

Fees at City Recreation Centers: More Pay, Fewer Play

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SUMMARY

IN 2003, AS THE MAYOR AND THE CITY COUNCIL sought to close the city's sizeable budget gap in the wake of a recession and the fiscal aftershocks of September 11, most city-run recreation centers began to charge membership fees. In addition, the price was raised for tennis permits. As part of its 2007 Preliminary Budget, the Bloomberg Administration has proposed extending membership fees to the recreation centers that are still free.

At the request of Public Advocate Betsy Gotbaum, IBO has reviewed the changes in usage and the increase in revenue resulting from the new and higher fees for recreation centers and tennis permits that began in 2003. Among our key findings:

- After mandatory membership fees began in 2003, attendance at 20 recreation centers fell 13 percent, while membership at five free centers rose 23 percent. Overall, attendance fell 2.2 percent in 2003, and was down 4.2 percent in 2005 compared to 2002.
- Among the 20 centers with fees, attendance actually rose 11 percent in 2003 at centers without pools, which charge \$50 per year. Some users appear to have stopped going to the more expensive (\$75) centers with pools—where attendance fell 22 percent.
- Total revenue from recreation center membership fees was \$2.0 million in 2005. The Mayor's 2007 budget proposes imposing fees at the remaining free centers, and projects \$2.0 million in additional revenue. IBO estimates that the city will receive no more than half that amount.
- The doubling of adult season tennis court passes in 2003—from \$50 to \$100—led to a 40 percent drop in sales volume. Sales of single-play passes—the price for which remained unchanged at \$5 until 2005—rose, but total revenue from tennis, including season permits and single-play passes, increased only 16 percent, to \$1.4 million in 2005, well below the Mayor's original projections.

Charging fees and selling permits for public recreational facilities highlights two potentially competing objectives: recovering the cost of providing a service versus other public goals, such as the Bloomberg Administration's emphasis on promoting healthy lifestyles. As this review of tennis permits and recreation facility membership shows, users will substitute more affordable options when they are available and convenient. It remains to be seen how users will respond if fees are added at the rest of the city's recreation centers.

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INTRODUCTION

The primary function of the Department of Parks and Recreation (DPR) is to provide open space and recreational opportunities for New Yorkers. In addition to managing 28,000 acres of parkland, the city's parks department maintains and operates a variety of recreational facilities and programs. While many of these services, such as after-school programs and summer festivals, are available free of charge, the department charges fees for use of most recreational facilities. In fiscal year 2003, the department raised the price for a number of recreational services, and began requiring payment for others that previously had been offered free of charge (or by donation only). Two of the more significant increases—in terms of the number of users affected—were applied to seasonal tennis permits and to recreation center memberships.

Setting the appropriate price for public recreational services requires a careful consideration of the balance between access and cost. On the one hand, the city may seek to recover some or all of the cost to provide a service by charging a fee; unlike so-called pure public goods, recreation centers share many attributes of services that are generally provided by the private sector. On the other hand, public facilities are intended to provide broad and equitable access to recreational opportunities for all city residents. Charging fees at these centers may also conflict with the Bloomberg Administration's goal of promoting healthy lifestyles. At the request of Public Advocate Betsy Gotbaum IBO has reviewed the results of the new and higher fees for recreation centers and tennis permits instituted in 2003 for their effects both on usage and on revenues.

In 2005, two years after the new fees took effect, recreation center memberships brought in revenue of \$2.0 million. Sales of tennis permits and passes netted the city \$1.4 million. The Mayor has proposed extending recreation center fees to the six centers currently funded with federal Community Development Block Grant (CDBG) funds that remained free of charge in 2003, projecting \$2 million in additional revenue. Based on our analysis of the 2003 experience, IBO's estimate is that revenue will likely be no more than half this amount.

