

Children and Youth Permit Fees for Sports Fields

Date:	April 3, 2012
To:	City Council
From:	Jim Hart, General Manager, Parks, Forestry and Recreation
Wards:	All Wards
Reference Number:	P:\2012\Cluster A\PFR\CC21-041012-AFS#15461

SUMMARY

This report provides payment and relief options in 2012 for sports groups who have financial difficulty complying with the new Children and Youth permit fees for type A, B and C sports fields and outlines the City policy for notifying groups in advance of fee changes.

RECOMMENDATIONS

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

1. City Council authorize the General Manager, Parks, Forestry and Recreation to implement payment terms for the 2012 year that allows sports groups serving children and youth to meet their cash flow needs; and,
2. City Council authorize the General Manager, Parks, Forestry and Recreation to implement the relief plan as outlined in this report, for 2012 only, for sports groups that are unable to pay the additional permit fees and report back the financial implications to the Budget Committee with the quarterly 2012 Operating Variance reports.

Financial Impact

The 2012 Council-approved Operating Budget for Parks, Forestry and Recreation included \$1.500 million in additional revenue from introducing the following sports hourly field permit fees for children and youth groups:

- \$10.62 permit fee for groups booking sports field permits for A class sports fields;
- \$7.08 permit fee for groups booking sports field permits for B class sports fields; and
- \$5.31 permit fee for groups booking sports field permits for C class sports fields that were previously free of charge.

The financial impact, as a result of the adoption of recommendations in this report, cannot be estimated with accuracy at this time. This impact will be reported to the Budget Committee as a part of the September 30, 2012 Operating Variance Report and will be accommodated within the 2012 approved Operating Budget for Parks, Forestry and Recreation.

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 January 17, 2012, City Council approved new fees in the 2012 Parks, Forestry and Recreation Operating Budget for children and youth groups for permitting sports fields.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX14.1>

At its meeting of March 5, 2012, City Council adopted Member Motion MM19.3 directing the General Manager, Parks, Forestry and Recreation to report directly to the April 10, 2012 City Council meeting:

- i. with a process for offering relief to those having financial difficulty complying with the new fee structure for sports fields permits;
- ii. on the establishment of flexible payment plans for 2012 to provide them with the opportunity to continue their regular season and to raise the necessary fund to pay their 2012 fees; and
- iii. on the development of a protocol for notifying groups in advance of fee changes in the future.

The member's motion can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.MM19.3>

ISSUE BACKGROUND

In 2012, City Council adopted the User Fee Policy and approved the requirement that all City programs and local boards of the City, as defined in the User Fee Policy, comply with the principles, rules and procedures established therein. According to the Council

approved policy, every City service should be reviewed at least once every four years to determine if the cost of providing the service should be recovered through user fees or funded from property tax revenues. In order to accomplish this, Division Heads need to determine whether the benefits each service provides accrue directly to specific individuals or groups of individuals (a private service), and should therefore be paid for by users of the service; or whether the service benefits the entire society (a public service) and should be funded from the property tax revenues.

During the 2012 Operating Budget process, staff identified that there were no permit charges for outdoor dry pads and children and youth permits for Sports fields that are A, B and C category, while similar fields were subject to permit charges in other Ontario municipalities.

Therefore, the 2012 recommended Operating Budget, which was later approved by Council, included the hourly children and youth permit fees of \$10.62 for sport field type A, \$7.08 for sport field type B, and \$5.31 for sport field type C.

The expected revenue from the implementation of these fees was \$1.5 million in 2012, which assumed a 30% reduction in permit hours of these facilities over 2011 levels. This reduction was projected to account for the fact that some sports groups permitted fields that they did not use because permits were free of charge. The new fee will allow for better use of the sports fields.

In past years, the Division had been charging for Premier type sports fields for children and youth and all types of sports fields for adults.

Since many sports organizations set their annual membership fees early in the year, the new approved fees require most of the organizations to collect an additional fee for their members in 2012.

COMMENTS

On March 22, 2012, Parks, Forestry and Recreation staff attended a meeting held by the Toronto Sports Council to consult with affected groups regarding options for implementing Council's direction to provide payment relief and flexible payment plans. The main points raised at this consultation meeting included:

- A frustration at the timing and the process for the decision to introduce new fees. Lack of consultation and the timing meant that many groups had already set their budgets and fees, and many had begun registration before finding out about these new fees. This made it very difficult to accommodate the additional fees being levied by the City.
- Many questions raised about the rationale for the fee and the fee level, including whether the social and health benefits of sports for children and youth were factored in. Some indicated that they felt the fees were too high.

