

Committee of the Whole (Working Session) Report

DATE: Wednesday, June 18, 2025

WARD(S): ALL

TITLE: RECREATION USER FEE & COST RECOVERY POLICY
UPDATE

FROM:

Gus Michaels, Deputy City Manager, Community Services

ACTION: DECISION

Purpose

To meet the mandatory five-year review cycle outlined in the City of Vaughan's (the "City") Recreation User Fee and Cost Recovery Policy (the "Policy"), and in response to the evolving needs of its citizens and the increasing pressures associated with delivering recreation services, the City retained Hemson Consulting Ltd. ("Hemson") in 2024 to undertake a comprehensive review of and update to the existing Policy.

This report details the purpose, objectives and scope of the study, including the methodology employed, and the results from the consultation process and benchmarking analysis. It presents the key findings of the study, proposed options for amendments to the existing Policy, and seeks Council approval to implement Option 1 (described in the report), which maintains the cost recovery rate at 95% of direct recreation costs.

Report Highlights

- The study included a comprehensive review of the Policy, various internal publications, documents, and statistics. Extensive research and municipal benchmarking were carried out, supplemented by stakeholder engagement with staff, Mayor and Members of Council, user groups and individual users.
- Extensive public consultation, including surveys with over 2,700 respondents and targeted open houses, revealed broad satisfaction with current fees but highlighted concerns around affordability, access and support for older adults and equity-deserving groups.
- An analysis of both direct and indirect expenses was conducted to determine the City's full cost of delivering recreation services.
- This comprehensive analysis guided the development of Policy amendment options, detailing the risks and benefits of each, and provided recommendations for the administration and review protocol of the Policy.
- The report recommends maintaining the 95% direct cost recovery model (Option 1), which aligns with current policy objectives, minimizes financial risk, and supports continued affordability, competitiveness and participation.

Recommendations

1. THAT Council receive the *Recreation Services Comprehensive User Fee and Cost Recovery Study*, as prepared by the external consultant Hemson;
2. THAT Council approve the *Recreation User Fee and Cost Recovery Policy 18.C.04*;
3. THAT Council approve Option 1 (described in the report) which maintains the 95% cost recovery target of direct recreation costs for implementation in 2025;
4. THAT the Recreation Services Department continue to be authorized to establish and manage recreation user fees within the guidelines outlined in Policy 18.C.04;
5. THAT Schedule H in the Fees and Charges By-Law, 251-2024, be updated to reflect the amendments to the Policy;
6. THAT Council approve the consolidation of Recreation's delegated authority By-Law, 053-2023, with the City's main delegated authority By-Law, 144-2018;
7. THAT the Delegated Authority By-Law, 053-2023 be repealed; and
8. THAT By-Law 144-2018 be amended to include authority for Recreation to enter into advertising and marketing agreements, in a form satisfactory to the Office of the City Solicitor.

Background

Vaughan's recreation services network is a broad and diverse service delivery model spanning a wide range of programs and facilities across indoor and outdoor community assets.

The Recreation Services Department (the "Department") offers a diverse range of recreation programs and services that enhance the quality of life and leisure time of the City's growing and diverse community. These services are delivered across the City's

11 community centres, which feature indoor pools, gymnasiums, arenas, fitness centres, squash courts, indoor bocce courts, a bowling alley, and various program rooms. The Department also activates various outdoor spaces, including the outdoor pool, heritage sites, soccer fields, baseball diamonds, courts, and parks.

In 2024, Vaughan's recreation services network achieved significant reach and engagement. Community centres welcomed approximately 4.2-million visitors and supported over 86,000 unique facility bookings. Nearly 35,000 Vaughan Fitness memberships were activated, and more than 28,000 hours of summer camp programming were delivered. The City offered more than 9,400 registered programs, resulting in more than 103,000 hours of recreation and engaging nearly 42,000 participants. These figures illustrate the continued demand for accessible, high-quality recreation opportunities across Vaughan.

User fees represent the Department's primary revenue source outside of property taxation.

To help cover the expenses of providing recreation programs and services, the Department charges user fees for its programs and services. With over 850 user fees, the highest number among all City departments, these fees represent the largest revenue source for the City, aside from taxation.

