

## **Proposed New Film Permit Fees and Amendments to City of Toronto Municipal Code Chapter 441, Fees and Charges**

**Date:** September 7, 2021

**To:** Economic and Community Development Committee

**From:** Interim General Manager, Economic Development and Culture

**Wards:** All

### **SUMMARY**

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The City of Toronto's Film, Television and Digital Media Office (Film Office) is seeking to introduce fees to its current film permit structure (for location shoots on City-owned and operated properties and streets) starting in 2022. The film industry contributes over \$2.2 billion annually to Toronto's economy and employs over 35,000 Torontonians. In the next five years, production studio space is expected to grow by 63 percent, increasing the footprint and presence of the industry in Toronto. This unprecedented growth requires appropriate human and financial resources within the Film Office to deliver its services, appropriately support and grow the industry, and foster opportunities for employment. Resources are required to adequately scale workforce development activities tied to equity and poverty reduction strategies and sustainable job creation and to deliver high customer service levels and community engagement, while meeting industry expectations that the revenues from fees will be reinvested in costs related to sectoral growth. The purpose of this report is to seek approval for the proposed new fee structure, including the division, sharing and reinvestment of revenue, and to amend Toronto Municipal Code Chapter 441, Fees and Charges to include the new fees for 2022.

### **RECOMMENDATIONS**

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The Interim General Manager, Economic Development and Culture recommends that:

1. City Council authorize the following new Film Permit Fees commencing on April 1, 2022 and amend City of Toronto Municipal Code Chapter 441, Fees and Charges to reflect these new fees:

New Film Permit Fees (subject to Harmonized Sales Tax where applicable)	Tier 1 - Features, Series, Mini- Series, Pilots	Tier 2 - Commercials, Documentaries, Reality Television, Music Videos, Short Films	Tier 3 - Local News, Student Films
Film Permit Registration Fee	\$100	\$100	Free
Grid Permit	\$100	\$100	Free
Location Permit	\$300	\$150	Free
Parks Permit	\$200	\$200	Free
Road Closure Permit	\$500	\$500	\$500

**FINANCIAL IMPACT**

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The proposed fee structure is based on market analysis, jurisdictional research, and industry consultation, as expressed in this report. The fee structure is designed to ensure the fees are competitive with those of similar jurisdictions, are responsive to the needs of varied productions, and allow emerging creators to work and learn in Toronto. If authorized by Council, the new film permit fees will generate approximately \$657,000 in 2022 as permit fees will be charged starting in the second quarter of 2022 and will reach an estimated \$876,250 per year by 2023. These estimates are based on the amount of permits issued by the Film Office in 2019 and the type of productions (Tier 1, 2 or 3) to which they were issued. It is anticipated that, in 2022, approximately 5,050 different types of permits will be issued, primarily from location permits (2,450 estimated).

Revenue generated from the Parks Permit Fees and Road Closure Fees will be split equally (50 percent) with Parks, Forestry and Recreation and Transportation Services, respectively, to cover their portion of site management, site visits, and assistance to productions. Of the \$657,000 projected permit revenue in 2022, \$34,000 will be shared with Parks, Forestry and Recreation and \$9,000 with Transportation Services, leaving \$614,000 in revenue for reinvestment by Economic Development and Culture (EDC) to support the needs of the film industry in 2022.

Revenue generated from new film permit fees, if realized, will be reinvested as follows in 2022: \$330,000 will be reinvested in the Film Office to focus on workforce development and diversity and inclusion initiatives, \$70,000 will pay for a new Film Permit Coordinator, \$114,000 will be spent on community engagement, customer service and marketing, and the remaining revenue of \$100,000 will be allocated to EDC based on the direct and indirect costs incurred to provide the associated new film permit user fees. If the projected net revenue is higher or lower than estimated, the Film Office will adjust the reinvestment in future Budget processes accordingly.

