TORONTO

STAFF REPORT
ACTION REQUIRED

Options for Mitigating the Operating Impacts of the Capital Budget at Warden Hilltop Community Centre

Date:	January 6, 2011
To:	Community Development and Recreation Committee
From:	Brenda Patterson, General Manager, Parks, Forestry and Recreation
Wards:	Ward 35 – Scarborough Southwest
Reference Number:	P:\2011\Cluster A\PFR\CD01-012111-AFS#13093

SUMMARY

At its meeting of April 15, 2010 City Council, requested the General Manager of Parks, Forestry and Recreation (PFR) to review future impacts of capital projects on operating budgets and consider strategies, including optional models for service delivery, to mitigate future operating budget impacts.

Construction is near completion for the new Warden Hilltop Community Centre, which is scheduled to open in early March, 2011. This facility is a 26,000 square-foot multi-purpose recreation centre. The centre is intended to provide the Clairlea-Birchmount, Summerside and Warden Woods residents with social and recreational programs. In response to Council's direction to the General Manager of Parks, Forestry and Recreation to mitigate the impacts of capital projects on the Division's operating budget by considering alternative strategies for service provision, staff conducted a Request for Expression of Interest (REOI) to find a viable recreation service provider to operate this facility. The REOI process was unsuccessful, however, as a suitable operator was not found.

As a result of this process, staff are recommending a hybrid model of operation for the Warden Hilltop Community Centre that would enable City staff to provide a basic level of service by providing supervision of the facility and facilitating permit groups who would provide social and recreational programming to serve the needs of this community.

When the building is ready for occupancy in early March, 2011, the facility will be operated with a minimal staff complement to manage the centre. Although Parks, Forestry and Recreation operated programs won't be offered, the facility will be open and staffed 13 hours on weekdays, 15 hours Fridays and Saturdays each, and 8 hours on

Sundays to support public access through permitting of the various rooms (e.g. gymnasium, aerobics room, multi-purpose rooms, community teaching kitchen, etc.) in accordance with the Division's approved Permit Allocation Policy. This report also seeks permission to secure other service providers to lease space (e.g. individual multi-purpose meeting rooms, weight room, etc.) within the building at Below Market Rents (BMR) through the issuance of individual REOIs for these spaces. Staff will report back on the results of these future REOI processes.

Additionally staff are reviewing various operational models for recreation service delivery and are recommending that the Recreation Service Plan study that is currently underway include an analysis of these alternative service delivery models and their feasibility for implementation at some of our existing and future recreation centres.

RECOMMENDATIONS

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

1. City Council authorize that the Warden Hilltop Community Centre be operated by Parks, Forestry and Recreation beginning in the 2011 fiscal year and onwards, based on a hybrid staffing model (Option 2 in Appendix A) that would see Parks, Forestry and Recreation staff anchor the facility, along with permitting of spaces within the facility by either individuals or groups, in accordance with the Council approved Parks, Forestry and Recreation Permit Allocation Policy;

2. Council authorize the General Manager to lease space within the building to other service providers who could fulfill the service priorities of Parks, Forestry and Recreation Division through Below Market Rent (BMR) leases that would recover the operating costs of the facility, and;

3. The General Manager of Parks, Forestry and Recreation, through the Recreation Service Plan process, explore alternative service delivery models for providing recreation programs and services at other recreation centre locations, and include recommendations in the Service Plan on these types of activities.

Financial Impact

The recommended option (Option 2 in Appendix A) requires operating funding of $0.345 million net which is included in the 2011 Recommended Parks, Forestry and Recreation Operating Budget as an operating impact of capital. Had the full programming option (Option 1 in Appendix A) been chosen, $0.620 million more would have been required to operate the facility.

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

DECISION HISTORY

The Warden Hilltop Community Centre was built as a result of the Warden Woods Community Secondary Plan which was amended by City Council at its meeting of October 26, 2005.

Report 9, Clause 2 – Planning and Transportation Committee:
http://www.toronto.ca/legdocs/2005/agendas/council/cc051026/plt9rpt/cl002.pdf

At its meeting of April 7, 2010, Executive Committee made recommendations on the Parks, Forestry and Recreation Division's operating budget. A recommendation was approved requesting the General Manager of Parks, Forestry and Recreation to review future impacts of capital projects on operating budgets and consider strategies, including optional models for service delivery, to mitigate future operating budget impacts. This recommendation was adopted by City Council on April 15, 2010.

Item EX42.1, Recommendation #22:
http://www.toronto.ca/legdocs/mmis/2010/cc/decisions/2010-04-15-cc48-dd.htm

ISSUE BACKGROUND

The new Warden Hilltop Community Centre is part of the Warden Woods Community Secondary Plan which was adopted by City Council in 2005. This facility was constructed in 2010 and is scheduled for completion in March, 2011. The centre is a 26,000 square foot multi-purpose recreation facility that will provide the Clairlea-Birchmount, Summerside and Warden Woods communities with a facility for social and recreational programs. Facility components include a weight room, double-size gymnasium, aerobics room and several flexible multi-purpose spaces to accommodate a diversity of programming. In addition, the parkland surrounding the facility includes a playground structure, mini soccer field, basketball court and outdoor amphitheatre for artistic programming and a place for the community to gather.

