha Lakes and Chatham-Kent inherited the service through amalgamation.

Contracting Operations

Of the nine municipalities that own campgrounds, three contract the services to the private sector or other agencies, typically with a requirement that the campground be operated at no cost to the taxpayer.

33% of the municipalities in the campground business contract the operations of the campground to other service providers.

The **City of Hamilton's** campground is operated by the Conservation Authority as part of a larger property called Confederation Park. Confederation Park is 83 hectares and includes a large waterworks theme park and is considered a tourist destination, with go-karts, batting cages, mini golf, and restaurants close by. In addition, there is a 3.5 kilometre promenade along Lake Ontario and the park includes 100 campsites, 50 of which are serviced. Based on the agreement between the two parties, there is no cost to the City for the operation of the campground. Fees are set at a higher level than that in the City of Kingston's LOP Campground. For example, the fee for an unserviced space in Hamilton is 40% higher than in LOP Campground.

The **City of Peterborough** also contracts their campground operations at no operating cost to the City.

The **City of Ottawa** formed a non-profit organization run in co-operation with the National Capital Commission with a mandate to provide out-of-town visitors with affordable camping facilities. While the park is promoting affordable camping facilities, in comparison to the City of Kingston's municipally operated campground, rates are 12% to 26% higher. While the campground does not permit seasonal camping it allows long term stays, renting spaces on a monthly basis as well as daily. The campground has 175 sites, offering free Grayline shuttles, onsite laundry and a store.

Kawartha Lakes is currently reviewing whether it should continue to be in the campground business

Rationalizing The Service

Kawartha Lakes has two campgrounds that are municipally operated. Both campgrounds generate sufficient revenue to reinvest in the park. According to a recent study undertaken by Kawartha Lakes, the combined net revenue of the campgrounds generates \$80,000 annually. The two sites have approximately 234 sites in total, largely rented for **seasonal use**. Both parks have achieved a traditionally high level of seasonal activity (over 90%).

Kawartha Lakes recently underwent a review of its recreation services and concluded that the provision of a campground is not a core service of recreation and likely serves more a tourist mandate. However without appropriate market research, it is not known the extent to which it contributes to tourism.

A decision by Council has yet to be made as to how to proceed given that the study identified sufficient waterfront parkland in the vicinity to meet recreational needs. The next steps recommended in their process is to develop a 10-year business plan for each operation to demonstrate profitability, after all costs, including a capital contribution, are considered.

Assessment of campground services in Kingston considered all input gathered during the pre-analysis phase of the project, along with information gathered through reviewing other municipal experiences

Section 5—ASSESSMENT

This section of the report focuses on:

- ◆ Developing a better understanding to what extent the services identified help achieve public policy goals
- ◆ Determining the degree of fit or necessity of those services and programs in terms of the achievement of public policy and strategic value
- ◆ Investigating why the City provides a service, how the service is delivered and whether or not the City should continue providing a service.
- ◆ Identifying any services that do not serve the purpose of achieving public policy and/or strategic intentions
- ◆ Assessing financial implications of discontinuing any services that do not serve the public policy objectives
- ◆ Creating an exit strategy as required for those services that are deemed to be non-essential

The assessment is based on all the information gathered in the study including:

- ◆ Staff input from within the department and across the organization
- ◆ Council approved public policy objectives for the service
- ◆ Information gathered from the department
- ◆ Client (user) input from the surveys and open house sessions
- ◆ Public input from the surveys and open house sessions
- ◆ Research
- ◆ Other municipal experiences

The approach to the assessment is to review each of the evaluation criteria developed:

1. Clarity of Purpose Test
2. Public Interest Test
3. Role of Government Test
4. Strategic Value Test
5. Cost/Benefit Test
6. Performance Test

LOP Campground has a clearly defined purpose; to the promote and expand tourism, however, the facility is under utilized

1. Clarity of Purpose Test

This includes defining the primary clients and stakeholders and defining the purpose or intent of the service. The **purpose or intent** of the service is clearly defined. The primary purpose or intent include:

