

TORONTO STAFF REPORT

February 25, 2005

To: Economic Development and Parks Committee

From: Joe Halstead, Commissioner Economic Development, Culture and Tourism

Subject: Harmonized Permit Rates
All Wards

Purpose:

To propose harmonized permit rates for certain recreation facilities across the City and to respond to the request for information by the Economic Development and Parks Committee. This report does not deal with any recreational program fees.

Financial Implications and Impact Statement:

Implementation of these new fees is scheduled for January 2006, and there are no financial implications on Parks and Recreation's 2005 Operating Budget resulting from the adoption of this report. However, shifts in usage patterns and volume will emerge once the partial implementation of the permit allocation policy and the new permit rates come into effect in January 2006 which may intensify with the implementation of the second phase of the permit allocation policy in January 2007. As usage volume and patterns emerge during the implementation period, which may affect the operating results, annual reporting during implementation with any required pricing adjustments in order to maintain a revenue neutral position will be recommended.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the new harmonized permit rates for gymnasiums, rooms, kitchens, dry pads and children's use of sports fields as outlined in Attachment No. 1 be approved for implementation on January 1, 2006;

- (2) the Commissioner, Economic Development, Culture and Tourism implement an internal and external communications strategy in 2005 to generate awareness of the new allocation policy and new permit rates;
- (3) as part of the revenue analysis before the 2006 Operating Budget submission, staff report on the potential of incorporating a cost of living indexed increment to permit rates every year, beginning in January 2007;
- (4) staff report to the Economic Development and Parks Committee annually during the three year implementation period, beginning in the 3rd quarter of 2006 prior to finalizing the following years operating budget, on long term financial implications resulting from any shift in usage patterns or volumes following the implementation of the new permit allocation policy and new permit rates;
- (5) staff report on insurance requirements for permit groups to the May meeting of the Economic Development and Parks Committee; and
- (6) the appropriate City Officials be authorized to take the necessary action to give effect thereto.

Background:

At its meeting of September 13, 2004, the Economic Development and Parks Committee approved a report titled "Harmonized Permit Allocation Policy and Permit Rates Framework". The report outlined a new Permit Allocation Policy for indoor and outdoor Parks and Recreation facilities. The policy provided guidance to staff on the allocation of facilities when demand exceeds supply. Prioritization would be given to permit applications from certain groups, in accordance to a matrix of three consideration criteria -- community or private/commercial groups; within the community group category, resident or non-resident groups; and for each category of community groups, the age of users (children, youth, adult and seniors).

The Economic Development and Parks Committee also approved six guiding principles (appended as Attachment No. 2) and a framework for the development of harmonized permit rates for gymnasiums, rooms, kitchens, dry pads and children's sport fields.

This report provides information on the actual permit rates that will be charged, beginning January 2006. The report also responds to other information requests by the Economic Development and Parks Committee.

In the April 29, 2004 report to Audit Committee, the Commissioner of Economic Development, Culture and Tourism committed to review the issue of discounted or waived fees, to establish specific criteria for these exceptions and to determine the appropriate authorities and establish tracking mechanisms for such discounts which has been completed.

Comments:

Current Permit Rates

Rates for usage of gymnasiums, rooms and common areas, kitchens, dry pads and children's use of sport fields have remained different, based on rates from legacy municipalities. They are the last Parks and Recreation facility permit rates to be harmonized.

In 1999, Council approved harmonized rental rates for indoor pools and ice facilities. As part of the 2002 and 2003 Operating Budget process, permit rates for adult use of sports fields, picnic facilities, garden allotments and wedding permits were harmonized. In fall 2004, Council approved harmonization of rates for tennis courts and tennis clubs.

With the introduction of harmonized rates for gymnasiums, rooms and common areas, kitchens, dry pads and children's use of sport fields, all Parks and Recreation permit rates would be harmonized.

Consultation on Harmonized Permit Rates

Consultation sessions were held with permit holders in the summer of 2003 to discuss the harmonization and implementation of harmonized permit rates. Consultation sessions were also held in the Spring of 2004 as part of the Parks and Recreation Division's organizational review. The results of these consultations were summarized in Parks and Recreation's *Our Common Grounds* strategic plan. Feedback from community groups is also reflected in the proposed harmonized allocation policy, guidelines and permit rates framework.