Initially approved by Council in 2005 with a 100% direct cost recovery target, the Policy was reviewed and updated in 2009, reducing the direct cost recovery rate to 95%. Another update in 2015 reaffirmed the 95% target, and over the past 20 years, this Policy has been instrumental in advancing the City's Term of Council Service Excellence Strategic Plan. It has successfully balanced the accessibility and affordability of recreational programs and services with financial sustainability, reducing the burden on taxation while building active, engaged, and inclusive communities.

The current Policy is built on five guiding principles that aim to balance equity, affordability and cost recovery.

These strategic, but often competing, guiding principles aim to ensure affordability and accessibility while advancing cost recovery targets and minimizing reliance on property taxes. The Policy outlines fee structures, subsidy models and cost definitions that collectively support sustainable service delivery and equitable access to recreation for Vaughan residents.

- **Fiscal Responsibility**: The 95% direct cost recovery target is among the highest of neighbouring municipalities and reduces the pressure on property tax revenues, contributing to the City's long-term financial sustainability. Except for the years impacted by COVID-19, the City has generally achieved the direct cost recovery target over the last 20 years.

- Accessibility and Affordability: The Policy aims to prevent fee rates from being a barrier to participation, ensuring that recreation programs and services are accessible and affordable for all members of the community.
- Equity: The Policy provides subsidies to specialized user groups, and financial assistance for low-income households, to help promote participation and ensure equity, while maintaining the cost recovery target.
- Competitiveness: Operating like a retail business, fees are set with reference to what other municipalities and local private sector recreation providers charge so that the City remains competitive with market prices.
- Price Elasticity: Fee adjustments account for the responsiveness, or “elasticity”, of the demand for a recreation program to a change in price. In general, recreation fees are paid for by users out of discretionary income, and therefore the level of participation in recreation programs is influenced by price.

Key policy requirements govern how fees are set, adjusted and categorized.

The current Policy authorizes the department to establish and manage user fees within the implementation guidelines and parameters below:

- Achieving a 95% recovery of direct recreation operating costs.
- Limiting fee adjustments to $\pm 5\%$ annually or 10% over a rolling three-year period.
- Categorizing fees as ‘basic’, ‘value-added’, or ‘premium’ services, each with varying cost recovery expectations.
- Adjusting fees based on inflation, competitiveness, and participation trends.
- Providing fee subsidies to specialized user groups to encourage participation, including youth, older adults (ages 65+), persons with disabilities, and Community Service Organizations (CSOs).
- Offering financial assistance to low-income households.
- Prioritizing Vaughan residents by applying a surcharge to non-residents.
- Reviewing annual fee adjustments with the Finance department.
- Conducting comprehensive fee reviews every five years.

Cost recovery targets apply only to direct recreation costs, excluding broader facility or administrative expenses.

The Policy distinguishes between direct and indirect costs associated with providing recreation services. Direct costs are defined as expenses within the Department’s operating budget (excluding the Events Department, City Playhouse Theatre and Vaughan Studios and Event Space). These include recreation staff wages and benefits, as well as programming-related expenses such as materials, supplies, and sports equipment. The Policy mandates that the Department recover 95% of these direct costs.

Indirect costs, which cover indoor and outdoor facility maintenance, operations, and corporate administration, are excluded from the Policy's cost recovery target.

To support the Policy objectives, recreation programs and services are organized into three fee categories, each with varying cost recovery expectations.

To operationalize the principles outlined in the current Policy, the City classifies its recreation offerings into three distinct categories based on the level of service, target audience, and facility requirements. Each category carries a corresponding cost recovery expectation, ensuring pricing structures align with both program purpose and financial strategy. This tiered approach enables the City to offer broad access to essential services while generating revenue from more specialized offerings to help subsidize lower-cost programs.