RECREATION CENTERS

The city operates two types of recreational facilities that have required membership since 2003: recreation centers,

Revenues From Recreational Facilities Fees and Tennis Permits and Passes

Dollars in thousands

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------|---------|---------|---------|---------|---------|---------|
| Tennis permits and passes | \$1,015 | \$1,224 | \$1,225 | \$1,351 | \$1,375 | \$1,426 |
| Recreational facilities | \$6 | \$6 | \$6 | \$1,494 | \$1,637 | \$2,045 |

SOURCES: IBO; Office of Management and Budget; Department of Parks and Recreation.

NOTE: Prior to 2003, all revenues generated at recreational facilities came from user donations.

which are funded primarily through city tax-levy dollars; and Community Development Centers (CDCs), which are recreation centers that receive most of their funding through the federal Community Development Block Grant.¹ (The parks department's terminology is somewhat confusing: "Recreation centers" refers both to all recreation centers, however funded, and to just those 22 centers that are funded primarily by city tax-levy funds and operated by the parks department. We have sought to make clear which definition we mean by context.) Community Development Block Grant funds can be used for a wide variety of programs, but these must largely benefit low-income communities. There are currently 22 city tax-levy funded recreation centers and six CDCs in operation.

Prior to 2003, both types of centers admitted city residents free of charge. All centers solicited donations that were held by the City Parks Foundation—a nonprofit organization founded in 1989 to support city parks lacking private resources—and spent to improve programs and facilities at the center to which they were donated. Users who made the suggested donation of \$25 were given membership cards to show when checking in at the center. Visitors to the centers (users who made no donation or who donated less than the suggested amount) were required to show some other form of identification when they signed in at a center.

In 2003, this system changed. Membership was made mandatory at all centers, for all users. The city set a fee structure for membership at the centers funded by city tax dollars: adult membership was set at \$50 annually (\$75 at centers with pools); membership for seniors age 55 and up was set at \$10 for centers with or without pools; membership for youth under age 18 remained free.

Membership also became mandatory at the Community Development Block Grant-funded centers. No fees were charged for this membership, however, and the centers stopped collecting donations from users.

IBO reviewed data on member attendance at both CDCs and tax levy-funded centers to determine the effect of the 2003 changes on usage. We base our analysis on adult (non-senior) member attendance rather than number of memberships because the centers record it with greater accuracy and it provides the most direct indication of facility usage (see sidebar on recreation center data).

| Adult Member Attendance at Recreation Centers and Community Development Centers | | | | | | | |
|--|-----------------|--------------------|-----------|-----------|----------------------|-----------|-----------|
| | Number included | Suggested Donation | | | Mandatory Membership | | |
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Recreation Centers | 20 | 974,129 | 1,046,822 | 1,053,989 | 913,292 | 960,032 | 930,979 |
| Annual percent change | | n/a | 7.5% | 0.7% | -13.3% | 5.1% | -3.0% |
| <i>Percent change 2005 over 2002: -11.7 %</i> | | | | | | | |
| Community Development | 5 | 363,887 | 404,477 | 473,840 | 581,295 | 604,509 | 533,194 |
| Annual percent change | | n/a | 11.2% | 17.1% | 22.7% | 4.0% | -11.8% |
| <i>Percent change 2005 over 2002: 12.5 %</i> | | | | | | | |
| All Centers | 25 | 1,338,016 | 1,451,299 | 1,527,829 | 1,494,587 | 1,564,541 | 1,464,173 |
| Annual percent change | | n/a | 8.5% | 5.3% | -2.2% | 4.7% | -6.4% |
| <i>Percent change 2005 over 2002: -4.2 %</i> | | | | | | | |
| SOURCES: IBO; Department of Parks and Recreation. | | | | | | | |
| NOTE: Adjusted to exclude closures and new centers. See end note 2. | | | | | | | |

Changes in Membership Attendance. After excluding three centers that were closed for extended periods or newly opened during the period 2000 through 2005, overall adult member attendance at the remaining 25 centers open continuously from 2000 through 2005 showed a decline of 2.2 percent in 2003, when mandatory membership fees took effect at city-funded recreation centers.³ This was followed by an increase of 4.7 percent in 2004, and another decline of 6.4 percent in 2005. By 2005, overall member attendance at all centers was down 4.2 percent compared to its 2002 level.