Harmonized Permit Rates

In 2003, Parks and Recreation issued approximately 12,000 permits for a total of 743,893 hours of use at 1,374 different facilities, including gymnasiums, rooms and common areas, kitchens, dry pads and children's use of sport fields. Total revenue in 2004 from these permits was \$ 3.4 million. The calculation of new permit rates is based on these usage patterns and revenue target.

Details of the proposed harmonized permit rates for gymnasiums, rooms, kitchens, dry pads and children's sport fields are outlined in Attachment No. 1. The proposed fee structure is based on differential rates for different facility types and for different user groups. Facilities are classified into Premier, A, B and C, according to the amenities available at the facility, with Premier being the facility with the most amenities. Permit fees would be highest for Premier facilities, and on a declining scale with A, B and C facilities. The criteria used to rate these facilities is outlined in Attachment No. 5.

User groups are categorized exactly as the permit allocation policy. Within each facility type, children and youth resident community groups would receive top priority, and thus, lower rates than adults and seniors groups. Additional fees, such as charges for storage space, set-up costs, cleaning costs, after hours fees, SOCAN and Municipal Alcohol Policy charges will continue to

be charged, regardless of the user group or facility classification. These fees are calculated based on a case by case basis depending on the needs of the permit holder.

Revenue Impact

Economic Development and Parks Committee approved a permit fee framework that is revenue neutral. In other words, the proposed fee structure, when implemented, should have no impact on the projected permit revenue for Parks and Recreation, based on existing usage volume and pattern.

In accordance with Parks and Recreation's *Our Common Grounds* strategic plan, permit and service priority is given to children and youth groups. Thus, the proposed fee structure provides for lower rates for children and youth resident community groups, slightly higher rates for adult and senior resident community groups, even higher rates for non-resident community groups, and the highest rate for private/commercial groups.

In order to maintain the final outcome of net zero impact on revenue generated from permits for these facilities, the fee structure is designed so that the higher private/commercial rate and non-resident and adult rates would "subsidize" the lower rate for children and youth resident community groups. The rate structure is based on a projected usage ratio among various groups as follows:

Group Category	Estimated Usage
Resident community – Children	50%
Resident community – Youth	10%
Resident community – Adult	20%
Resident community – Seniors	10%
Non-resident community -- All Ages	7%
Private/Commercial	3%

This chart indicates that Children, Youth and Seniors make up 70% of our projected permit usage and this space will be made available on a heavily subsidized basis.

The implementation of the permit allocation policy will affect usage pattern and usage volume. As the new permit allocation policy will be implemented in three phases, beginning in January 2006, the shift in usage pattern and volume can only be accurately identified during the second and third year of implementation in 2007 and 2008. In addition, usage volume and pattern may also be influenced by the new rates on its own, as well as other external factors, such as the permit rates of other facility providers like the School Boards.

Staff will report annually during the 3-year implementation period on the impact of the new permit allocation policy and new permit rates, including any shifts in permit usage volume and pattern, and the corresponding revenue changes and financial impacts. The first report will be submitted to the Economic Development and Parks Committee in the 3rd quarter of 2006 prior to the 2007 operating budget submission. Any rate changes required to maintain a revenue neutral outcome will be reported at the same time.

Comparison to Legacy Rates and to Surrounding Municipalities

Existing permit rates are different across the City and are based on the legacy rates of municipalities prior to amalgamation. Attachment No. 3 provides an overview of our current general permit rate policies by former municipality. Overall, rates for adult resident community groups, non-resident community groups and private/commercial groups will increase, while rates for children and youth resident community groups will decrease.

Staff also gathered information on the permit rates of surrounding municipalities, including the Cities of Vaughan and Mississauga, as well as the Toronto District School Board. Overall, the new harmonized City of Toronto permit rates are comparable or lower than the rates of the surrounding municipalities. Details of the rate comparisons are shown in Attachment No. 4.

Impact of School Board Permit Rates

Both the Toronto District School Board and the Toronto Catholic District School Board have recently lowered rates for community usage of its facilities. This is a direct result of additional Provincial funding provided through the Ministry of Tourism and Recreation designed to improve access for sport and recreation groups to community based facilities.