1. **Basic Services**: These programs and services promote active living and well-being across a wide segment of the population, with a particular focus on target groups like youth, older adults, and CSOs. Basic programs, such as group swimming lessons and recreational activities for youth and older adults, are designed to develop essential skills for well-being and are offered at subsidized rates with the lowest cost recovery expectations.
2. **Value-Added Services**: These programs and services involve progressively advanced activities and skills within specific recreation facilities. Value-Added programs, such as lit soccer fields for target groups and intermediate camps, have higher cost recovery rates to help subsidize Basic Services.
3. **Premium Services**: These specialized or advanced programs and services provide access to premium facilities and generally have limited participation by target groups. Premium programs, such as artificial soccer fields, private swimming lessons, and fitness memberships, have the highest cost recovery expectations to help subsidize Basic Services.

The Policy minimizes the impact of user fee adjustments on specific groups, including youth, older adults, and CSOs dedicated to providing recreation, cultural and leisure services to Vaughan residents.

It provides fee subsidies to these groups, prioritizing them over non-residents, adults, for-profit entities, and private organizations, which do not receive any subsidies. The Department pursues alternative revenue sources, including partnerships, advertising, and grants, to help recover direct recreation costs and reduce fee pressures.

To support affordability and access for low-income residents, financial assistance is provided based on means testing. In this context, the Recreation Fee Assistance (REC Assist) Program, approved in 2009, offers annual subsidies to eligible participants. In 2024, the REC Assist program provided \$23,700 in subsidies to 185 participants, enabling them to participate in recreation programs and services.

Over the past 20 years since the Policy's introduction, the Department has achieved the 95% direct cost recovery target, generally within a +/- 1% range, except during the COVID-19 pandemic.

The planned study update for 2020 was postponed due to the pandemic, which resulted in a significant drop in recreation revenues from 2020 to 2022. Despite the gradual recovery that followed, positive trends are emerging, aligning direct cost recovery with the Policy's 95% target. By 2024, conditions were favorable for undertaking the next comprehensive fee review and the Department issued a Request for Proposal for an external consultant to conduct a thorough user fee study, which was awarded to Hemson for completion in 2025.

The 2024 user fee study was a comprehensive process informed by a review of documents and statistics, primary research, full cost analysis, and public and stakeholder engagement.

To ensure the current Policy remains aligned with Vaughan's evolving demographics, economic realities and service delivery pressures, the City commissioned a comprehensive study in 2024. The review was designed to assess whether current fee structures and cost recovery targets continue to meet the City's goals of accessibility, equity and financial sustainability. The study methodology combined environmental scanning, policy and document review, cost analysis, and public and stakeholder consultation to inform evidence-based, forward-looking recommendations.

Vaughan's demographic growth, market changes and economic pressures are reshaping service delivery needs.

Since the comprehensive review in 2015, the City has undergone significant changes. The study examined how these changes affect the City's ability to balance the accessibility and affordability of recreation programs and services with financial sustainability. Notable changes include, but are not limited to:

- Substantial residential, commercial and industrial development.
- Significant population growth and intensification.
- Changing demographic trends including changes in ethnicity, socio-economic status, and an aging population.
- Expansion of private sector offerings in many lines of business, including fitness gyms, organized sports, camps, dance and arts.
- Increased pressure on an ever-pressing need for "sustainable" budgets, planning strategies and service delivery models.
- Significantly higher costs (direct and indirect) associated with the delivery of recreation programs and maintaining existing service delivery levels.
- Ongoing inflationary and economic pressures and uncertainties in service planning and delivery.
- Aging infrastructure limiting the City's ability to compete with the marketplace and offer premium programs and associated user fees.

- Rising demand for City space/assets/amenities at a subsidized fee/rate for older adults, emerging non-structured community groups and CSOs.
- Increasing financial barriers to participation in sports and physical activity, especially among low-income residents and under-represented populations.
- Legislative requirements and changes, including but not limited to the Employment Standards Act that sets minimum wage rates, Child Care and Early Years Act, and the Accessibility for Ontarians with Disabilities Act (AODA).

A wide range of internal documents and data sources informed the policy review.