- Some groups expressed that, regardless of the timing or flexibility of the payment structure, they will not be able to afford the fees in 2012.
- There was a concern that the City was not properly acknowledging the contribution that these groups make to the maintenance of Parks, Forestry and Recreation's sports fields, and that this should be factored into any new fees.
- There was general agreement among the groups that the fees should be cancelled altogether for 2012 in order to give time for consultation and implementation.
- There were many suggestions for alternative sources of funding instead of these fees.
- A suggestion was made to prioritize relief for organizations that do not have reserves and those that serve high needs areas of the City.

Currently, all sports field permits for Premier Fields for all age groups and all field types for adults require full payment of the fee at the permit date. In order to allow sports groups to manage their cash flow pressures and provide relief, for 2012 only, to children and youth groups that are unable to pay, the following payment terms and relief structure are recommended.

Payment Terms:

For 2012 only, sports groups will have the option of paying in the following manner:

1. Pay full amount (100%) at the beginning of the season for which the permit is issued, in accordance with the current policy.
2. Pay on the last day of each month for the permits issued for the following month.
3. Pay in accordance with any other payment schedule approved by the Supervisor, Customer Service for the district on a case by case basis, based on cash flow expectations of the sports group.

Many sports organizations prepared their annual budgets prior to the approval of the new sports field fees for Children and Youth groups. As a result, the new fees were not reflected in the per participant cost of the leagues. Most of the organizations will need to request additional fees from their members or absorb the cost of the new fees for the 2012 summer season from reserves.

If groups do not have the cash reserves to pay for the new fees upfront, for the current year only, they will be able to consider options 2 and 3. Option 2, which allows payment on the last day of the month for the following month only, will allow them to pay for actual use in May and June, where the league is not at full capacity. Option 3 will require the groups to discuss their fundraising plans with the Permit Officers and request a plan that will meet their cash flow needs. This option would allow a sports group that is planning a large fundraising event for the Civic Holiday in August to pay for past use after the event. As this option is not in accordance with Parks, Forestry and Recreation's permit fee policy, where permit holders are expected to "Pay before they Play," it will require approval of the Customer Service Supervisor.

Financial Relief:

Financial relief for the 2012 year will be available for sports groups that are unable to afford the new fees. To be eligible for subsidy, sports groups will be required to submit a request to the General Manager of Parks, Forestry and Recreation for financial relief. This request should demonstrate:

1. that reasonable efforts were made to collect the additional fees and the outcome of those efforts.
2. that despite those efforts to collect funds to cover the fees, the organization is still unable to pay the fees in whole or in part.

Submissions requesting relief will need to be submitted to the City by September 30, 2012.

The General Manager of Parks, Forestry and Recreation will review and approve financial relief for an amount equal to the incremental fees that families could not pay.

Public Notice for User Fees:

The Public Notice for User Fees is governed by the User Fee Policy adopted by City Council on September 26, 2011. Under section 212(1) of CoTA, the City is required to put in place a policy regarding public notice for user fees. To date, the City's policy has been to follow the previously legislated notice periods which included a notice period of 21 days prior to consideration of certain fees such as water rates and solid waste utility rate changes. Subject to the approval of a notice policy, where user fees are introduced and/or changes to existing user fees are requested as part of the annual budget process, public notice will be given prior to the introduction of the budget at City Council.

The User Fee Policy states, where user fees have been previously approved for automatic annual inflationary adjustment, no public notice will be required. However, these user fee charges will be presented to City Council during the annual budget process for information and transparency purposes and will be published on the City's Budget Website.

In the event that user fees are introduced or changed outside the annual budget process, appropriate public notice must be granted to allow members of the public to make presentation at the Standing Committee at which the fee is to be considered.

Public notice will be given by posting of the proposed fees at least five working days prior to the date on which the user fee will be considered at Budget Committee or at a Standing Committee, except where a City by-law or other legislation prescribes a different notice period.

The User Fee Policy recommends enhanced public consultation for the introduction of any new user fees by City Programs or Local Boards, and the delegation of authority to

the Deputy City Manager and Chief Financial Officer to establish the appropriate automatic annual inflationary adjustment for each user fee for which Council has approved an automatic user fee adjustment, in accordance with the User Fee Policy. Due to the timing of the adoption of the User Fee Policy, public consultations on new user fees were not conducted outside of those held on the 2012 Operating Budget generally. However, all new Parks, Forestry and Recreation user fees will be subject to enhanced public consultation under the User Fee Policy in the future.

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SIGNATURE

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