



Motion to Reconsider

To: Toronto Public Library Board – July 15, 2002

From: City Librarian

Subject: **Auditorium, Meeting Room and Theatre Rental Policy – Report on Fee Category for Frequent, Long-Term Meeting Room Users**

Purpose:

To report back to the Toronto Public Library Board on the request to establish a room rental fee category for frequent, long-term meeting room users.

Funding Implications and Impact Statement:

Any annual flat fee would have a permanent impact on Library revenue.

A three-year phase-in option for existing non-profit users would result in a revenue loss of \$39,000 in year one and \$19,000 in year two.

Recommendation:

It is recommended that the Toronto Public Library Board:

- (1) Not implement an annual flat fee structure for long-term, weekly meeting room users;
and
- (2) Approve the three-year phase-in option for non-profit users who, effective June 10, 2002, do not pay fees.

Background:

In September 1999, the Toronto Public Library Board approved a harmonized room rental policy and fee structure, and requested staff to bring forward an implementation plan.

On January 21, 2002, the Toronto Public Library Board approved an implementation plan and revised fee structure for the Auditorium, Meeting Room and Theatre Rental Policy with the following amendments:

- ◆ That the Toronto Public Library Board:
 - ◆ Establish a \$10.00 hourly room rental fee for non-profit groups;

- ◆ Establish a \$15.00 hourly room rental fee for non-profit groups that collect dues or contributions from members; and
- ◆ Request that staff report on establishing a room rental fee category for frequent, long-term meeting room users.

Comments:

With the approval to harmonize room rental rates across the city, there remains an outstanding concern with respect to introducing charges to non-profit community groups who have not previously paid any fees. In order to smooth the transition, the Board asked staff to look at the option of establishing a room rental fee category for frequent, long-term meeting room users.

The Toronto Public Library currently has 24 regular weekly users who pay between \$1,000 - \$4,500 a year. The range reflects the differing rates in the existing systems, as well as different numbers of hours of use. Currently four groups use the library for free.

In considering this option, the following assumptions were made:

- ◆ An annual flat fee would apply only to non-profit groups;
- ◆ An annual flat fee would apply only to weekly users;
- ◆ Only locations not identified as “prime” would be eligible to offer the annual flat fee;
- ◆ A flat fee for weekly users cannot be lower than the amount that regular monthly users pay.

An analysis was done to determine the financial impact of establishing an annual flat fee structure for weekly meeting room users. The analysis looked at discounting the hourly rates of \$15 per hour and \$10 per hour by 10 percent, 25 percent, and 80 percent respectively for the two categories of non-profit groups and charging an annual flat fee based on a fixed amount of weekly usage.

For example, a weekly user subject to a \$10 per hour charge for three hours per week, would on an annual basis pay \$1,560. Under a flat fee scenario, assuming the fee is set at 25 percent discount, the user would pay a flat annual fee of \$1,170 (75% x \$1,560) for the weekly use of the room for a year. This would result in reductions in revenue as per Attachment 1.

In addition, staff surveyed nine large North American library systems as well as the seven former library systems that now comprise Toronto Public Library (Attachment 2). No library system surveyed offers an annual flat rate. Reasons for not offering a flat annual rate include: equity of treatment; loss of revenue; financial incentive to overbook to obtain a lower, flat rate; resulting reduction in access for new users and higher paying hourly users; complexity of administration.

Several libraries do not offer long-term contracts in order to maintain flexibility for library programming.

On the basis of the financial impact and the reasons listed above, Library staff do not recommend an annual flat fee.

Phase-In Option

Another option that the Board could consider to ease the transition for current non-profit groups who do not pay is to phase-in the changes over three years. The phase-in option would require one-third payment in 2003, two-thirds payment in 2004, with full payment being required in the third year. A three-year phase-in would result in a revenue reduction of \$39,000 in year one and \$19,000 in year two.

Conclusion:

A special category for frequent, long-term meeting room users is not recommended due to the financial impacts and the difficulties of administering such a policy. The three-year phase-in option, while producing an interim loss over two years will result in the Board having a harmonized room rental policy fairly administered across the city.

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List of Attachments:

- Attachment 1: Toronto Public Library – Weekly Clients – Annual Flat Fee Options
- Attachment 2: Room Bookings – Annual Charge Survey

Attachment 1

Toronto Public Library Weekly Clients - Annual Flat Fee Options

Options		Annual Fee based on Standard Rates (Notes 3 & 4)	Annual Flat Discounted Fee (Note 5)	Net Revenue Loss	Comments
1.	10% discount	\$1,560 / \$2,340	\$1,400 / \$2,100	\$11,000	- Revenue Loss - Lowest revenue loss
2.	25% discount	\$1,560 / \$2,340	\$1,170 / \$1,755	\$23,000	- Significant revenue loss
3.	80% discount	\$1,560 / \$2,340	\$ 300 / \$ 470	\$95,000	- Critical revenue loss (> 35% of total revenues) - Jeopardizes opportunities to expand access - Annual flat fee of \$300 for weekly users may be less than what is paid by current monthly users. Could have the effect of crowding out by monthly users switching to weekly due to financial incentive - Penalties for non-use would have to be considered, adding administrative complexity

Notes

1. Annual flat fee applies to all weekly users, including those now paying.
2. Rental of rooms is based on three hours blocks per week for a total of 156 hours per year.
3. Annual fee based on standard rate for non-profit groups not collecting dues or contributions from members is \$10/hr x 156 hours = \$1,560.
4. Annual fee based on standard rate for non-profit groups collecting dues or contributions from members is \$15/hr x 156 hours = \$2,340.
5. Annual Flat Discounted Fee is based on a percentage discount off the standard rates.
6. Annual Flat fee is assumed to be prepaid.

Attachment 2

Toronto Public Library Room Bookings – Annual Charge Survey

Library	Annual	Regular Rates	Notes
Cincinatti & Hamilton County Public Library	No		Open to non-profit groups only; no charge; limited availability
Los Angeles Public Library	No	\$50 - \$2000 / event	Regular recurring meetings by same group discouraged
San Francisco Public Library*	No	Fees to cover all costs	Groups limited to one use per year for large rooms & once per month for small (15 persons) rooms
Pittsburgh Public Library	No	\$200 - \$250 / day	Non-profits reduced \$50
Miami-Dade Public Library	No	\$80 - \$200 / day	No regular recurring meetings (weekly, monthly) permitted
Detroit Public Library	No		
New York City	No		
Cleveland	No		
Boston	No		
<ul style="list-style-type: none"> San Francisco Public Library does not “rent” rooms. They “make space available” to groups. They are permitted to levy fees in order to recover costs which are over and above what is in the approved budget. This includes booking staff, custodial and security services, kitchen use, equipment maintenance/replacement etc. 			
St. Alban's Boys & Girls Club	No	Non-profit - \$15/hr Commercial - \$25/hr	
519 Church Street Community Centre	Yes	Non-profit – free Commercial - \$50/hr	Commercial -charged a weekly fee. If they book for a month they would get a discount, i.e. 2 hrs for 4 days they would be charged a day's rate.
Harbour Front Community Centre	Yes	Non-profit – \$15 - \$75/hr Commercial – \$50 - \$175/hr	Membership fee \$25/year Sliding scale
Swansea Town Hall Community Centre	Yes	Non-profit - \$9 - \$24/hr Commercial – \$10.50 - \$35/hr	Annual discount: Daytime bkg 10% discount + 5% discount for prepay Evening bkg 5% discount + 5% discount for prepay