Several publications, documents and statistics were referenced in the review, including:

- Current Recreation Services User Fee Policy and Cost Recovery Model and associated Council reports
- City of Vaughan Corporate policies and plans, including:
 - 2018 Active Together Master Plan (currently being updated)
 - 2022-2026 Term of Council Service Excellence Strategic Plan
 - 2023-2027 Multi-Year Accessibility Plan
- Recreation Services departmental policies that impact fees, cost recovery and service levels, including:
 - Recreation Services Plan
 - Facility Allocation Policy
 - Community Service Organization Policy
 - Fairs & Festivals Support Program, including Services in Kind
 - Age-friendly Community Action Plan
 - Older Adult Strategy, policies and operating procedures
- Recreation Services departmental operating budgets, business plans and strategic initiatives
- Demographics analysis and reports
- Departmental statistics (program participation trends, budget performance, revenues and expenses by portfolio and location, program mix by season and current user category, etc.)
- Recreation eGuides

Public and stakeholder consultation was a key component of the study for understanding the factors influencing participation and the elasticity of demand for programs and services when setting fees.

To ensure the user fee review was grounded in lived experience, operational realities and community needs, the study included a public and stakeholder consultation process through which insights from residents, user groups, staff and elected officials were captured to better understand how recreation fees influence participation and access. Feedback gathered through various channels played a key role in shaping the study's findings and informing its recommendations.

- **Public open houses:** In September 2024, the Department organized three consultation sessions to collect feedback on recreation user fees from older adults, major user groups, and the general public. All sessions were well attended, with the older adult session notably attracting 50 participants who emphasized the importance of recreation services to their overall wellbeing.
- **Survey:** A survey targeting local user groups and individual users of recreational programs and services was conducted during the summer and fall of 2024. The survey was accessible on the City’s website and in hard copy at community centres, resulting in an exceptionally high response rate of over 2,700 individual user responses, showcasing strong community engagement and interest.
- **Interviews:** A series of interviews were conducted with staff members across various departments that support the delivery of recreation programs and services. These interviews aimed to better understand their pressures and concerns with the current Policy. Departments consulted included:
 - Recreation Services
 - Financial Planning & Development Finance
 - Parks Forestry & Horticulture Operations
 - Facility Management Operations
 - Economic Development and Tourism Vaughan
 - Vaughan Public Libraries

Additionally, interviews were held with the Mayor and Members of Council.

The public consultations offered valuable insights into the factors influencing participation.

Overall, the results indicate that most respondents are satisfied with the recreation fees in Vaughan and feel they receive good value for money. However, the consultations also revealed concerns about affordability, access, and quality. While Vaughan’s recreation programs and facilities are highly valued, users expressed a strong desire for the City to prioritize addressing these issues. Overall, several clear themes emerged from the consultation process:

- **Strong overall satisfaction, with affordability and quality top of mind.** Most individual users expressed general satisfaction with the value provided by Vaughan’s recreation services. Nearly 80% of survey respondents rated services as excellent or good, and over 75% said the fees offered good or somewhat good value for money. However, there were consistent concerns about affordability, particularly for drop-in aquatic and fitness programs, and program quality, with some noting reduced participation due to cost or limited availability. Overall, there was a strong consensus that property taxes should not be increased to cover costs.

- **Affordability and access remain top priorities for residents:** When asked which principles should guide the City's fee policy, survey respondents overwhelmingly chose affordability, value for money, and service quality. While most users supported maintaining the current cost recovery model, opinions were mixed on whether fees should increase to sustain or expand service levels.
- **Older adults expressed clear support for maintaining subsidies.** Participants in the older adult consultation session emphasized that recreation services were vital to their health, mobility and social well-being, particularly for those on fixed incomes or who serve as caregivers for grandchildren. While appreciative of existing supports, many advocated for consistent, simplified discounts and stressed the importance of minimizing future fee increases. At the same time, the consultant's report notes that a growing segment of older adults has the means to pay and may not require full subsidies.
- **User groups and community organizations supported continued partnership.** User groups, including CSOs, valued the City's fee structure and access to affordable space but encouraged more transparent communication around policy updates, consistent facility allocation, and better long-term planning. They expressed interest in ongoing engagement to ensure mutual understanding of pricing rationale and operational needs.