User Substitutions in Response to 2003 Changes. The establishment of mandatory membership fees at city-funded recreation centers brought about several distinct responses in member attendance. When users were faced with the choice posed by the new fee structure, they responded by substituting less expensive options for pricier ones. Many apparently chose to join centers that offered them free membership—the CDCs—rather than city-funded centers where fees are charged. A substitution effect is also evident within the city-funded centers, as users responded to a higher fee for recreation centers with swimming pools by shifting to less expensive centers without pools.

Substitution of CDCs for City-Funded Recreation Centers. The data suggest strongly that when users were faced with the enactment of mandatory membership fees at city-funded recreation centers, many chose to join CDBG-funded

centers instead. Total member attendance at city-funded centers dropped 13.3 percent in 2003, while CDC member attendance rose by 22.7 percent in the same year. By 2005, this discrepancy had narrowed only somewhat. Member attendance at CDCs was 533,194 in 2005—12.5 percent higher than in 2002. At city-funded centers, 2005 member attendance was 930,979—11.7 percent lower than it was in 2002.

Substitution of Centers without Pools for Centers with Pools. Eight of the 22 city-funded recreation centers have indoor pools (although two are excluded from our study because they were closed during the analysis period), as do three of the six CDBG-funded centers. The adult membership rate set in 2003 for centers with pools is higher than that set for centers without pools—\$75 versus \$50 annually. Recorded adult member attendance at centers without pools actually registered a nearly 11 percent increase after fees were introduced in 2003. In contrast, member attendance fell at higher-priced centers with pools. Although there have been fluctuations in the data, the sharp drop in attendance at centers with pools in 2003, together with the sharp increase in centers without pools, suggests that some users switched from using centers with pools to those without rather than pay the higher price.

New Fees Proposed for Next Year. The Mayor's Preliminary Budget for 2007 proposes eliminating the distinction between CDCs and city-funded recreation centers by instituting the same mandatory fees at the six CDBG-funded

Adult Member Attendance at Recreation Centers with and without Indoor Pools

| Recreation Centers | Centers in Sample | Suggested donation | | | Paid membership | | |
|---|-------------------|--------------------|---------|---------|-----------------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| With Pools | 6 | 690,868 | 776,431 | 768,777 | 597,955 | 642,744 | 622,998 |
| Annual percent change | n/a | n/a | 12.4% | -1.0% | -22.2% | 7.5% | -3.1% |
| <i>Percent change in 2005 over 2002: -19.0%</i> | | | | | | | |
| Without Pools | 14 | 283,261 | 270,391 | 285,212 | 315,337 | 317,288 | 307,981 |
| Annual percent change | n/a | n/a | -4.5% | 5.5% | 10.6% | 0.6% | -2.9% |
| <i>Percent change in 2005 over 2002: 8.1%</i> | | | | | | | |

SOURCES: IBO; Department of Parks and Recreation.

NOTE: Data from two recreation centers with pools—the East 54th Street and Chelsea Recreation Centers—not included because the centers were not in operation for the whole period.

centers that were put in place for recreation centers in 2003. In 2005, recreation center memberships for the 22 centers that currently require payment brought in \$2.0 million. The Bloomberg Administration maintains that establishing the same fee structure at all centers will eliminate artificial distinctions between city-funded and CDBG-funded centers and relieve overcrowding at the CDCs. In addition, some recreation centers, such as Sorrentino in Queens, are located within CDBG-eligible districts but do not receive the grant funding—and therefore charge membership fees—because they are not designated CDCs. The Bloomberg Administration proposes to expand the fee structure so that those federal dollars can be spread among all centers located in CDBG-eligible districts.

The Bloomberg Administration projects \$2 million in revenues annually from this measure. IBO estimates that revenues are likely to be no more than half that amount in the first year (2007), if usage patterns roughly follow those that occurred at recreation centers in 2003. We project an overall decline of 7 percent in member attendance, which is less than the 13 percent decline in recreation center attendance in 2003. The decline is likely to be less because this time there will be

little option to substitute free centers for paid centers, as there was in 2003.⁴ We also project a move in member attendance from centers with pools to those without, similar to that which took place among recreation centers in 2003.

