



## STAFF REPORT ACTION REQUIRED

### Overview of Fees for Recreation Programs

|                          |  |
|--------------------------|--|
| <b>Date:</b>             | October 11, 2013   |
| <b>To:</b>               | Community Development and Recreation Committee           |
| <b>From:</b>             | General Manager, Parks, Forestry and Recreation Division |
| <b>Wards:</b>            | All  |
| <b>Reference Number:</b> | P:\2013\Cluster A\PFR\CD24-102813-AFS#18213              |

#### SUMMARY

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City Council adopted Parks, Forestry and Recreation's 2013-2017 Recreation Service Plan in November 2012. The Plan will guide the City of Toronto's planning and delivery of recreation programs and services over the next five years. An Implementation Plan was approved in July 2013.

This report responds to several City Council directions to Parks, Forestry and Recreation related to user fees: a review of user fees; the extent to which user fees are a barrier to participation; the health and social benefits of recreation; the financial impact of extending universal access to all recreation programming; and the financial implications of eliminating leisure swimming fees for children and youth in 2014.

This report aligns with the 2013-2017 Recreation Service Plan and is consistent with the Corporate User Fee Policy approved in 2011 that ensures consistency in establishing and administering the City's user fee program. Parks, Forestry and Recreation will be reporting to City Council in late 2015 with a formal user fee review of all recreation programs and services as required by the policy.

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation recommends:**

1. City Council receive this report for information.

## Financial Impact

This report is for information purposes only and adoption of this report has no direct financial impact. For information purposes, as requested by City Council, the report contains projected annual financial impacts of eliminating indoor leisure swim fees for children and youth and extending universal access to all recreation programming.

In May 2010 Parks, Forestry and Recreation introduced a \$1 fee for leisure swim programs at all indoor pools for children, youth, and seniors and a \$2 fee for adults. The cost to eliminate indoor leisure swim fees for children and youth in 2014 is projected to be \$0.260 million annually. The cost to eliminate all indoor lane and leisure swim fees for all age categories is \$1.6 million.

Extending universal access to all recreation programming would mean waiving fees for programs, regardless of age or income level. The 2014 Parks, Forestry and Recreation operating budget submission includes a revenue target for recreation programs of \$40.9 million. The waiving of fees would eliminate the expenditures through the Welcome Policy creating a \$10.3 million offset. The cost to extend universal access is therefore projected to be \$30.6 million annually (\$40.9 million in program revenue less \$10.3 million Welcome Policy expenditure).

| <b>Estimated Recreation Program Revenue by Age Category</b> |  |                     |                        |                 |
|---|--|---------------------|------------------------|-----------------|
| <b>Category</b>   | <b>Registration Fees</b>                 | <b>Drop-In Fees</b> | <b>Membership Fees</b> | <b>Total</b>    |
|   | <b>2014 Recommended Budget (\$000's)</b> |                     |                        |                 |
| <b>Adult</b>  | 3,602.0                                  | 2,349.2             | 4,055.2                | 10,006.4        |
| <b>Older Adult</b>  | 630.1                                    | 10.0                | 125.0                  | 765.1           |
| <b>Children &amp; Youth</b>                                 | 29,475.4                                 | 600.0               | 50.0                   | 30,125.4        |
|   | <b>33,707.6</b>                          | <b>2,959.2</b>      | <b>4,230.2</b>         | <b>40,897.0</b> |
| <b>Welcome Policy Recreation Subsidy</b>                    |  |                     |                        | <b>10,269.0</b> |
| <b>Net Financial Impact</b>                                 |  |                     |                        | <b>30,628.0</b> |

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## Equity Impact Statement

Parks, Forestry & Recreation values inclusion, respect and diversity and aims to improve the quality of life of all Torontonians through the provision of programs and services that are welcoming and accessible. The Overview of Fees for Recreation Programs report highlights the financial barriers to participation faced by residents across the city. The goal of this report is to increase awareness around financial barriers that limit participation by children, youth and low-income residents. Access to low cost recreation programming has a direct personal, social, environment and economic benefit for all residents of Toronto.