Previous Reports/Authority

[Review and Update of Recreation Services User Fee Policy – Extract from Council Meeting Minutes of October 19, 2016, Report No. 10, Item 1\)](#)

[Recreational Programming Alignment](#), May 9, 2023, Committee of the Whole (2)

Council Meeting Minutes of May 16, 2023, (page 7, By-law 053-2023: [Recreational Programming Alignment \(By-Law 053-2023\)](#))

Analysis and Options

The study conducted a comprehensive analysis of costs and municipal benchmarks, which informed the development of options and recommendations.

Full Cost Analysis

Building Vaughan as an active, engaged, and inclusive community is a team effort, and the Department recognizes the importance of understanding the full cost of delivering recreation programs and services.

According to the City's 2024 organizational structure and operating budget, the projected full cost of providing recreation services in Vaughan was estimated at \$50 million. However, the actual costs for 2024 exceeded budget estimates by \$3.4 million (or 7%), totaling \$53.4 million.

The cost analysis differentiates between direct and indirect costs, breaking down costs and comparing budget versus actual performance, as summarized below:

- **Direct Costs** – These include expenses outlined in the Recreation Services Department’s operating budget, excluding the Events Department, City Playhouse Theatre, and Vaughan Studios and Event Space. They include recreation staff wages and benefits, as well as programming-related costs such as materials, supplies, and equipment. The 2024 budget projected direct costs to be \$25.2 million, representing 50% of the total expenses. However, the actual costs for 2024 were slightly higher by \$0.2 million (or 1%), totaling \$25.4 million and accounting for 48% of the actual total costs. The policy mandates the Department to recover 95% of these costs.
- **Indirect Costs (Indoor and Outdoor Facilities)** – These include costs of operating both indoor and outdoor facilities where Recreation services are offered, as outlined in the Facility Management Operations and Parks, Forestry, and Horticulture Operations budgets. The 2024 budget projected these indirect costs to be \$17.5 million, representing 35% of the total budgeted expenses. However, the actual costs for 2024 were higher by \$2.7 million (or 15%), amounting to \$20.2 million and representing 38% of the total costs.
- **Indirect Costs (Corporate)** – These include costs incurred by corporate and administration departments that support the Recreation Services Department such as Human Resources, IT, Finance, etc. The 2024 budget projected these indirect costs to be \$7.3 million, making up 15% of the total budgeted expenses. Despite the actual costs for 2024 being slightly higher by \$0.5 million (or 7%), totaling \$7.8 million, they still represented 15% of the total costs.

Achieving greater financial sustainability: For 2024, the City budgeted \$20.6 million in recreation revenue, aiming to recover approximately 41% of the total budgeted expenses of \$50 million. Despite actual costs being \$3.4 million (or 7%) higher, totaling \$53.4 million, revenues surpassed expectations. Recreation revenues for 2024 reached \$24.5 million, nearly \$4 million (or 19%) more than projected, improving the full cost recovery rate to 46%, while achieving the target direct cost recovery rate for the Department of 95%.

Building a Vibrant Vaughan: As a result, in 2024, the City invested \$28.9 million in tax revenue to support recreation programs and services. This investment represents 12% of the total tax revenue generated City wide and advances the Term of Council Strategic Priority to ensure Vaughan remains a vibrant, diverse, inclusive, and equity-based community for all residents.

Municipal Benchmark Analysis

A municipal benchmark analysis was conducted to compare Vaughan’s current recreation user fee rates with those of similar municipalities.

Five municipalities in the Greater Toronto Area, including Brampton, Mississauga, Oakville, Richmond Hill, and Markham, were included in the benchmarking analysis due to their geographic proximity to Vaughan and similar demographic and socio-economic profiles. The analysis focuses on comparing 'like-for-like' services across these jurisdictions. It is important to note that the fees from other municipalities reflect their current rates, which may recover a lower proportion of service delivery costs compared to those in Vaughan.

Comparing cost recovery rates across municipalities is challenging due to variations in how direct and indirect costs are defined. However, Hemson's compilation of the 2023 Municipal Financial Information Returns (MFIR) offers a comparison of cost recovery rates among the surveyed municipalities. As illustrated in the table below, Vaughan continues to boast one of the highest cost recovery ratios for recreation programs. This suggests that Vaughan residents typically pay more for these services, while other municipalities rely more heavily on taxpayers to cover the costs.