- ◆ **Promote and Expand Tourism**
- ◆ Accessibility
- ◆ Community Development

Promote and Expand Tourism

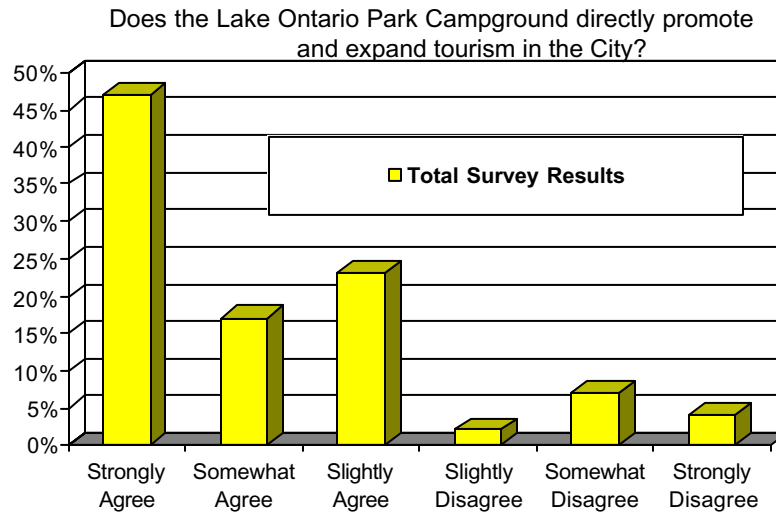
LOP Campgrounds has been used strictly to serve the **tourist sector** of the market as residents are only permitted to use the campground facilities during the day. As such, the purpose or intent of the service is clearly defined. LOP Campground is used for overnight stays by approximately 5,000 people on an annual basis, largely from Ontario and other parts of Canada. As shown earlier in the report, LOP Campgrounds comprised approximately 0.35% of the total overnight stays in the Kingston area in 2002, with a decline in the number of stays over the past 2 years at LOP Campground. While not a major player in the overall tourist market, the presence of LOP Campground contributes to the local economy and supports the tourism industry. However, the asset is underutilized. For example, one of the local private sector campgrounds with 40% less sites than LOP had 8 times more visitors in 2004 than LOP (estimate only).

The campground has been used to service some large groups visiting the City, but this type of activity has been infrequent over the past several years. The combined large group market and short-term tourist market is not sufficient to generate what would be considered, by industry standards, to be reasonable occupancy levels.

LOP Campground is unique in that it is the only urban campground, however, the spin off benefits of this location as opposed to the other service providers to the City's tourism industry are not known. For example, one of the other private sector operators indicates that efforts are made to extend the stay of visitors to the campsite by encouraging tours of the City and visits to other tourist destinations.

For the most part, the residents of the City of Kingston that responded to the survey see LOP Campgrounds as an asset that supports and promotes tourism for the City. The chart of the following page summarizes the results of the survey which solicited feedback on whether LOP Campground directly promotes or expands tourism. Of the total respondents, 47% strongly agree that LOP Campgrounds supports this objective.

The Campground is not fully accessible to residents but it is offered at below market rates, meeting the affordability objective



The LOP Campground is priced below market rates. As shown on the following table, the prices at LOP Campground are lower than the private sector local service providers. For example, a site in LOP with electricity and water is rented at \$19 during high season compared with \$25—\$39 per night at the other sites. As shown on the table below, the fees in Kingston are lower than the other local service providers.

Daily Rates Fees	Lake Ontario Park Campground	KOA Cordukes	Rideau Acres	Noah's Ark Campground
2 adults no water, no sewer, no electrical	\$ 16.00	N/A	N/A	N/A
2 adults with electricity and water seasonal	\$ 19.00	\$28.00 - \$39.00	\$ 30.60	N/A
2 adults with electricity and water off-season	\$ 12.00	\$28.00 - \$39.00	\$ 25.00	N/A
2 adults with electricity, water & sewer seasonal	\$ 25.00	N/A	\$ 34.00	N/A
Tent	\$ 16.00	\$ 28.00	\$ 25.40	\$ 20.00

2. Public Interest Test

The second area in which an assessment was conducted focused on determining **how important the service** is to meet the needs of the primary clients and stakeholders.

