

**Report to
Rapport au:**

**Transit Commission
Commission du transport en commun
9 May 2016 / 9 mai 2016**

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**Submitted by
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2016-CMR-OCM-0012

SUBJECT: Cost Recovery for Festivals and Special Events

**OBJET: Recouvrement des coûts pour les festivals et les événements
spéciaux**

REPORT RECOMMENDATION

That the Transit Commission receive this report for information.

RECOMMANDATION DU RAPPORT

Que la Commission du transport en commun prenne connaissance de ce rapport.

BACKGROUND

A motion moved by Councillor Leiper, and seconded by Councillor Cloutier, was carried at the City Council meeting on December 9, 2015, that reads:

WHEREAS the Transit Commission's recommended 2016 Draft Operating and Capital Budget anticipates new revenue arrangements with festivals and events that involve increased requirements for transit services; and

WHEREAS the City currently has established practices in some areas where there are increased requirements (e.g. Paramedics, Police), but not for Transit, save for the arrangement with the Ottawa Sports and Entertainment Group (OSEG); and

WHEREAS staff, affected parties and the public would benefit from a formal, transparent framework for establishing a cost-recovery model for increased transit services for festivals and events that would consider the following:

- Criteria for when staff would seek cost-recovery, as well as a mechanism for those not meeting the threshold to request additional transit service;
- Consideration of different levels of cost-recovery (free transit events, the OSEG model, incremental cost-recovery, etc.);
- Process for a request for waiving fees, as well as instruments for recovering unpaid fees; and
- Best practices in other jurisdictions;

THEREFORE BE IT RESOLVED that staff be directed to bring forward a report to the Transit Commission outlining their approach to cost-recovery for increased transit service for festivals and special events.

This report is being brought forward to advise the Transit Commission of the procedures that are available and being used to ensure compliance with Council direction for cost recovery on transit service for festivals and special events.

DISCUSSION

As part of the 2004 Budget, Council approved a policy of providing special transit services only when costs are fully covered. Special event service is to be funded 100 per cent by fares, event organizers, or sponsors, or else the service will not be provided.

The City's Fiscal Framework, completed in 2007, is a Council endorsed roadmap to sustainable finances. It is the financial constitution that guides all financial decisions. The framework includes a financial element for user fees and service charges, and establishes financial targets including:

- Transit fares to recover 55 per cent of defined costs;
- Services of a private or commercial benefit, or those routinely supplied to non-residents, subject to 100 per cent recovery; and,
- Services that provide a community or common good to recover between 20 per cent and 80 per cent of capital and operating costs.

At the Transit Commission meeting held on June 15, 2011, direction was given to staff to "report back to the Commission on an annual basis advising what special events they provided service for (e.g. Canada Day) and what revenues, if any, were generated as a result of sponsorship/partnership involvement". Since 2012, this information has been provided in OC Transpo's Annual Performance Report.

OC Transpo continues to focus on achieving Council's direction on cost recovery, particularly for special events where additional transit service costs are not offset by additional fare revenue. OC Transpo has several tools in place to help achieve Council's direction. These include the Delegation of Authority By-law 2014-435 which provides general authority to conclude agreements for the provision of transit services, the 2012 Site Plan Agreement for Lansdowne Park, a Charter Service program, and the Special Events on Public and Private Property By-Law 2013-232. The By-law creates a framework for the issuance of a permit for a "Special event" which is defined in the By-law as meaning a fair or festival, or a social, recreational, educational, community or similar event that is occurring outdoors on any property that is not a highway and having an expected attendance of at least 500 persons at any one time during the event. Organizers of all new events are made aware that there is a requirement for OC Transpo to recover costs. An example of a case where an organizer made alternate arrangements was the Shania Twain concert at Wesley Clover Parks on Corkstown Road in June 2015; the organizers elected to charter buses from a school bus company rather than from OC Transpo.

For some events, there is no existing mechanism to recover costs unless a service agreement is in place, and the additional transit service may be provided for those events within the approved operating budget. This would include large indoor events, such as Comiccon at the EY Centre.