Since the School Boards significantly increased permit and usage fees for their facilities from 1998 to 2002, Parks and Recreation facilities have been under increased pressure to provide space for community groups which could not afford space within TDSB and TCDSB facilities. With the reduction of fees in school, it is anticipated that there will be some migration of community groups back to school facilities, particularly those that serve specific target groups like adult sport groups and those that require speciality facilities like auditoriums and stages.

The new rates being proposed for Parks and Recreation facilities are similar to the new permit rates for both School Boards. The major difference is that the Parks and Recreation facilities have lower rates for Children and Youth while the School Boards have lower rates for Adult groups. It should be noted that both Boards of Education have a \$ 20.00 Permit administration fee and additional staffing charges apply on most rentals outside of school operating hours.

Timelines for Implementation

At its meeting on September 13, 2004, the Economic Development and Parks Committee approved the proposed timeline for the implementation of the harmonized Permit Allocation Policy and Harmonized Permit Rates. During 2005, staff and permit holders will be notified of the policy changes. New rates and allocation changes will begin January 1, 2006. Permit holders will gain or lose no more than 25% of their existing permit allocation. Beginning January 2007, full implementation of the permit allocation policy will take place.

Cost of Living Indexed Changes

At the moment, many City fees are indexed to Cost of Living increases, with annual adjustments in accordance with the rate of inflation. It is proposed that the permit rates for all Parks and

Recreation facilities, including the rates proposed in this report and previously harmonized rates for pools, ice, adult usage of sports fields, garden lots, picnic permits and wedding photography be subject to a Cost of Living Increment annually. As the costs incurred by Parks and Recreation to maintain facilities increases every year, an annual Cost of Living adjustment will ensure that adequate resources are available. Many current permit holders have indicated that they would prefer to have early communication on changes to our fees so that they can plan adequately with their organizations.

As Parks and Recreation will be conducting a detailed revenue review in 2005, it is proposed that the issue of a Cost of Living adjustment to permit rates be incorporated as part of that report.

Insurance for Permit Groups

At its meeting on September 13, 2004, the Economic Development and Parks Committee also requested the Commissioner, Economic Development, Culture and Tourism to report back with further information on third party insurance requirements for permit groups.

The Insurance and Risk Management Section of the Finance Department, in co-operation with Parks and Recreation staff, is currently reviewing insurance requirements for various types of permit holders for Parks and Recreation facilities. Various options are being considered. Further consultation with the insurance industry is in progress. It is anticipated that this report will be submitted for consideration by the Economic Development and Parks Committee in May 2005.

Conclusions:

This report proposes harmonized permit rates for gymnasiums, rooms, kitchens, dry pads and children's sport fields. The harmonized permit rates will ensure equitable, accessible and consistent permit rates for recreation facilities across the City. It will strengthen the City's commitment to community groups and advances Parks and Recreation's service priority on children and youth. In accordance with the approved permit rate framework, the proposed rate structure will be revenue neutral, with no anticipated impact on usage patterns and volume.

The proposed new permit rates will be implemented in January 2006 together with the launch of the first phase of the new permit allocation policy. Any shifts in usage volume or pattern as a result of the new allocation policy and/or the new permit rates will be closely tracked and reported to the Committee and Council annually, beginning the 3rd quarter of 2006. Any financial impact on future year operating budgets will be identified at that point.

Even though the proposed harmonized permit rates are financially reasonable and below the pricing charged by other communities and organizations, and a large majority of children, youth and seniors users and will have facilities be made available for free or nominal cost, there may still be groups that will experience hardship. Staff will monitor the outcomes and report to Economic Development and Parks Committee on any issues and unforeseen impacts.

The pricing strategy utilized is one that starts to achieve the goals of *Our Common Grounds* in that it advances free use of a majority of facilities for our priority groups – children and youth.

Our challenge remains to balance our long term goals of increasing participation and access with managing the fiscal realities of Corporate revenue expectations.

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List of Attachments:

Attachment No. 1	Proposed Harmonized Permit Rates
Attachment No. 2	Guiding Principles for Permit Rates
Attachment No. 3	Permit Rate Policies by Former Municipality
Attachment No. 4	Comparison of Proposed Rates to Other Providers
Attachment No. 5	Criteria to Rate Amenities

Attachment No. 2 – Approved Guiding Principles for Harmonized Permit Rates

The following are the guiding principles approved by Council that were used to guide the harmonization of permit rates.