## **DECISION HISTORY**

The Recreation Service Plan was approved by City Council in November 2012 and included a request for a report on the health and social benefits of recreation as well as the financial impacts of options for extending universal access to all recreation programming.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.CD17.2>

As a result of the 2013 Parks, Forestry and Recreation operating budget approval, City Council requested a report on recreation user fees as part of the Parks, Forestry and Recreation User Fee Review process; and to report on the extent to which these fees are a barrier to participation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>

The Recreation Service Plan Implementation Plan was approved by City Council in July 2013 with a request for a report on the review of user fees and the financial implications of eliminating leisure swimming fees for children and youth in 2014.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD22.1>

## **ISSUE BACKGROUND**

### **History of User Fees in the City of Toronto**

Prior to amalgamation, all former municipalities had separate user fee policies that ranged from universally free programs in former City of Toronto and higher cost recovery rates in the others.

At amalgamation, Parks, Forestry and Recreation established new harmonized user fees that balanced the pricing policies of all former municipalities. This resulted in changes in pricing for the former municipalities. The former City of Toronto, for example, experienced fees where there had been none before and other municipalities saw their fees reduced.

At the time that fees were harmonized, Parks, Forestry and Recreation introduced the Welcome Policy, a fee subsidy program that provides individual supports to Toronto residents that have a before tax family income of less than Statistics Canada's Low Income Cut Off (LICO). Eligible residents currently receive an individual annual credit of \$455 for children and youth and \$212 for adults and seniors. A separate report on the Welcome Policy will be at Community Development and Recreation Committee on October 28, 2013.

In 1999, Parks, Forestry and Recreation introduced several programs that were offered free of charge including drop-in programs for children, youth and seniors and free introductory instructional programs including swim, skating and camps. Demand for free introductory swim and skating lessons and camps far exceeded program availability. In

2001, a \$25 fee for introductory instructional programs (swim, skating and camps) was added in order to generate additional revenue.

In addition, Priority Centres were established in 1999 as a place-based strategy to eliminate fees for recreation programs in neighbourhoods with high levels of low income population. There are currently 23 Priority Centres where all programming is offered free of charge. Drop-in programs at outdoor pools, outdoor ice rinks, and for children, youth and seniors at all community centres continued to be offered free of charge.

A significant user fee change occurred in 2010 when a fee for leisure swim programs at all indoor pools was introduced (\$1 for children, youth, and seniors and \$2 for adults). In addition adult fees at Priority Centres were introduced in 2011 and subsequently removed in 2013 due to a 62% decrease in adult participation.

Recreation user fees are also subject to yearly inflationary fee increases. User fees have increased by approximately three percent annually since 2010. In addition, there have been some Council approved market-based fee adjustments such as a 10% increase in introductory program fees in 2012. All changes in user fees have been approved through the annual budget process, as required by the Corporate User Fee Policy. A chart showing the summary of user fee changes is included as Appendix A and a chart showing the strategies to decrease financial barriers to recreation is included as Appendix B.

## **COMMENTS**

### **Health and Social Benefits of Recreation**

Publically funded recreation is integral to the success of Toronto, its communities and residents and makes Toronto an attractive place to live and work. City of Toronto recreation programs promote the physical development of people of all ages and abilities. Recreation programs develop skills and talents in individuals, build social connections within neighbourhoods and train future leaders. Public recreation programs and services play a key role in maintaining healthy, strong and vibrant communities.

Research shows that there are many benefits to participation in recreation. Recreation improves physical, mental, and emotional health. Lifelong participation in recreation reduces the burden of disease and disability. Recreation fosters cultural unity and encourages economic development. Programs targeting at-risk youth address anti-social behaviours in a positive way that fosters continuing self-development.

In 1992, Parks and Recreation Ontario, identified four main benefits of Recreation:

1. **Personal Benefits** – Participation in recreation contributes to a meaningful and balanced life, positive lifestyle choices, and personal satisfaction; reduces stress; builds self-esteem; and improves quality of life.
2. **Social Benefits** – Recreation provides opportunities to build community spirit, have fun, meet people and it gives children places to be actively engaged.

3. **Environmental Benefits** – Recreation has an essential, life-sustaining role in contributing to the environmental health of communities through the provision of parks and open spaces.
4. **Economic Benefits** – Investing in recreation decreases spending in health care services, reduces vandalism and criminal activity, and motivates business expansion.

Investment in recreation represents a commitment to the future health and prosperity of a city. There is a strong relationship between the provision of recreation programs and services and benefits to personal, community and economic wellbeing.