Clients

The **primary clients** of LOP Campgrounds are tourists visiting the campsite. There is no market research that has been conducted at LOP Campground to assess the importance of the service to the users or their level of satisfaction with the existing services. For example, is LOP Campground elected by users because of the low rates or is the site selected by visitors because of its waterfront urban location, amenities etc.? As such, it is difficult to gauge the level of importance of the service to the **clients**.

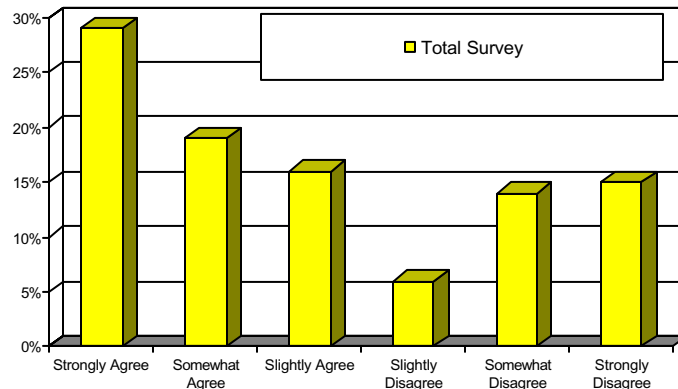
Stakeholders

Residents of Kingston can largely be considered stakeholders as the community as a whole benefits from tourism and increased economic activity.

As such, one measure is to test the level of support for the ongoing operations of LOP Campgrounds from Kingston residents. One of the difficulties, as state previously in the report is to separate the Campground function (which is under review) from the overall Lake Ontario Park operations (which is not under review). The public interest test therefore focuses only on the Campground activities. Information from the survey provides some indication from the residents of the level of importance. Of those who responded to the survey, 29% strongly agree that the provision of a publicly owned and operated campground is a high priority for the City.

Approximately 35% did not agree that LOP Campgrounds is a high priority for the City.

The provision of a publicly owned and operated campground is a high priority for the City of Kingston



It is difficult to gauge the level of importance as there are no formal mechanisms in place to survey the primary clients; tourists using the Campgrounds

Stakeholders; residents of the City of Kingston provided feedback on the extent to which the Campground is a priority

***Operational
issues were
raised during the
review***

Some of the stakeholders felt that this is an important municipal asset due to the prime location and supported the City's role in tourism-related activities. Other stakeholders felt that the campground space could be better utilized as a public park and open space, such as community events. Many felt that the Campground operations should be open to the residents of the City of Kingston as well as tourists, particularly given the low occupancy levels.

Occupancy Levels

Another gauge to the importance of the service is to review the occupancy levels of the Campground. In comparison with other private sector operators in the area with occupancy levels at approximately 80% during peak season, the City's LOP Campground has much lower occupancy levels (21%).

The current low level of occupancy reflects opportunities to revisit the narrowly defined purpose and internal policies that restricts access for residents and does not permit any long stay/seasonal usage which is typically permitted at most other private and public campgrounds. By focusing strictly on the **short-term tourist**, it appears that the LOP Campground, from an occupancy and revenue generating perspective, is missing a significant portion of the potential market.

Given that the fee for camping at LOP is lower than other parks in the vicinity, lower occupancy levels at LOP suggest potential issues with respect to marketing/promotions, services/amenities available, existing operating practices and/or the overall condition of the park.

There may be other reasons that the City has not been able to achieve the same level of occupancy as other local campgrounds, beyond the narrow focus. Some operational issues were raised during the course of the study with respect to LOP Campgrounds, its overall condition and the quality of the service provided. These issues are beyond the scope of this phase of the study and would require further analysis to better understand:

- ◆ Supply/demand for existing product within the tourism industry
- ◆ Effectiveness of the campground operations
- ◆ Suitability of the campground amenities to meet market demands
- ◆ Reasons why LOP is chosen by existing users
- ◆ Identification of any deficiencies that should be addressed

3. Role of Government Test

This form of assessment is to determine whether there is a legitimate and necessary role for municipal government in the provision of campground services. Other areas explored included a determination of whether the service is legitimate and necessary to meet the municipality’s legal/policy mandate, who else is involved in the delivery of the service and whether the public interest needs could be met if service was no longer provided by municipal government.