1. **Consistency:** the proposed rate structure should be harmonized and consistent among facilities, usage categories and user groups and applicable across the entire City of Toronto.
2. **Clarity:** The rates must be clearly laid out for each category of use and easily understood by both permit users and staff.
3. **Gradual transition:** Any upward pressure on rates must be phased in over a minimum period of one year in order to provide groups adequate time to adjust to changes in rates, gauge impact on their particular groups and communicate these issues to their members and users.
4. **Rates gauged to facility types and quality:** Rates charged for specific facilities must be reflective of the amenities that are available; therefore, facilities with more amenities and services would charge a higher fee than those facilities with minimal amenities and services.
5. **Access and equity:** There must be a specific access policy which will allow priority groups who may not be able to afford significant fees to permit and use facilities. Clear guidelines on situations where fees can be discounted or waived must be included.
6. **Reflective of Council and City priorities:** The Mayor and City Council have identified nine priorities for their term of office as well as specific priorities for Parks and Recreation, as expressed in its Strategic Plan. The plan called for setting priorities for specific target groups in order to stimulate participation in physical activity. These priorities should be reflected in the proposed rate structure.

Attachment No. 3 – General Permit Policies of Former Municipalities

Basic premise of permit rate policies in former municipalities, that still exist today. There may be an anomaly at some specialty facilities.

Former Municipality	Gyms	Rooms	Kitchens	Dry Pads	Tennis Courts	Sport Fields
East York	Charged	Charged	Free	Charged	Free	Charged
Etobicoke	Charged	Charged	Charged	Charged	Free	Charged
Metro	Charged	Charged	Charged	Charged	Charged	Charged
North York	Charged for Adults and Free for Youth	Free (charge for private)	Free	Charged	Free	Charged for Adults Free for Children/Youth
Scarborough	Charged	Charged	Charged	Charged	Free	Charged for Adults Free for Children/Youth
Toronto	Free	Free	Free	Free	Free	Free
York	N/A	N/A	N/A	Charged	N/A	Charged for Adults Free for Children/Youth

Note: In 2002, the South District (former City of Toronto) implemented interim permit rates, that charged for facilities such as gymnasiums and rooms, that were free prior to 2002.

**Comparison of Proposed Rates to Other Providers
(Does not include Premiere Facilities)**

Category & Facility Classification		GYM - Hourly rates (\$)				
		Vaughan	Mississauga	TDSB *Does not include \$20 admin. fee or fees for equip. or staff	Toronto Current (Range of 7 former municipalities)	Toronto Proposed
Adult	A	-	47	5.50	0 - 47.08	40
	B	66	36	4.50		30
	C	-	18	-		20
Senior	A	-	47	11.50	0 - 47.08	20
	B	66	36	3.50		15
	C	-	18	-		10
Youth	A	-	47	11.50	0 - 47.08	20
	B	66	36	3.50		10
	C	-	18	-		5
Child	A	-	47	11.50	0 - 47.08	20
	B	66	36	3.50		10
	C	-	18	-		5
Non-Resident		75	-	-	-	20 - 80
Private		-	64	-	50 - 111	20 - 80
Not for Profit		-	-	19.50 A 5.50 B	30 - 67.50	-
Commercial		68	82	-	-	60 - 100

N.B. Vaughan multi-purpose room used for sports and Mississauga gym is comparable to B gym in Toronto classification.

Category & Facility Classification		ROOMS – Various time allotments (\$)				
		Vaughan (3 hr +)	Mississauga (hourly)	TDSB (hourly) *Does not include \$20 admin. fee or fees for equip. or staff	Toronto Current (Range of 7 former municipalities hourly)	Toronto Proposed (3 hr)
Adult	A	-	17/59	93	0 - 142	60
	B	41/88	17/37	47		45
	C	45/68	11/24	2		30
Senior	A	-	-	68	0 - 142	30
	B	41/88	-	35		0
	C	45/68	11/24	1.75		0
Youth	A	-	-	68	0 - 105	20
	B	41/88	-	35		0
	C	45/68	11/24	1.75		0
Child	A	-	-	68	0 - 105	20
	B	41/88	-	35		0
	C	45/68	11/24	1.75		0
Non-Resident		60 - 126	-	-	-	30 - 120
Private		-	34	-	-	30 - 120
Not for Profit		-	29	118 A , 59 B, 2.50 C	-	-
Commercial		52 -130	47	-	-	60 - 120

N.B. Vaughan and Mississauga charge by how room is used i.e. meeting vs. party. Both rates listed.