TENNIS PERMITS

The Department of Parks and Recreation manages over 550 tennis courts throughout the five boroughs. The city offers seasonal passes or single-play tickets for their use. Season passes of three types—adult, senior, and junior—can be purchased for unlimited court time for the entire tennis season, which runs from April

through November. Single-play tickets on a first-come, first-served basis (not distinguished by player age) are also available for sale, as are reservation tickets for courts in Central and Prospect Parks.

In 2003, the city raised the price of an adult season tennis pass from \$50 to \$100. Users responded by purchasing fewer passes. Adult season pass sales dropped 40.1 percent in 2003, from 19,376 to 11,612. Sales remained at around 10,000 for each of the next two years. Revenue from pass sales fell well below expectations, increasing only 8.7 percent, due to the dramatic drop-off in sales.

Prices for youth (\$10) and senior (\$20) season passes did

Tennis Season Pass Sales and Revenues

| | Price of Adult Pass = \$50 | | | Price of Adult Pass = \$100 | | |
|---------------------|----------------------------|-----------|-----------|-----------------------------|-----------|-------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Adult Pass Sales | 15,694 | 19,556 | 19,376 | 11,612 | 9,697 | 10,251 |
| Adult Pass Revenue | \$784,000 | \$977,800 | \$986,800 | \$1,072,350 | \$969,700 | \$1,038,000 |
| Senior Pass Sales | 3,383 | 3,864 | 3,742 | 3,859 | 4,015 | 3,034 |
| Senior Pass Revenue | \$67,660 | \$77,280 | \$74,840 | \$77,180 | \$80,300 | \$60,680 |
| Junior Pass Sales | 2,653 | 3,544 | 3,547 | 2,985 | 2,940 | 2,869 |
| Junior Pass Revenue | \$26,530 | \$35,440 | \$35,470 | \$29,850 | \$29,400 | \$28,690 |

SOURCES: IBO; Department of Parks and Recreation.

NOTE: Senior season passes remained at \$20 throughout this period, and Junior passes remained at \$10.

not change during this period, and their sales and revenues remained relatively steady.

Tennis court users had an alternative to the higher-priced season passes in the form of single-play tickets, the price for which remained constant at \$5, through 2004 before rising to \$7 in 2005. At least some share of previous season pass-holders opted for single-play tickets instead, with their sales nearly doubling in 2003, and tripling over their 2002 level by 2005. Revenues from single-play tickets rose from \$60,923 in 2002 to over \$252,000 in 2005.

Since there is no information on how often season pass-holders used a court, it is impossible to infer how many former pass-holders continued to play using single-play tickets, and how many stopped using public courts altogether. On a break-even basis, tennis players had to use their \$50 seasonal permit at least 10 times per season to make it economically worthwhile to buy a pass (setting aside the value some users might place on the convenience of holding a pass); below that frequency, it would have been cheaper to buy a single-play ticket. With the price at

\$100, it now becomes economical to buy single-play tickets for any frequency below 20 sessions per season. Thus one might reasonably expect that many users who played on average more than 10 but less than 20 times per season might have switched to single-play tickets when the price of a season pass was raised.

In 2003, 12,569 more single-play tickets were sold than in 2002, while 7,764 fewer adult passes were sold—a ratio of 1.62 to 1. Since it seems unlikely that players bought season passes that they used on average less than twice per season, it is logical to conclude that some number of season pass-holders did not use the tennis courts at all after the season permit price doubled, or used the courts on a single-play basis, but much less frequently than in the past. By 2005, compared to 2002, 9,125 fewer seasons passes were sold, while players bought 29,343 additional single-play tickets. Even this increase would suggest that, on a one-to-one correspondence basis, seasonal users only used their passes 3.2 times per season on average—still far below the pre-increase break-even point of 10 times per year.