As part of the **role of government test**, other campgrounds in the vicinity were identified. The focus was on other similar services within the City of Kingston to focus on opportunities that would more directly promote or expand tourism in the City.

There are other service providers in and around the City

The following table reflects the main service providers in the City of Kingston.

Name of Site	Ownership	Restrictions on Overnight Access	# of sites	# of seasonal	# of overnight	% with electric/water/ sewer	% with electric/water	no service	Highest Amp Available
Rideau Acres Campground	Private	None	300	150	150	28%	58%	13%	50
1000 Islands/Cordukes KOA	Private	None	107	12	95	0%	81%	19%	50
Lake Ontario Park Campground	City Operated/Owned	Residents of City, County and area not permitted	250	0	250	2%	46%	52%	30

As shown above, in terms of the total number of sites available, there are approximately 660 in the City of Kingston’s three main locations. While the City has the equivalent of 38% of the sites in the Kingston market, they represent a much smaller proportionate share of the business according to statistics provided by the City and information received by both private sector service providers. Some of the key differences include:

- ◆ No restrictions to access at the private sites
- ◆ Both private sites allocate some spaces to seasonal, one of which allocates 50% of the spaces
- ◆ The private sites have a higher number of serviced sites.
- ◆ Both private sector operators have sites with higher amps suitable for large RVs, not available at the City
- ◆ Significantly higher occupancy levels at private sites

The following map provides the locations of each of the campgrounds.



Few municipalities are in the campground business

There is no legal or mandatory requirement that the City provide campground services. As shown previously in the report, the majority of the municipalities surveyed do not own and operate campgrounds (74%). The few municipalities that own campgrounds appear to be largely historical in nature, where a decision was made prior to amalgamation such as the City of Toronto, City of Greater Sudbury, City of Hamilton, City of Ottawa and Kawartha Lakes.

Can the public interest needs be met if service was no longer provided by the City?

One of the key questions, given that campgrounds is not a mandated service of the City is whether the interests of the public could be met by the private sector, non-profits, conservation authorities, provincial or federal governments if the municipality exited the business.

If the City were to exit the business, there would be some capacity issues during peak season weekends and for large scale bookings

An analysis was undertaken to review the number of spaces available at the other two private sites that are available for overnight stays as opposed to seasonal stays. In total there are currently 288 overnight campsites available at these two sites. Based on the occupancy information available from the private sector operators, during the peak season, on average 80% of these spaces are occupied, leaving 58 spaces. Based on the volume of activity at the City's LOP Campground, for the most part this would provide sufficient spaces available. However, during busy weekends (approximately 3-4 per season) where the City's park exceeded 100 occupied sites per night, there would be insufficient availability at the other two sites in the City. In addition, large scale events could likely not be accommodated by the other two private sector operators based on their existing allocation of campsites. However, one of the private sector service providers indicated that there is additional space at the site to expand service should demand increase.

The cost of alternate services may be an issue for some of the visitors, however, this is not known

Because the City's LOP Campground is priced lower than the other two private sector providers, beyond capacity issues, there may be some tourists that may not be able to afford to use the services of the private sector operators. While an exhaustive comparison of fees across Ontario was not undertaken as this is beyond the scope of phase one, the fees at LOP Campground are low, not only within the City, but also in comparison to other municipal operators and campgrounds in the vicinity. As will be shown the cost/benefit analysis section, this contributes to the net operating deficit.

***Municipal
operated
campgrounds
enjoy a number of
operating benefits
compared with
the private sector***

While not a public policy objective identified by Council, the practice in the City of Kingston is to price the campground fees lower than the market rates.

There is no specified mandate to operate at a break even basis or to set fees to recover the full cost of operations. Further analysis is needed through an operational review (Phase Two) to address some potential issues in this regard and to identify whether the campground could still encourage and promote tourism at the same time as balancing the budget given that approximately one third of the respondents to the survey do not feel that the benefits of the campground outweigh the costs. A balanced budget, for example, may be feasible by changing the existing policy to allow residents to utilize the services.