### User Fees - Current Context

Parks, Forestry and Recreation offers a variety of recreation programs including free leisure swim and public skate; drop in programs for age-specific groups or for families; clubs and special interest programs; and instructional programs at both introductory and specialized levels. These programs are delivered to a range of age groups: early child; child; youth; adult; and seniors. The majority of registered programs have fees. In 2014 Parks, Forestry and Recreation estimates the generation of approximately \$40.9 million in recreation program user fees. A detailed chart showing sample recreation user fees in 2013 is attached as Appendix C.

In many cases, demand exceeds supply for recreation programs. The average utilization rate of registered programs is 80%. There are significant waitlists for many Parks, Forestry and Recreation programs. The number of courses offered and the usage of both free and paid programs in 2012 is shown below.

| <b>Participation and Waitlist for 2012 Free and Paid Programs</b> |                |                            |                     |                            |                        |
|---|----------------|----------------------------|---------------------|----------------------------|------------------------|
| <b>2012 Free &amp; Paid Courses</b>                               | <b>Courses</b> | <b>Course Registration</b> | <b>Course Hours</b> | <b>Visits / Attendance</b> | <b>Course Waitlist</b> |
| <b>Free Registered Courses (Priority Centres)</b>                 | 3,940          | 60,580                     | 82,690              | 697,020                    | 19,990                 |
| <b>Paid Registered Courses*</b>                                   | 57,720         | 391,070                    | 500,820             | 3,554,230                  | 59,900                 |
| <b>Free Drop-in Programs (Children, Youth and Seniors)</b>        | 2,820          | N/A                        | 194,750             | 2,549,800                  | N/A                    |
| <b>Paid Drop-In Programs</b>                                      | 2,870          | N/A                        | 220,210             | 2,080,170                  | N/A                    |

Numbers have been rounded to the nearest 10.

\*In 2012, 28,340 Welcome Policy participants used their subsidy to register for 88,440 registered programs. This registration is captured within paid registered course statistics.

### **Comparison to Other Municipalities**

Recreation user fees in Toronto are comparable to other municipalities in Ontario with similar socio-economic demographics including Hamilton, Windsor, Oshawa, and London. Toronto charges less per hour than other municipalities for instructional skate and dance. Toronto has a comparable charge to other municipalities for sports and camps and Toronto charges slightly more than other municipalities for instructional swim, fitness programs and memberships fees. A chart comparing Toronto's recreation user fees for children, youth and adult programs with those of Hamilton, Windsor, Oshawa, and London is attached as Appendix D.

It should be noted that Toronto provides a high level of free access to recreation programs and services in comparison to other Ontario municipalities. The combination of 23 Priority Centres with free programming for all participants and universal free access to outdoor pools, outdoor rinks and children, youth and seniors drop-in programs across the City is a level of service provision with no other municipal comparators in Ontario.

### **Impact of Fees on Participation**

Parks, Forestry and Recreation strives to serve all Toronto residents regardless of where they live and their ability to pay, as participation in recreation and physical activity benefits the City as a whole. In the consultation process for the Recreation Service Plan, the top three barriers to accessing recreation were identified as insufficient program space, the price of programs and distance to recreation opportunities.

Thirty-one percent of respondents to the Recreation Service Plan survey who did not participate in City programs cited program fees as the reason, more than any other barrier to participation. According to Statistics Canada, almost one quarter of the 2,615,060 people living in Toronto in 2011, were low-income. The 2011 Census shows that Toronto continues to have a higher incidence of low-income population as compared to the rest of Canada and Ontario including Greater Toronto and Hamilton Area.

In addition, a review of Parks, Forestry and Recreation participation trends also indicates that the introduction of user fees reduces participation in recreation programs, and when user fees are decreased, more people participate. This is illustrated through several specific examples. Attendance at drop-in indoor swim programs, for example, dropped by an estimated 6.3 per cent (66,000) after a user fee for these programs was introduced in 2010. Registrations declined by 62 per cent when Adult Fees were implemented in Priority Centres in 2011. Conversely, registration at Antibes Community Centre increased by 35% after it became a Priority Centre in fall 2012.

### **Information Requests**

The Recreation Service Plan aims to decrease financial barriers, increase participation in recreation, and improve local and geographic access. The Recreation Service Plan affirmed the continuation of Welcome Policy, free drop-in programs and the expansion of Priority Centres as key ways to do this.

In addition, Parks, Forestry and Recreation was requested by City Council to provide information on the financial impacts of eliminating leisure swimming fees for children and youth in 2014; and of extending universal access to all recreation programming.