**Comparison of Proposed Rates to Other Providers
(Does not include Premiere Facilities)**

Category & Facility Classification		INDOOR DRY PADS - Hourly rates (\$)				
		Vaughan	Mississauga	TDSB *Does not include \$20 admin. fee or fees for equip. or staff	Toronto Current (Range of 7 former municipalities)	Toronto Proposed
Adult	A	-	-	-	26 - 65	60
	B	87/109/150	37/101	-		55
	C	-	-	-		50
Senior	A	-	-	-	26 - 65	50
	B	87/109/150	-	-		45
	C	-	-	-		40
Youth	A	-	-	-	26 - 65	50
	B	87/109/150	16/40/101	-		45
	C	-	-	-		40
Child	A	-	-	-	26 - 65	50
	B	87/109/150	16/40/101	-		45
	C	-	-	-		40
Non-Resident		98/128/200	70	-	-	50 - 110
Private		-	142	-	30 - 77	50 - 110
Not for Profit		-	123	-	-	-
Commercial		90/114/185	205	-	-	100 - 130

N.B Vaughan and Mississauga charge by how Dry Pad is used i.e. sports/general use/ party. Comparable rates listed.

Category & Facility Classification		SPORTS FIELDS - Hourly rates (\$)				
		Vaughan	Mississauga	TDSB *Does not include \$20 admin. fee or fees for equip. or staff	Toronto Current (Range of 7 former municipalities)	Toronto Proposed
Adult	A	-	22.40	-	5.35 – 32.50	21.40
	B	-	13.60	6.25/16.75		10.70
	C	-	8.80	-		5.40
Senior	A	-	-	-	0 – 32.50	10.70
	B	-	-	2/8.25		5.35
	C	-	-	-		2.70
Youth	A	-	-	-	0 – 32.50	0
	B	-	-	2/8.25		0
	C	-	-	-		0
Child	A	-	-	-	0 – 32.50	0
	B	-	-	2/8.25		0
	C	-	-	-		0
Non-Resident				-	-	5.40 – 21.40
Private		-	-	-	-	5.40 – 21.40
Not for Profit		-	-	9.35/25	-	-
Commercial		-	44.80/27.20/ 17.60	-	-	6.50 – 26

N.B TDSB rates are Baseball diamonds/Soccer fields
Limited information available for Mississauga
No information available from Vaughan

Attachment No. 5 – Criteria to Rate Amenities at Facilities:

Category	Criteria	Rating	Examples
Gymnasiums	wood floor, triple gym, ceiling height, scoreboard, stands, dedicated change rooms with showers	Premier	Amesbury CC
	double gym, other type flooring other than wood is acceptable, marked floor, scoreboard, ceiling height, basketball hoops, post sleeves, change rooms	A	Armour Heights Ellesmere CC North Toronto Et. Olympium
	single gym, other type flooring other than wood is acceptable, floor markings	B	Jimmie Simpson James S. Bell Flemingdon Oakdale
	low ceiling height, limited to no floor markings	C	Antibes Elmbank Mid Scarborough Regent Park
Rooms	capacity for more than 300 people, dedicated washrooms, tables, chairs	Premier	West Rouge
	capacity for 151 – 300 people (cannot exceed 300 people if the other premiere amenities are not available)	A	Heron Park Earl Bales Keele
	capacity for 51 – 150 people	B	Humber Sheppard Alderwood Pool Birchmount Beaches
	capacity must not exceed 50 people	C	Agincourt Albion HC Brown CC Driftwood
Kitchens	commercial grade appliances / equipment (may include fire safety suppression system), plates, cutlery, teaching counter	Premier	Et. Olympium Mitchell Field
	domestic appliances/equipment, teaching counter	A	L' Amoreaux RC Amesbury Gord & Irene Risk
	domestic appliances/equipment	B	Falstaff JJ Piccininni Burrows Hall
	counter appliances	C	Antibes East York CC Thistletown
Dry Pads	Same ratings approved as per implementation of Ice Rates.		
Sport Fields	Same ratings approved as per implementation of		

	adult Sport Field rates.		
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