	Vaughan	Oakville	Markham	Richmond Hill	Brampton	Mississauga
2023 MFIR	33%	31%	27%	27%	26%	26%

Despite the Department's success in achieving high direct cost recovery rates, this has been accomplished through increased user fees.

Vaughan's resident fees generally rank at or exceed the higher end of the municipal benchmark range, and are reasonably comparable to those in Mississauga, Markham, and Oakville, which also have higher disposable household incomes. In contrast, Brampton and Richmond Hill typically have lower fees, reflecting different pricing strategies with minimal or no cost recovery targets. The table below summarizes Hemson's municipal benchmarking analysis for major service areas.

Service Area	Vaughan vs Benchmark Average
Aquatic Programs	-1%
General Recreation Programs & Camps	-1%
Memberships (various)	7%
Facility Rentals (Resident rate)	53%
Facility Rentals (CSO rate)	-21%

Note: The benchmark reflects an average of the different fee offerings for each program and the sample size and variability of fees differ across the program offerings.

Although the analysis indicates that some service areas are generally priced above the benchmark average, there are notable exceptions.

These exceptions point to areas where the City has deliberately prioritized affordability or where opportunities exist to improve rate alignment, including:

- Older Adult and CSOs: Fees for older adult residents and CSOs in Vaughan are significantly lower than the benchmark average. However, given the strong support from individual recreation users and user groups for subsidies to encourage participation, it is recommended that the City continue subsidizing older adult and CSO fees. Additionally, the City should continue to monitor the revenue shortfall resulting from these discounts and continue promoting the financial assistance programs, such as RecAssist, available to Vaughan’s older adult population to cover user fees.
- Non-Resident Fees: The municipal benchmark analysis also revealed that Vaughan’s current surcharge for non-resident users of 10% is lower compared to other municipalities. For instance, Brampton applies a surcharge of 30% for non-residents, while other municipalities average +15%, depending on the program or facility type. This suggests opportunities to increase Vaughan’s non-resident rates to achieve greater balance with resident rates.

Options for Consideration

Based on the guiding principles, full cost analysis, and municipal benchmark analysis, the following four options for adjusting recreation fees are presented for Council’s consideration.

In all options, it is assumed that all other factors influencing participation (both internal and external) remain unchanged.

Current: 95% Direct Cost Recovery Target	<ul style="list-style-type: none"> • Maximum of +/-10% within benchmark range • Capped at +/-5% per year and +/-10% over 3 years • Non-resident surcharge of 10% 	
Options	Parameters for Fee Change	Impact
Option 1: 95% Direct Cost Recovery Target (no change)	<ul style="list-style-type: none"> • Maximum of +/-15% within benchmark range • Capped at +/-5% per year and +/-15% over 3 years • Non-resident surcharge of 20% 	<ul style="list-style-type: none"> • No additional tax impact

<p>Option 2: 90% Direct Cost Recovery Target</p>	<ul style="list-style-type: none"> • Maximum of +/-10% within benchmark range • Capped at +/-5% a year and +/-10% over 3 years • Non-resident surcharge of 20% 	<ul style="list-style-type: none"> • \$1.3 million less fee revenue than Option 1 • To be funded through taxation after any phase-in of fees • +0.50% impact to tax rate
<p>Option 3: No target</p>	<ul style="list-style-type: none"> • Set fees within benchmark range • Maximum +/-25% fee changes • Capped at +/-5% a year and +/-25% over 3 years • Non-resident surcharge of 20% 	<ul style="list-style-type: none"> • \$1.5 million less fee revenue than Option 1 • To be funded through taxation after any phase-in of fees. • +0.57% impact to tax rate
<p>Option 4: 100% Direct Cost Recovery Target</p>	<ul style="list-style-type: none"> • Maximum 20% fee increase • Capped at +/-5% a year and +/-20% over 3 years • Non-resident surcharge of 20% 	<ul style="list-style-type: none"> • \$1.2 million more fee revenue than Option 1 • Reduced participation in many programs • -0.46% impact to tax rate

Note: Please refer to Attachment 1 for the average percentage fee change across each service area under the different options. Note that individual fee changes will vary based on participation trends and municipal benchmarks. Any fee increase exceeding +/-5% will be gradually implemented over a three-year period.