### **Eliminating Indoor Leisure Swim Fees for Children and Youth**

In May 2010, Parks, Forestry and Recreation introduced a \$ 1 fee for leisure swim programs at indoor pools for children and youth. Previously, leisure swim was free. Leisure swim continues to be free at outdoor pools. As a result of the implementation of the fee, attendance at indoor pool drop-in programs decreased by 66,000 (6.3%) in the year after the change.

In 2012, Parks, Forestry and Recreation offered 17,506 hours of children and youth leisure swim with attendance of approximately 260,000. Based on current participation, eliminating the indoor leisure swim fee for children and youth in 2014 would result in a revenue reduction of approximately \$0.260 million.

### **Extending Universal Access to All Recreation Programming**

Extending universal access to all recreation programming would mean waiving fees for programs, regardless of age or income level. Past evidence shows that the waiving of fees will result in an increase in participation in recreation programs.

Universal access also presents some risks. It is anticipated that waiving of fees, especially for children and youth, would result in a substantial increase in program demand beyond what Parks, Forestry and Recreation could reasonably deliver. In many cases, programs are already running at full capacity with extensive waiting lists. This situation would likely increase in the event that fees are universally waived. In addition, fees allow some flexibility to respond to program demand. Where space allows programs can be expanded to meet demand if the expansion is budget neutral. Universal access would create a static level of service delivery, with little room for flexibility.

The Parks, Forestry and Recreation 2014 revenues are estimated to be approximately \$40.9 million for recreation programs. The waiving of fees would eliminate the need for the Welcome Policy program which would result in a \$10.3 million budget offset. The cost to extend universal access is therefore projected to be \$30.6 million annually, assuming no changes in program delivery or expansion to meet the increased demand.

The following is a breakdown of options for waiving fees in a number of categories:

| <b>Estimated Recreation Program Revenue by Age Category</b> |  |                     |                        |                 |
|---|--|---------------------|------------------------|-----------------|
| <b>Category</b>   | <b>Registration Fees</b>                 | <b>Drop-In Fees</b> | <b>Membership Fees</b> | <b>Total</b>    |
|   | <b>2014 Recommended Budget (\$000's)</b> |                     |                        |                 |
| <b>Adult</b>  | 3,602.0                                  | 2,349.2             | 4,055.2                | 10,006.4        |
| <b>Older Adult</b>  | 630.1                                    | 10.0                | 125.0                  | 765.1           |
| <b>Children &amp; Youth</b>                                 | 29,475.4                                 | 600.0               | 50.0                   | 30,125.4        |
|   | <b>33,707.6</b>                          | <b>2,959.2</b>      | <b>4,230.2</b>         | <b>40,897.0</b> |
| <b>Welcome Policy Recreation Subsidy</b>                    |  |                     |                        | <b>10,269.0</b> |
| <b>Net Financial Impact</b>                                 |  |                     |                        | <b>30,628.0</b> |

## Next Steps

In September 2011, City Council adopted a Corporate User Fee Policy that ensures consistency in establishing and administering the City's user fee program. Parks, Forestry and Recreation is undertaking a review of all recreation services to incorporate the implementation of a primary program model, as approved in the Recreation Service Plan. The primary program model will improve consistency of program delivery across the city while ensuring that programs remain responsive to local needs. The model prioritizes City of Toronto delivery of programs at an introductory level, in group settings, as well as those that teach basic skills. This work will take place in 2014-2015.

## CONCLUSION

This report responds to several City Council directions to Parks, Forestry and Recreation related to user fees: a review of user fees; the extent to which user fees are a barrier to participation; the health and social benefits of recreation; the financial impact of extending universal access to all recreation programming; and the financial implications of eliminating leisure swimming fees for children and youth in 2014.

This report aligns with the Recreation Service Plan and is consistent with Corporate User Fee Policy.

## CONTACT

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## **SIGNATURE**

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Jim Hart  
General Manager, Parks, Forestry and Recreation

## **ATTACHMENTS**

Appendix A – Summary of Parks, Forestry and Recreation Significant User Fee Changes Since Amalgamation

Appendix B – Parks, Forestry and Recreation Strategies to Decrease Financial Barriers to Recreation

Appendix C - Parks, Forestry and Recreation - Sample Recreation User Fees 2013

Appendix D – Comparison of Toronto's Recreation User Fees with Other Municipalities in the Greater Toronto Area - 2013

