



## STAFF REPORT ACTION REQUIRED

### 2009 Rent Reduction for Lease and Licence Agreements Due to the Impact of the Labour Disruption

<b>Date:</b>	January 27, 2010
<b>To:</b>	Budget Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### SUMMARY

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The purpose of this report is to request authority to reduce the 2009 rent for some Lease and Licence Agreements managed by the Parks Forestry and Recreation Division's Business Services Unit. Those Lease and Licence Agreement holders that would receive a rent reduction were negatively impacted financially, by the 2009 labour disruption. Parks, Forestry and Recreation is seeking City Council approval to reduce the 2009 rent for those Lease and Licence Agreements impacted by the labour disruption.

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation recommends that:**

1. City Council grant the authority to reduce the 2009 fixed rent receivable of selected Parks, Forestry and Recreation's, Business Services, Lease and Licence Agreements to offset the financial loss incurred due to the 2009 labour disruption, for an overall reduction of \$850,000.

#### Financial Impact

The rent forgiveness adjustment of \$850,000 has been provided for in the corporate allocation related to the strike savings as represented in Appendix 1, Table 5 of the report entitled, "2009 Labour Disruption Costs and Savings":

(<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-23752.pdf>).

The amount of \$850,000, which has been billed to tenants for fixed rent for the period of the labour disruption, is included in Parks, Forestry and Recreation's total of \$15.8 million of foregone user fee revenue, commissions and rents.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting of October 26 and 27, 2009, City Council adopted the report entitled, "2009 Labour Disruption Costs and Savings". The report identified a total of \$20.5 million in lost and foregone revenues from City of Toronto programs. Parks, Forestry and Recreation's portion of lost and foregone revenues is \$15.8 million consisting of foregone user fee revenue, commissions, and rent forgiveness. This report deals solely with fixed-rent Accounts Receivable write-offs that has already been billed to tenants.

Labour Disruption Cost and Savings

(<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-23752.pdf>)

City Council Decision on October 26, and 27, 2009, item EX35.6

(<http://www.toronto.ca/legdocs/mmis/2009/ex/reports/2009-10-05-ex35-cr.pdf> )

## **ISSUE BACKGROUND**

C.U.P.E Local 79 and T.C.E.U. Local 416 staff were on strike in 2009 for thirty-nine (39) days from June 22, 2009 to July 30, 2009. Among other duties, these staff are responsible for the operation and maintenance of Parks, Forestry and Recreation facilities and amenities, such as community centres and parks.

Parks, Forestry and Recreation facilities were closed during the labour disruption and parks were not fully maintained. As a result, companies with Lease or Licence Agreements at Parks, Forestry and Recreation locations were unable to operate their business during this period.

## **COMMENTS**

The companies with Lease or Licence Agreements managed by Parks, Forestry and Recreation Division's Business Services Unit operate within community centres or parks. The majority of these businesses are seasonal in nature and rely primarily on the summer months, in particular the month of July, to generate revenue and make a profit. In accordance with a weighting factor, staff are proposing a rent forgiveness for these companies. Restricted access to City facilities meant they were unable to operate, and therefore not able to achieve expected revenue targets during the peak operating period.

Along with lowered revenues attributed to the labour disruption, these businesses also incurred fixed operating costs, including staffing costs, rental expense, and some

inventory loss of perishable goods. The financial hardship experienced by these companies, due to the labour disruption, has impacted their ability to pay rent. As a business partner, the Division acknowledges that these Lessees and Licencees require some consideration for a reduction of the 2009 rent in order to maintain viable operations in the future.

## **CONTACT**

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## **SIGNATURE**

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Brenda Patterson  
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