In total, while tennis court usage appears to have dropped off

NOTE ON RECREATION CENTER DATA

Analyzing changes in usage of recreation centers posed some challenges due to the mandatory membership requirement instituted in 2003. Prior to 2003, every user was required to sign in upon arrival at a recreation center or CDC and check a box to indicate their status: adult member, senior member, youth member, or visitor (of any age). Beginning in 2003, membership for regular use of recreation centers became mandatory; visitors were not allowed to use recreation facilities regularly, only to attend special events or programs.

These changes make comparison of usage before and after the 2003 fee initiative difficult. We used adult member attendance to analyze changes in usage resulting from the membership fee. After fees were implemented at recreation centers, *membership* went up (as it became mandatory), but total recorded member *attendance* initially went down. This could be because the average frequency of use went down as some users who previously registered as visitors because they attended infrequently became members. It could also be the case that some regular users who were not registered as members before 2003 had nonetheless signed in as members.

Visitor attendance also initially went down, most likely because some users who formerly registered as visitors became members. Combined attendance—visitors and adult members—declined 14 percent at recreation centers and rose 22 percent at CDCs, consistent with adult member attendance patterns.

Visitor attendance has since rebounded considerably. The health department's Shape-Up New York initiative, which provides free fitness classes at recreation centers, started in summer 2003 (fiscal year 2004) at four locations (two CDCs, two satellites/CBOs), and was expanded the next summer (fiscal year 2005) to nine locations, including two recreation centers, three CDCs, and four satellites/CBOs. The parks department also holds special one-week promotions twice a year to encourage membership at centers.

Additional detailed usage data is available by contacting IBO.

considerably in response to the doubling of the price of an adult season pass, total revenues increased only marginally, from \$1.2 million in 2002 to \$1.4 million in 2005—16.4 percent—primarily on the strength of single-play ticket sales.

It is therefore unlikely that the city maximized tennis revenues by doubling the adult season pass price. A smaller price increase might have retained more season pass-holders and resulted in greater total revenues and court usage.

CONCLUSION

The decision to charge fees and sell permits for public recreational facilities demands consideration of competing objectives. Recovering the cost of providing a service is one objective, which must be measured against the objective of ensuring broad and equitable access to recreational facilities. As this review of tennis permits and recreation facility membership shows, users will substitute more affordable options when they are available and convenient.

The Bloomberg Administration's proposal to require payment for membership at the six CDCs poses the question of how users will respond. IBO estimates that the additional

revenue from extending mandatory membership is likely to be less than \$1 million in 2007 if usage patterns roughly follow those that occurred at recreation centers in 2003. With competing budgetary priorities and myriad services to provide, the city must find ways to maximize the resources available to support a range of recreational opportunities.

Written by Elisabeth Franklin

END NOTES

¹ Recreation centers and Community Development Centers account for roughly 95 percent of total recreation facility attendance. We do not examine here the other two facility types: CBOs, or community based and operated centers (owned by DPR but operated by other groups), and satellite centers (owned and operated by DPR but smaller and not requiring membership).

² Visitors are still allowed to use recreation facilities to attend special events or programs. On average, visitor attendance at the recreation centers was just under 200,000 people annually. Average annual visitor attendance at the CDCs was about 33,000. Visitors account for 17 percent of recreation center attendance, and 7 percent of CDC attendance annually.

³ The East 54th Street Recreation Center closed in 2001 and reopened in 2005. Chelsea Recreation Center first opened in 2004. Hunts Point CDC first opened in November 2001 (fiscal year 2002). Actual total attendance at recreation centers was thus higher than shown. There were other minor fluctuations in attendance resulting from smaller and briefer center closings for construction activity throughout the six years of data we have examined, but these did not appear to strongly influence the results one way or the other. Other data aberrations may result from inconsistent recording methods at the centers.

⁴ The smaller satellite and community-based and operated centers will continue to be free of charge, but these programs currently account for only 6 percent of total recreation facility attendance.

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