The recommended user fees and associated financial impacts have been included in Economic Development and Culture's 2022 Operating Budget Submission for Council consideration.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with the new user fees to be considered along with other priorities in the 2022 Budget process.

## **DECISION HISTORY**

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In [April 1999](#), free film permits were adopted under By-Law No.170-1999 to regulate the use of city property for location filming. Permits were adopted as free of charge as a way to attract a more nascent industry, when production levels were a fraction of what they are today, and charging for permits would have been considered a jurisdictional disadvantage.

<https://www.toronto.ca/legdocs/bylaws/1999/law0170.pdf>

<https://www.toronto.ca/legdocs/2000/agendas/council/cc/cc001003/pof12rpt/cl039.pdf>

The Toronto Film Television and Digital Media Board met on July 12th, 2021 to review the Film Office's proposed film permit fees modeling. The following motion was adopted: The Toronto Film, Television and Digital Media Board requested the Film Commissioner and Director, Entertainment Industries to:

1. Continue to work with relevant City Divisions to complete a model for charging fees for film permits, in order to present a report to the Economic and Community Development Committee and City Council in September 2021 and to consider the following information when finalizing the report:

a. Consider the Board's preference regarding fees as follows:

1. Tier 1 be set at \$300;
2. Tier 2 be set at \$150; and
3. Tier 3 be set at no fee, as outlined in the report

b. Consider implementing a cap on the fees.

c. Consider directing the funds into customer service enhancements; and

d. Develop a communications plan.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getMinutesReport&meetingId=20193>

## **COMMENTS**

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Toronto is the only major film production jurisdiction in North America, and the only local jurisdiction, that does not charge for film permits. Additionally, the Film Office is constrained by limited financial and human resources, as business demand continues to grow. The revenue generated by these fees will provide the Film Office with resources to deliver the highest level of customer service along with innovative initiatives that

support the industry's growth. These efforts are crucial in fostering competitive advantages for Toronto as a global production jurisdiction, and in meeting the requirements of a fast-growing industry.

Toronto is one of the five largest production hubs in North America, home to over 1,400 productions per year, issuing 3,400 permits, generating \$2.2 billion in economic impact, and employing over 35,000 people. In each of the three years prior to the pandemic, production volume grew by 10 percent year-over-year, and 2021 is seeing unprecedented production volume growth. Further, Toronto is projecting a 63 percent expansion in studio space in the next 5 years, which will bring a large increase of location shoots across the city each year. The costs to the City have grown as services have expanded in response to the importance of this industry to our local economy. The Film Office needs to be equipped to respond with efficacy to foster this growth.

## **INDUSTRY GROWTH RESULTS IN NEED FOR EXPANDED SERVICE**

In 1999 free film permits were adopted as a way to attract a more nascent industry, when production levels were a fraction of what they are today, and charging for permits would have been considered a jurisdictional disadvantage. Additionally, the decision to not charge for film permits reflected input from the industry that the Film Office needed a credible path to address jurisdictional challenges before charging fees would be acceptable to production clients.

Over twenty years later, Toronto is one of the top production jurisdictions in North America, and is currently experiencing record-breaking production volume. In addition, the capacity and expertise of the Film Office has expanded considerably.

- The Film Office now has a team of 11 employees, including two managers (Film Permit and Sector Development)
- The 8 Film Permit Coordinators issue permits in 48 hours - the fastest service time in North America. They skillfully and quickly work with other City divisions like Transportation, PFR, TPS, CREM, TPA, and other stakeholders in the public realm, to coordinate large scale temporary sets that benefit all stakeholders affected.
- They offer concierge service that is greatly valued on productions for the global market such as Star Trek, Handmaid's Tale, The Queen's Gambit, Kim's Convenience, and Workin' Moms.