During the 2010 operating budget deliberations, direction was given to staff to pursue options to mitigate the operating impacts of the capital budget for this facility. Staff examined three options for service provision at this facility: 1) Option 1 – full programming by Parks, Forestry and Recreation staff (at a net annual cost of approximately $964,800); 2) Option 2 – hybrid model with sufficient staff to anchor the facility, with rooms either permitted or leased to user groups or individuals (net cost approximately $344,800); 3) Option 3 – centre leased to another service provider(s) under a below market rent (BMR) or other lease arrangement (net cost $0). All cleaning/caretaking activities would be contracted to Waterford Building Services, as per our current practice of contracting out all cleaning services for PFR facilities in the East District.

In June 2010, Parks, Forestry and Recreation issued an REOI for a below market rent tenant to operate the whole facility. Under the BMR lease policy, community and cultural

organizations that would support City Divisions in fulfilling their service objectives by providing similar programs and services to residents, would be eligible to qualify for below market rents. The BMR tenant would have exclusive use of City-owned space for the duration of the lease period. This space would be provided to the organization at a cost that is lower than the full market rental rate. In return, the organization would be responsible for all operating and day-to-day maintenance costs associated with the operation of the facility.

The Council-approved Policy for City-Owned Space Provided at Below-Market Rent can be found in the link below:
http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf

COMMENTS

In pursuing the least cost option (Option 3 in Appendix A), PFR staff solicited community organizations to submit an Expression of Interest application to provide recreation services to the targeted community at the Warden Hilltop facility. The Expression of Interest application outlined the City's priorities for the targeted community and an assessment process to determine the best operator for the facility in accordance with the requirements of the Below Market Rent policy.

Four organizations responded to the REOI. These applications were reviewed by a staff team comprised of PFR staff and Social, Development, Finance and Administration staff. From their evaluation, it was determined that none of the four proponents were able to meet the minimum BMR requirements stipulated in the REOI. As a result, this option could not be achieved.

Proposed Program Delivery Option for Warden Hilltop Community Centre

As the external lease option was not successful, staff have recommended a hybrid option (Option 2 in Appendix A).

Under this scenario, staff are recommending that when the Warden Hilltop Community Centre is completed and ready for occupancy in March 2011, that it be anchored by one full time staff (Community Recreation Programmer) and approximately 2.5 full time equivalents (part-time Recreation Workers), to supervise activities at the centre and to keep it open seven days per week. Programming will be delivered by a variety of permit holders.

In this model, full and part-time PFR staff would be responsible for supervising the facility and providing consultation and facilitation support to the various user groups' activities and programs. Staff would monitor the recreational needs of the community and identify any program gaps. In order to fill those gaps, PFR staff would seek out private or not-for-profit groups that could fulfill these interests by means of permits or BMR leases.

In the proposed operating model, there would be no direct program service delivery provided by PFR staff. The permit user groups (and possibly BMR tenants) would be the main delivery mechanism to provide recreational, cultural and social programs, activities and events to the community at this "service hub".

In order to implement the hybrid model (Option 2 in Appendix A) PFR staff have estimated a reduced net operating budget of $344,834 for this facility, which amounts to a 64% reduction in net operating costs of the full service option (Option 1 in Appendix A).

Under the hybrid option (Option 2 in Appendix A), PFR could operate the facility up to a maximum of 13 hours per day on weekdays, 15 hours Fridays and Saturdays each, and 8 hours on Sundays, pending permit and tenant usage, to allow permit holders to use the centre facilities for their programs, events and activities. Staff would work with permit holders to schedule their programs and activities, in response to the timing needs of the local community for these services.

In accordance with Council's direction that the division find ways of generating revenues to mitigate the operating impacts of the capital budget, staff are also seeking permission to explore "service hub" opportunities by leasing spaces within the building to other service providers by means of either BMR or full market rent leases. Staff will report back on the results of these future REOI processes.

Review of Recreation Service Delivery Models

Through the Recreation Service Plan process, PFR staff will be exploring other types of "service hub" recreational service delivery models with external partners. The Division will examine the practices of other jurisdictions in looking at various types of partnership opportunities with external service providers who can provide recreational, cultural and social programs, activities and services at recreation centre locations in other parts of the City. The service hubs could include both permitted activities and various types of lease agreements (e.g. BMR and market rents). The service plan will include an analysis and recommendations on these types of service delivery models and their feasibility for implementation at some of our existing and future centres.

CONTACT

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SIGNATURE

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General Manager, Parks, Forestry and Recreation

ATTACHMENTS

Appendix A – Service Delivery Models and Associated Operating Impacts for Warden Hilltop Community Centre

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Service Delivery Model:	Full Time Equivalents (FTEs)	Estimated 2011 Gross Expenditures ($000s)	Estimated 2011 Revenues ($000s)	Estimated 2011 Net Expenditures ($000's)
Option 1: Full programming option – solely operated by Parks, Forestry and Recreation (includes permitting).	• 3.0 (permanent) • 11.4 (non-perm.)	• $1,174.2 o $662.3 (staffing) o $320.9 (utilities, supplies / equipment) o $100.3 (maintenance / other services) o $90.8 (custodial services)	• $209.4	• **$964.8**
Option 2: Operated through permits and leases to alternate service providers, with a small Parks, Forestry and Recreation staff component.	• 1.0 (permanent) • 2.5 (non-perm.)	• $354.2 o $177.9 (staffing) o $65.0 (utilities, supplies / equipment) o $20.5 (maintenance / other services) o $90.8 (custodial services)	• $9.4	• **$344.8**
Option 3: Operated solely through leases to alternate service providers.	• 0.0	• $0.0	• $0.0	• **$0.0**