In addition to the costs included in the analysis of the City's operations, municipally operated campgrounds enjoy a number of benefits in comparison to their private sector counterparts in terms of operating costs. These include:

- ◆ No property taxes
- ◆ No income taxes
- ◆ Lower cost of financing capital
- ◆ Administrative synergies (labour and supplies across the corporation)

As such, this provides municipalities with the ability to price the service at lower levels since they are not subject to taxes. Therefore, the absence of these costs alone lowers the cost of operations for the LOP Campground.

Staff working in the campground operations identified several areas where the campground is aligned with community objectives

4. Strategic Value Test

The City has defined a number of community objectives. The following summarizes the objectives which the campground operations supports.

Culture, Heritage, Parks & Recreation

Plan and manage our cultural programs and assets to ensure sustainability into the future.

The LOP Campground is an asset that supports recreation and tourism.

Economic Prosperity

Improve economic wealth while enhancing the social & environmental goals of our community.

Our Young People

Work with youth to create employment opportunities that are progressive & career oriented and create and support programs that focus on the early years.

The LOP Campground employs 5 students.

5. Cost/Benefits Test

The cost/benefit test explores the following questions:

- ◆ What is the net cost/revenue of the service?
- ◆ How is it funded?
- ◆ Is it affordable?
- ◆ Are city assets required to provide this service?
- ◆ How are they accounted for in the net cost/revenue calculation?
- ◆ What are the expenditures, revenues associated with this service?

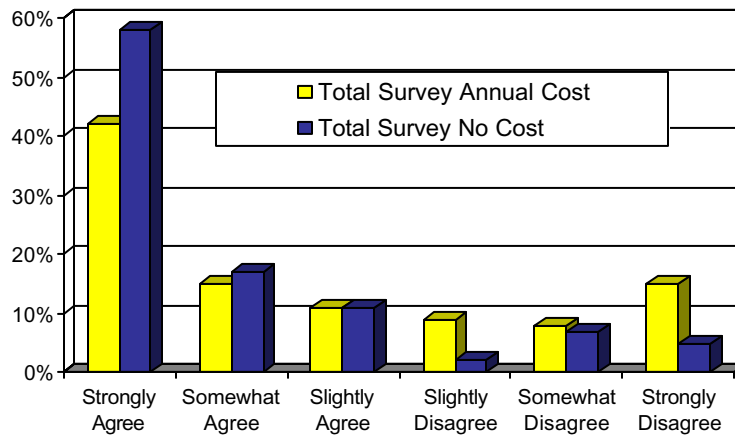
Currently, there is a requirement for taxpayer contributions to maintain the LOP Campground operations

The following table was previously presented in the financial information section of the report. The average annual cost of LOP Campgrounds is \$28,000. This does not include major renovations to the park that have been undertaken in the past to upgrade electrical and sewer infrastructure. Based on the trends in the market, it is anticipated that, should the City continue to operate a campground, additional capital infrastructure improvements will be needed which is not reflected in the analysis shown below.

Summary - Lake Ontario Park Campground	2001	2002	2003	3 year Average
Direct Revenues	\$113,311	\$116,190	\$105,479	\$111,660
Direct Expenditures	\$102,382	\$111,911	\$99,342	\$104,545
Net Direct Operating Position	\$10,929	\$4,279	\$6,137	\$7,115
Capital Requirements	\$16,380	\$16,380	\$16,380	\$16,380
Net Direct Operating Costs + Capital	(\$5,451)	(\$12,101)	(\$10,243)	(\$9,265)
Administrative Overhead	\$19,184	\$20,912	\$16,041	\$18,713
Total Net Position	(\$24,635)	(\$33,013)	(\$26,284)	(\$27,978)

Cost is a factor in the public's support of the LOP Campground

Based on feedback from the survey, the cost of the service is a factor for citizens at large. When asked if the benefits of the City's campground outweighs the costs, assuming costs of \$25,000 annually, 42% strongly agree, compared with 58% when there was no cost to the taxpayer. With the current cost of operations 32% of the respondents did not support the notion that the benefits outweigh the service, however, with no cost only 14% do not support the provision of the service. There is a need, should the City continue to be in the campground business, to establish financial targets for the operations, not only to move toward leveling the playing field with the private sector, but also to reduce taxpayer contributions.