Option 1 proposes maintaining the current 95% direct cost recovery model while aligning fees more closely with municipal benchmarks through a phased adjustment strategy.

This option maintains the current approach of recovering 95% of the Recreation Services budget’s direct costs through fees, with the remaining 5% and all indirect costs funded by other revenue sources, being mainly property taxes. This aligns with the City’s current Policy goal, which exceeds most Ontario municipalities' cost recovery rates.

Under this option, fees would be adjusted to match municipal benchmarks and participation trends, phased in over three years with a maximum 15% increase from the current 10% to minimize impacts on participation. The highest increases (15%) would apply to some aquatics, general programs, and park rentals. Meanwhile some general programs, room rentals, and baseball diamond rentals would see unchanged fees or minor reductions. The non-resident surcharge would increase from 10% to 20%, generating approximately \$120,000 in additional revenue with minimal impact on non-resident participation.

Option 1 would have no additional impact on tax funding, as the cost recovery expectations remain unchanged.

Option 2 proposes reducing the direct cost recovery target to 90% to bring it more in line with municipal benchmarks while phasing in fee adjustments and maintaining current standards of service.

This option aims for 90% direct cost recovery, lower than the current target, but aligning better with municipal benchmarks. Indirect costs would still be funded through property taxes. Despite the reduction, Vaughan's cost recovery rate would remain among the highest in Ontario.

Under this option, fees would be adjusted to match municipal benchmarks, capped at a 10% change (up or down) over three years. The highest increases (10%) would apply to adult and older adult general programs, park rentals, and tennis court rentals. The non-resident surcharge would also increase from 10% to 20%. Fee reductions would affect inclusion and some general programs, fitness memberships (excluding older adults), arena ice and floor rentals, multipurpose room rentals, and baseball and soccer field rentals.

Option 2 would generate approximately \$1.3 million less in user fee revenue, resulting in a 0.50% increase in property tax funding.

Option 3 proposes removing the cost recovery target altogether and setting all recreation fees within the municipal benchmark range to prioritize accessibility and affordability.

This option waives the current User Fee Policy cost recovery target and sets all recreation fees within the municipal benchmark range. This option better achieves the City's accessibility and affordability goals compared to other options and aligns more closely with other municipalities' cost recovery benchmarks.

Under this option, fee changes would be capped at 25% from the current 10% and phased over three years. The highest increases would apply to aquafitness, adult, older adult, preschool programs, and tennis court rentals, while the highest reductions would affect fitness memberships (excluding older adults), arena ice and floor rentals, bocce, and soccer and baseball diamond rentals.

Increased participation in price-sensitive areas could lead to a net financial gain, especially where unused capacity exists. However, implementing this option would require ongoing monitoring of fee benchmarks and an additional 0.57% or \$1.5 million in property tax funding.

Option 4 proposes increasing the direct cost recovery target to 100% to align fees more closely with full-service costs and generating additional revenue, while acknowledging potential impacts on participation.

This option aims for 100% direct cost recovery, exceeding historical levels and the current User Fee Policy target, while indirect costs remain funded by property taxes.

This approach aligns fees with the cost of benefits received, positioning Vaughan's cost recovery rate among the highest in Ontario.

Fee changes would be phased in over three years, capped at a maximum 20% from the current 10%, with a minimum 15% increase across all fees to balance market rates and participation impacts. Despite phasing and capping increases, participation is expected to decline across general programs, camps, and fitness services.

The highest increases (20%) would apply to most aquatics, some general programs, fitness, bocce, and park rentals. The lowest increases (15%) would affect some aquatics (pool rentals), inclusion and youth programs, camps, arena ice and floor rentals, baseball diamonds, soccer fields, and community services-in-kind.

Option 4 would generate \$1.2 million more in fee revenue than the current Policy, including the increased non-resident surcharge, reducing the burden on taxation by approximately 0.46%.

Recommendations:

The Department recommends approving Option 1 for implementation in 2025, which maintains the current 95% cost recovery target for direct recreation costs without additional financial impact.

