



STAFF REPORT ACTION REQUIRED

Auditorium, Meeting Room and Theatre Rental Fee Rates

Date:	November 21, 2011
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to make recommendations for rental fee increases for auditoriums, meeting rooms and theatres. The proposed fee rates significantly increase rates for all users. Rental fees were last increased at Toronto Public Library in July of 2010.

Based on the results of an environmental scan of booking rates at other organizations, booking fees at Toronto Public Library will continue to be comparable with rates for similar rooms at similar organizations. The increased theatre rates will be phased over three years to mitigate the impact for the non-profit theatre groups. An annual inflationary increase will be implemented beginning in 2013.

City Council adopted a User Fee Policy on September 26 and 27, 2011. Increasing rental fees to improve cost recovery is in accordance with this policy and its guidelines and procedures.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the revised Auditorium, Meeting Room and Theatre Rental Fee Rates (Attachment 1); and
2. approves an annual inflationary increase to the fee rates to be implemented beginning in 2013.

Implementation Points

If approved, the new policy and fees will be implemented in the first quarter of 2012, with the theatre rate increase being phased over three years in three equal steps. The new fees will apply to all new bookings placed after the new fee rates take effect. Bookings already in place will be honoured at the current rate. Toronto Public Library will communicate with all room booking customers to advise them of the upcoming change in rates. In 2013, an annual inflationary increase will be implemented at the beginning of January.

FINANCIAL IMPACT

The rate for non-profit room rental will increase by 33%, moving from \$15/hour to \$20/hour. By the end of the three-year theatre rate phase-in, an increase of 116% will have been achieved, with rates moving from \$185/day to \$400/day in the large theatres. For the first year phase-in, the rate for non-profit theatre rentals in 2012 will increase by 38%, moving from \$185/day to \$255/day in the large theatres. Full details of the rate increases can be found in Attachment 1.

In 2012, the revenue increase is expected to be approximately \$40,000 - \$50,000. This is because existing bookings will be honoured at the current rate and the first year of the theatre phase-in increase will begin. After full implementation, additional revenue of approximately \$170,000 is expected.

The estimated increase in revenues assumes the number of bookings remaining constant, which is not a given. Factors that could negatively affect room booking revenue projections include a reduction in the number of bookings, increased cost of security and reductions in branch open hours, as well as the potential introduction of paid parking. The significant increase in theatre rates is also likely to decrease the number of rentals.

Honouring existing rentals at the current rates is key to maintaining our current bookings, which might be lost if rates increased mid-contract. In the past, providing adequate notice to renters has been an important factor in making the transition to higher rates without a loss of rentals.

DECISION HISTORY

Revisions to the Auditorium, Meeting Room and Theatre Rental Policy and Fee Rates were approved by the Board at its April 12, 2010 meeting and implemented on July 1, 2010. An estimated \$75,000 increase in revenue was projected.

ISSUE BACKGROUND

The Auditorium, Meeting Room and Theatre Rental Policy establishes that these facilities are made available to individuals and groups whose primary purpose is the promotion of cultural, educational and community activities. It provides that other community and commercial groups can rent the facilities when they are not required for library programs

and services. There are two categories of fees: non-profit bookings and commercial. The fee rates were last amended in July of 2010.

There are 75 branches with space that can be publicly booked, including 98 meeting rooms and 3 theatres. Rooms and theatres are booked through a centralized department using an automated system. Centralization was completed in April of 2011, offering better customer service, and streamlining and automating contract administration and financial management. It also allows the Library to produce more comprehensive statistics about room and theatre usage.

Library meeting rooms and theatres are a popular and important resource across the city. They are used first and foremost for library purposes, including programming and quiet study. In 2010, there were 20,000 internal bookings for library events, which represent 75% of use. There were 6,783 external room bookings over the same time period or roughly 25% of overall bookings.

City Council adopted a User Fee Policy on September 26 and 27, 2011. The purpose of the policy is to provide a framework to ensure a consistent approach for establishing user fees across city programs and local boards.

Adjustments to city user fees are being coordinated by the Financial Planning Division. They are in agreement with the recommended changes to Toronto Public Library's Auditorium, Room and Theatre Rental Fees Rates.

COMMENTS

Proposed fee rates are presented in Attachment 1. Although the increases in the rental rates for rooms, auditoriums and theatres are significant, the proposed rates for non-profits are in alignment with rates charged by similar institutions for similar rooms. An environmental scan can be found in Attachment 2. The increase in the commercial rate is modest. Our current commercial rate is high, based on the environmental scan. Commercial bookings represent only 2% of room bookings, and a significant increase in this rate will tend to discourage this type of booking further.

The proposed theatre rental rates will be on the low end of the spectrum for theatres with houses of similar size. This is appropriate given the basic level of Toronto Public Library's theatre facilities. The ability of the theatre users to pay higher rates is also an issue. The renters are almost all non-profit amateur groups for whom rate hikes will be difficult to absorb. Finally, community theatre benefits the community at large. It falls into the city's category of mixed-service benefit, where both the renters and the community at large benefit from the use of the service.

Phasing is recommended for the proposed theatre rates, because of the financial hardship that would be experienced by the renters if the full rate were implemented at once. Planning for theatre productions begins a couple of years in advance. Grant funding is sought and seasons ticket prices are set to establish a budget for the season. Without

adequate notice, theatre groups will not be able to adjust to the new rates. A three-year phase-in period is recommended.

An annual inflationary increase will be implemented at the beginning of 2013. This will allow rental fees to keep pace with costs on an ongoing basis and also provide a more gradual transition for rental customers.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Current and Proposed Meeting Room and Theatre Fee Rates
Attachment 2: Environmental Scan