Additionally, the Film Office provides services that were not conceived of in 1999, such as:

- Workforce development in partnership with unions, school boards, community groups and producers, addressing critical labour shortages and ensuring quality crews
- Matching Black, Indigenous and People of Colour (BIPOC) creators with eager employers by linking community groups to productions
- Working with City Planning to embed film-friendly characteristics in parts of the City's Official Plan and Secondary Plans
- Greening production, thereby creating infrastructure producers want to use

- Working with real estate brokers, studio developers, City Planning and Toronto Building to facilitate studio expansion
- Marketing Toronto to international clients through annual Mayor's Missions to LA, xoTO House at TIFF, and other initiatives.

The Film Office has managed to work within resources while meeting sharply growing demand. However, the industry is poised to experience unprecedented growth over the next five years. Current resources are insufficient to meet the challenges this presents.

## **INDUSTRY CONSULTATIONS SUPPORT THE PROPOSAL TO CHARGE FOR FILM PERMITS**

Film Office staff have consulted with industry stakeholders including members of the Toronto Film, Television and Digital Media Board and members of the Directors Guild of Canada's Locations Caucus, to ensure the proposed permit fee structure would take into account any and all implications, benefits and concerns around the introduction of film permit fees. The Film, Television and Digital Media Board met on July 12th, 2021 to provide any additional comments, which are taken into full consideration in the proposed implementation.

Industry stakeholders have been unanimously supportive of introducing film permit fees, as it offers the City of Toronto the opportunity to generate revenues for the purpose of providing gold-standard customer service to a globally competitive industry that contributes significantly to the local economy and employment. Key points of discussions iterated below are fully taken into account in the financial modelling of the proposed fees structure.

### **Pricing and Competitiveness:**

- A jurisdictional scan has been completed to ensure Toronto presents a competitive and fair fee structure for all types of productions in all location shoot scenarios, including multi-locations and multi-day shoots.

### **Consistency:**

- To ensure productions have time to budget for the new fees, they will not be implemented until 2022. Any fee increases over the years should be done incrementally, with prior notification.

### **Ease-of-Use:**

- The fee structure should be simple, transparent and predictable, and the transaction system should be seamlessly integrated into the existing film permit applications system.

### **Customer Service and Industry Growth:**

- Importance of generated revenues staying with the Film Office to the fullest possible extent, to increase workforce and infrastructure enhancements and customer service to a fast-growing industry.

## JURISDICTIONAL SCAN

The Film Office undertook a jurisdictional scan in order to ensure the fees would be highly competitive, and the structure would be streamlined, transparent and predictable.

Los Angeles	
Application fee (10 locations in 2 weeks)	\$795
Still photography	\$75
Monitoring Staff (supervised)	\$37/hour
Permit Revision fee:	\$31
Public Notification fee:	\$198

New York City	
Application fee is \$300	\$300
Permit fee	\$300
No b-roll filming permits issued (free)	
Filming in a department of Citywide Admin Services property	\$3,200

Chicago	
Permits	\$250/day per location
Students	\$25
Permit Issuance: minimum 3 days	

Mississauga	
Permit Fee for usage of roads and sidewalks.	\$400
Parks: Daily Fee	\$500-\$750
Arenas/community centres/city rooms etc: \$500-1000.	\$500-\$1,000
Less than 3 days' notice permit is \$100 extra.	\$100
Cancelled permits, they keep 15 percent of permitted fees	

Vancouver	
Two-tier system:	
1. Low Impact Filming: shorts, specials, documentaries, music videos, b-roll. No late night filming allowed, no road closures, cap is 15 people and is a reduction of 80 percent of the below fees.	
2. All other productions require a business license to apply for a film permit. Business license with City is required for each production:	
	\$60
Site visits	\$110
Site Monitoring	\$78
Production Daily Filming Fee (as many locations as they can for the day)	\$1,000
Late night filming	\$2,000

Holding Fee	\$111
Park Fees: structured as Student, Lunch only, 4 different levels of productions with different corresponding fees	\$300-\$1,130

Hamilton	
Permit fee	\$64
Road Closure permit	\$700
Parks filming - per day	\$300-\$1500
City Hall, Arenas (interior)	\$4,000
Community Centres (interior)	\$1,000

### PROPOSED TORONTO PERMIT FEE STRUCTURE MODELLING

Three-tier system: The three-tier system ensures that film permit fees remain affordable for all. Tier 1 fees are full fees, fees for Tier 2 are lower, and in Tier 3, permits will be free for local news and student films. Tiers are created and separated based on large/small format, complexity of permits, general impact to neighbourhoods and stakeholders and commensurate support required from the Film Office. Any increase in fees throughout the years would be done in small increments following City Council approval.