While Option 3 supports Recreation Services' five guiding principles, Option 1 offers the lowest risk, maintains current accessibility and affordability standards, promotes program participation, aligns fees with municipal benchmarks, and provides the flexibility to adapt to changing consumer needs and market conditions.

The Policy continues to grant departmental authority to establish and manage user fees within the implementation guidelines and parameters.

These implementation guidelines are outlined below:

- Limit fee changes to +/-5% per year and +/-15% over 3 years.
- Adjust fees based on inflation, competitiveness, and participation trends.
- Avoid increasing fees where participation is steadily declining.
- Continue subsidizing fees for specific user groups (youth, older adults, CSOs).
- Prioritize Vaughan residents by applying a 20% surcharge to non-residents.
- Ensure fee information remains accessible to the public.
- Promote and offer financial assistance programs, such as RecAssist, to help low-income users offset costs and ensure equity.
- Pursue alternative funding sources, implement cost-saving measures, and closely monitor the effects of user fees on participation.
- Review annual fee adjustments with the Finance department.
- Conduct a comprehensive fee review every five years to ensure fees align with the principles of the User Fee Policy.

Additional administrative amendments to the City's by-laws are being recommended to streamline the Department's ability to deliver recreation programs and services.

The consolidation of Recreation Service's delegated authority By-law, 053-2023, with the City's main delegated authority By-law, 144-2018, will enhance clarity and improve administrative efficiency. Additionally, an amendment to By-law 144-2018 is recommended to delegate administrative authority to Staff for executing agreements related to marketing and advertising in order to support timely decision making and enhance the Department's ability to promote and deliver its programs and services more effectively.

Financial Impact

The Department recommends approving Option 1 for implementation in 2025. This option does not result in any additional financial impact on property tax funding since the Department's cost recovery rate remains unchanged at 95% of direct Recreation Services operating expenses. The remaining 5% and all indirect costs will continue to be funded by other revenue sources, primarily property taxes.

Operational Impact

The Department acknowledges that building Vaughan as an active, engaged, and inclusive community requires a collaborative team effort and relies on the support of many departments. Recognizing this interdependence, key City departments participated in the study's stakeholder consultation process, as well as reviewed and provided input for this report, including:

- Financial Planning & Development Finance
- Parks Forestry & Horticulture Operations
- Facility Management Operations
- Economic Development and Tourism Vaughan
- Vaughan Public Libraries

Broader Regional Impacts/Considerations

N/A

Conclusion

Vaughan's Recreation User Fee and Cost Recovery Policy is both comprehensive and progressive. It sets a specific cost recovery target, an industry-leading approach that other municipalities are gradually adopting. The Policy aims to maximize program participation while maintaining high-quality programs and services, ensuring value for money. It supports building Vaughan as an active, engaged, and inclusive community by prioritizing specific user groups to encourage participation and ensuring that low-

income participants can access financial support. Additionally, it aligns and balances fees with municipal benchmarks to stay competitive in the marketplace. Most importantly, it balances cost recovery with accessibility and affordability for residents, contributing to the City's financial sustainability and commitment to keeping taxes low. This approach further supports an active lifestyle, health, well-being, and a high quality of life for residents.

Based on the study's thorough fee review and analysis, staff recommend Option 1 as the preferred and most balanced approach with implementation during the current fiscal year, 2025. This option results in no additional financial impact, as the Department's cost recovery rate remains unchanged at 95% of direct recreation operating costs. The implementation guidelines under Option 1 will enable the Department to continue its proactive approach to setting fees based on key principles such as cost recovery, competition, benefits received, and affordability. Option 1 further supports the Department's commitment to providing accessible and affordable recreation programs and services to the community, aligning with the priorities outlined in the Term of Council Service Excellence Strategic Plan, and continuing its successes in achieving long-term financial sustainability.

For more information, please contact:

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Attachments

1. Average percentage Changes to Fee Rates Under Each Option
2. Recreation Services Comprehensive User Fee & Cost Recovery Study April 2025.
3. Recreation User Fee & Cost Recovery Policy 18.C.04

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