There is a general desire to maintain the LOP Campground operations, however, feedback suggests a need to review the operations to identify ways to eliminate taxpayer subsidy

Comments received through the process suggested that with less than 50% usage, there is a problem with marketing the service and the City should review its existing operations. Others suggested that the City needs to increase their fees to cover the full cost of operations. Others suggested that the focus of the site should be for residents and there may be an opportunity, given the loss of the amusement park, there is an opportunity to revisit the use of the site.

Other comments with respect to the revenues and expenditures focused on concern of unfair competition against the private sector and questioned whether the City should be in the business of competing at all as it is a duplication of services.

6. Performance Test

The Performance Test queried the following areas:

- ◆ What is the evidence that this service is meeting its intended policy and public needs objectives?
- ◆ Are there established service levels for this service?
- ◆ Are there performance measures in place to monitor the achievement of established service levels?

There are no pre-established performance targets or measures used or reported by the City

One of the key objectives set by the City is to promote and expand tourism. The City currently tracks some useful information with respect to the place of origin of the visitors, activity on a daily basis, the proportion of tents versus RVs and the length of stay. This information provides an excellent starting point upon which to understand who uses the City's Campground.

Additional information on age profiles, spending patterns, attendance at other tourist destinations while staying at the campsite and the reason for the visit would help to better understand the role of the LOP Campground in achieving its main objective of promoting tourism. For example, the level of spending by visitors differs depending on the purpose of their visit. Those visiting a City with the main purpose of seeing friends/relatives spend less than those visiting for pleasure. This type of information helps to better quantify the economic return to the community that the LOP Campground provides.

The City currently does not have any performance measures or targets to measure success. For example, there are no performance targets set by the City with respect to occupancy levels. Without performance targets, it is difficult to assess whether the City is experiencing a good return on investment and whether the site is considered marketable in comparison with other similar operations. Research gathered during the course of the study indicates that the City's occupancy levels are low in comparison with local service providers. The reason for the decline is not known. With declining attendance experienced at the campground and with the existing policies in place, it is anticipated that the contribution required by taxpayers will continue to escalate, which is generally not supported by taxpayers.

Customer satisfaction surveys are also common practice in the industry and would provide information on the degree that campers are satisfied with the existing service, how improvements could be made and why the site was ultimately selected. This would also help to determine whether there would be an impact on tourism should the City exit the business and also the need to maintain below market rates.

Summary—Assessment

Clarity of Purpose

- ◆ Moderately meets the Clarity of Purpose Test

Pros

- ◆ Purpose to promote and expand tourism is clearly defined in policies—only permits overnight stays by non-residents
- ◆ Used by some large groups on a sporadic basis

Cons

- ◆ Low occupancy levels are significantly lower than other local service providers

Public Interest Test

- ◆ Marginally meets the Public Interest Test

Pros

- ◆ Some support from residents that the campground is a high priority for the City
- ◆ Statistics are available on the number of tourists using the Campground but not available on the contribution made by the campers to the local economy

Cons

- ◆ Limited if any consultation of primary clients from outside Kingston
- ◆ No data available on the impact that the primary clients have on the local economy or the reasons why users select LOP Campground as opposed to other sites
- ◆ Issues with respect to measuring the importance of the service for stakeholders/primary clients in that it is difficult to separate the campground activities from the park as a whole
- ◆ Not a major player the City LOP contributes to the local economy through tourism—the extent of contribution cannot be quantified
- ◆ Underutilized asset—much lower occupancy rates than other private sector providers in the City

Role of Government Test

- ◆ Marginally meets the Role of Government Test

Pros

- ◆ Only urban campsite close to downtown
- ◆ Some potential issues on being able to serve the existing number of visitors during peak weekends and large events if the City were to exit the business, but there is potential for expansion of private sites to meet future demand
- ◆ If the City were to exit the business it is unknown the extent to which higher rates at other campgrounds would reduce the number of tourists visiting Kingston and impact the overall economy