Tier 1: Features, Series, Mini-Series, Pilots

Tier 2: Commercials, Documentaries, Reality Television, Music Videos, Short Films

Tier 3: Local News, Student Films

Fees being introduced:

Registration Fee	New Fee: \$100 (Tier 1 + Tier 2). Free for Tier 3.
Grid Permit	New Fee: \$100 (Tier 1 + Tier 2). Free for Tier 3.
Location Permit	New Fee: \$300 (Tier 1), \$150 (Tier 2). Free for Tier 3.
Parks Permits	New Fee: \$200 (Tier 1 + Tier 2). Free for Tier 3.
Road Closure Permits	New Fee: \$500

The online film permit fees system will be a part of FilmPal, the current film permit portal used by all productions operating in Toronto, and payment will be done online. There are no additional or administrative costs for Economic Development and Culture associated with administering and managing the new user fee program.

### Revenue Calculations based on issued 2019 Film Permits:

Due to the time involved in the process of budgeting and financing major productions, fees on permits would come into effect six months after they are approved by Council and announced to the industry, in order to provide time for the new cost to be taken into account. As a result, the Film Office projects to start charging for permit fees in the second quarter of 2022. If authorized by Council, the new film permit fees will generate

approximately \$657,000 in 2022 and will reach an estimated \$876,250 per year by 2023. Revenue calculations and projections are based on 2019 figures of location permits issued, permits issued for parks, road closures, grid permits, and productions registered. Detailed annual revenue projections are included in Attachment 1 to this report.

**Reinvestment:**

Due to studio expansion, 12,000 new workers will be needed to fill the jobs created during the next five years. Working from the Poverty Reduction Strategy and Economic Development and Culture's Equity Plan, workforce development programs currently in process with unions and community groups could be sustained and scaled to address growing industry need.

The current record-setting level of production is growing, and the team of Film Permit Coordinators must expand in order for the Office to continue to meet its service mandate of turnaround within 48 hours.

Additionally, enhanced customer service, marketing and community engagement initiatives become more crucial as the footprint of the industry grows across Toronto.

Of the \$657,000 projected in gross film permit fees in 2022, revenues will be shared as follows:

- Parks, Forestry and Recreation retains: \$34,000
- Transportation Services retains: \$9,000
- Economic Development and Culture (Film Office) retains: \$614,000

The Film Office will reinvest its portion in initiatives supporting the sector as follows:

- Workforce Development and Diversity and Inclusion initiatives: \$330,000
- Additional Film Permit Coordinator: \$70,000
- Customer Service, Marketing and Community Engagement activities: \$114,000
- Portion contributed to Economic Development and Culture general budget: \$100,000

The proposed fee structure presented in this report, which includes the division, sharing and reinvestment of revenue, will help the City of Toronto scale workforce development activities for diverse Torontonians, deliver high customer service levels and community engagement, all of which are crucial components of Toronto's competitiveness in the global marketplace. As the industry continues to experience extraordinary growth, more resources will be needed to keep pace, and industry support can be sought to incrementally increase fees to ensure the Film Office's continued ability to attract and serve this highly valuable industry sector.



## **CONTACT**

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## **SIGNATURE**

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Cheryl Blackman  
Interim General Manager, Economic Development and Culture

## **ATTACHMENTS**

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Attachment 1 - Projected Annual Revenue from Proposed Film Permit Fee Structure