## Appendix A

### Summary of Parks, Forestry and Recreation Significant User Fee Changes since Amalgamation

| Year             | Decision  |
|------------------|---|
| <b>1998/1999</b> | <ul style="list-style-type: none"> <li>• Prior to amalgamation in 1998 former municipalities had separate user fee policies. Former City of Toronto did not charge recreation user fees whereas other former municipalities did.</li> <li>• There has been an ongoing effort to blend all former municipality user fees together and rebalance recreation user fees across the City.</li> <li>• Introduced Welcome Policy subsidy program for eligible residents to access programs.</li> <li>• Introduced free drop-in, introductory and instructional programs (including camps, swim, and sports) for preschool, children, and youth.</li> <li>• Introduced free drop-in programs for older adults.</li> <li>• Established Priority Centres that provide free programs in neighbourhoods with high populations of people living in poverty.</li> </ul> |
| <b>2001</b>      | <ul style="list-style-type: none"> <li>• Introduced \$25.00 charge for all drop-in, introductory and instructional programs (including camps, swim, and sports) for preschool, children, and youth that were previously free.</li> </ul>  |
| <b>2010</b>      | <ul style="list-style-type: none"> <li>• Introduced fee for leisure swim programs at indoor pools.</li> </ul>   |
| <b>2011</b>      | <ul style="list-style-type: none"> <li>• Introduced fees for adult programs at Priority Centres.</li> </ul>   |
| <b>2013</b>      | <ul style="list-style-type: none"> <li>• Eliminated fees for adult programs at Priority Centres.</li> </ul>   |

## Appendix B

### Parks, Forestry and Recreation Strategies to Decrease Financial Barriers to Recreation

| Funding Method                       | Description   |
|--------------------------------------|---|
| 1. Welcome Policy                    | <p>Fee subsidy program to enable free registration for residents below the Statistics Canada Low Income Cut-off (LICO). Eligible residents receive an annual allotment of:</p> <ul style="list-style-type: none"> <li>• \$455 for children and youth</li> <li>• \$212 for adults and older adults.</li> </ul> <p>Welcome Policy is currently budgeted at \$10.3 million per year.</p> |
| 2. Priority Centres                  | 23 locations across the City of Toronto. Programs and permits are free.   |
| 3. Free Drop-in Programs             | Free drop-in programs offered City-wide regardless of income status or residency (e.g. outdoor leisure swim; leisure skate). As there is no charge to the participant.  |
| 4. Low-cost Introductory Programs    | Introductory programs are offered across the City of Toronto to ensure basic recreation opportunities. Examples include swim instruction and introductory fitness programs. On average introductory programs run for thirty minutes to one hour, for nine weeks, with a fee of approximately \$36-38.   |
| 5. Older Adult (60+ years) Discounts | Older adults receive a 50% discount off adult programs.   |

## Appendix D

### Parks, Forestry and Recreation Comparison of Toronto's Recreation User Fees with Comparable Ontario Municipalities - 2013

| Hourly Rates by City and Program (\$) |                               |         |                        |          |         |        |        |
|---------------------------------------|-------------------------------|---------|------------------------|----------|---------|--------|--------|
| Program Type                          | Program Name                  | Toronto | Average (excluding TO) | Hamilton | Windsor | Oshawa | London |
| Children / Youth                      | Learn to Swim                 | 15.11   | 14.21                  | 11.44    | 12.00   | 16.25  | 17.14  |
|                                       | Learn to Skate                | 5.48    | 12.71                  |          | 15.91   | 9.51   |        |
|                                       | Dance                         | 4.11    | 5.76                   | 6.63     | 4.33    | 7.69   | 4.38   |
|                                       | Sports                        | 4.11    | 4.03                   | 4.09     | 3.60    | 5.55   | 2.88   |
|                                       | Crafts                        | 4.11    | 4.24                   | 2.00     | 4.55    | 7.85   | 2.58   |
|                                       | Camps                         | 3.14    | 3.42                   | 2.84     | 3.55    | 4.10   | 3.17   |
| Adult Programs                        | Fitness                       | 6.19    | 5.36                   | 4.00     | 3.55    | 8.38   | 5.50   |
|                                       | Fitness Membership Annual Fee | 391.59  | 339.60                 |          | 243.00  | 337.76 | 438.05 |
| Private Swim Lessons                  | Private                       | 68.00   | 41.25                  |          | 22.00   | 51.00  | 51.00  |
|                                       | Semi-Private                  | 51.00   | 34.07                  |          |         | 33.00  | 35.00  |