Cons

- ◆ No legal mandate, very few municipalities provide this service
- ◆ Two other private sector service providers with additional amenities
- ◆ Competing against private sector with advantage of taxpayer subsidy

Strategic Value Test

- ◆ Moderately meets Strategic Value Test

Pros

- ◆ Campground promotes tourism and contributes to economic sustainability
- ◆ Employs students

Cost/Benefits Test

- ◆ Questionable whether it meets the Cost/Benefits Test

Pros

- ◆ Economic spin off benefit to the local market associated with tourism however the extent of the benefit could not be quantified

Cons

- ◆ Concern regarding unfair competition with private sector—subsidized service at the City
- ◆ No current mandate to operate at a break even basis or to provide affordable camping opportunities however the practice at the City has been to price the service below market rates

Performance Test

- ◆ Marginally meets the Performance Test

Pros

- ◆ All users of the overnight campgrounds are tourists which is the key market
- ◆ Some useful information tracked on users to estimate economic benefits based on number of nights stay, Country of origin and number of visitors

Cons

- ◆ No information to support why the site is selected by users or customer satisfaction
- ◆ There are currently no performance targets or measures to define success in the service

Section 6—OPTIONS UNDER CONSIDERATION

Three options were considered:

1. ***Exit the Service***
2. ***Maintain the Status Quo***
3. ***Next Steps – explore opportunities to better achieve the community objectives***

1. Exit the Service

Not recommended for the following reasons:

- ◆ Limited information was available at the time of the study from primary users to establish the level of importance of the City’s service and to better understand why the service is selected by the users. Without this information, it is difficult to fully assess the impact of the City exiting the business at this time
- ◆ Upon undertaking further analysis, as will be addressed in the “next steps” which will provide a better understanding of the current user profile, further analysis is also required to confirm capacity related issues within the private sector to accommodate special large events that currently use LOP Campground on a periodic basis and to determine the highest and best use of this currently under utilized asset
- ◆ Further analysis is required to determine whether the existing policies should be modified to improve the overall use of the asset and to better meet tourism-related objectives

2. Maintain the Status Quo

The status quo is not recommended for the following reasons:

- ◆ Under utilization of this important City asset contributes to the need to subsidize the operations
- ◆ Low occupancy levels suggest operational/policy issues that must be addressed
- ◆ Given the low occupancy levels, consideration should be given to permitting residents to be able to fully access the site, particularly
- ◆ There are no performance targets or service levels developed to measure the effectiveness of meeting the City’s public policy objectives
- ◆ There is unfair competition with private sector operators
- ◆ Rates are not rationalized
- ◆ No business plan is available upon which to operate and measure performance

3. Next Steps

We recommend the following steps be undertaken:

- ◆ No expansion of campground services as this is not a mandated services and the benefits of providing such service has not been established
- ◆ Undertake a market assessment of the LOP Campground to compare and address the following:
 - ◆ Supply/demand for existing product within the tourism industry
 - ◆ Effectiveness of the campground operations
 - ◆ Suitability of the campground amenities to meet market demands
 - ◆ Identify any deficiencies that should be addressed
- ◆ Undertake a customer survey to identify reasons why LOP is chosen by existing users, overall impressions of the facility, price sensitivity, spending in the local economy by users, future expectations
- ◆ Prepare a business plan and identify the feasibility of meeting/modifying the existing public policy objective while at the same time eliminating (lowering) the taxpayer subsidy required.
- ◆ Undertake a life-cycle assessment of the LOP Campground's infrastructure to determine the future needs and replacement costs and develop a business plan to identify how future capital costs will be covered. Assuming a positive long-term revenue business case can be made, compare this against the costs/benefits of alternate uses for this section of the park
- ◆ Should the City stay in the business, develop performance measures, standards and mandatory reporting mechanisms
- ◆ Identify and assess alternate uses of the Campground section of Lake Ontario Park to confirm the highest and best use of the site in the context of the City's entire portfolio of parks and tourist related facilities