2012 Site Plan Agreement for Lansdowne Redevelopment

The City entered into a Site Plan Agreement with Ottawa Sports and Entertainment Group (OSEG) on October 12, 2012. In Schedule “D” of the Plan (Site Specific Conditions), several clauses are included that require the owner to follow specific transportation demand management strategies. Organizers of all events at Lansdowne Park which are expected to attract 5,000 people or more are required to pay the cost of the incremental transit service capacity to accommodate transit customers travelling to and from the event. When Lansdowne was being planned, it was estimated that the number of transit customers to and from events attracting under 5,000 people would be able to be accommodated on the regular everyday transit service. The incremental transit cost is included in the ticket price for events. Where an event in the urban park, which is not under the management of OSEG, is free, the City ensures that the event organizer pays for any additional costs. As agreed by the City and OSEG, additional transit service to Lansdowne is provided in different tiers. For events attracting between 5,000 and 15,000 people, service is augmented on Routes 1 and 7, the regular everyday routes on Bank Street. For events of 15,000 and over, such as football games and concerts in the stadium, in addition to increased service on Bank Street, special event routes numbered in the 450-series are operated between outlying transit stations and park and ride lots and Lansdowne.

The site plan agreement stipulates that the costs of enhanced transit service will be at the expense of the owner, that the levels of service to be provided will be based on the attendance estimate provided by the owner, and that if actual costs exceed the fees collected through the sale of event tickets that the owner is responsible for assuming such additional costs.

Costs are estimated based on a scheduled level of service for the attendance level. This estimate has become more refined based on actual experience for different event types. The costs include the operation, maintenance and fuel required for the additional bus service, as well as any additional costs for supervisory and special constable support dedicated to the event. The actual cost for these services is applied to the actual number of bus service hours delivered for each event.

This process has been in place since Lansdowne Park reopened in July 2014 and has resulted in transit ridership levels far above the most optimistic estimates. Feedback from OSEG has also been very positive, stating that it is contributing to a positive customer experience.

Chartered Buses

OC Transpo operates a bus charter program that offers customized service for public and private use. Some festivals and special events that take place in Ottawa, and that require additional service or special service that is not part of OC Transpo's regular transit network, elect to charter one or several buses for their event. In most cases, the event or festival organizer contacts OC Transpo directly to arrange the required amount of charter service necessary. Standard charter rates are approved each year by Council as part of the transit fare table.

For events at which the organizers propose a special transit service, such as from a remote parking area, staff work with the organizers to design and schedule the service to keep costs as low as possible. An example is the service provided during Winterlude for the federal Department of Canadian Heritage. This is a special service, not supplementing or detouring regular transit service, and the costs are largely funded by a sponsorship arrangement made by the event organizers.

Special Events on Public and Private Property By-Law

The City enacted a Special Events on Public and Private Property By-Law in 2013 (2013-232). This by-law sets out the requirements for permitting, regulating and governing special events on public and private property in the City.

Where City services are required, the by-law states that the City shall issue an invoice to the applicant requesting payment for all, or a portion of, the applicable fees for the municipal services relating to the special event, including any fees approved by Council for charter bus services to be provided by OC Transpo.

For events which are approved through the special events by-law application and permit process, staff identify the operating and capacity impacts that the event would have on transit service:

- For events that affect operating costs because they require transit service to be detoured around the site, but which do not require additional capacity to accommodate event attendees, staff seek through the special event process to minimize the magnitude of those costs and to minimize the time over which they occur. These costs are explained to the event organizers so that they understand their magnitude and the importance of avoiding or minimizing the costs. Staff do not normally seek reimbursement of these costs.

- For events which require additional operating costs because they are expected to attract more customers than the regular transit system can accommodate, staff are able to include as a condition in the permit that the event organizers agree to pay the cost of the incremental transit capacity required to accommodate all attendees. These costs would be explained to the event organizers so that they understand their magnitude and how the decisions of the event organizers have influenced the costs. As a condition of obtaining an event permit, event organizers would be obligated to pay the incremental transit costs in the same way as all other costs that are incurred by the City.
- As a condition to the issuance of permits, section 6(n) of the Special Events By-law provides that the event organizer provide confirmation of payment of the fees required by the Deputy City Treasurer of Revenue under section 8. The applicable fees under section 8(1)(vi) include any fees identified by the Deputy City Treasurer of Revenue for City Services and invoiced within 30 days of the application and 8(3) additional fees for City Services calculated after the event. In order to further clarify the intent of the Special Events By-law to recover all city transit services costs for special events, including applicable incremental transit service costs as determined by the General Manager of Transit Services, recommended amendments will be brought to update the Special Event By-law definitions in this regard as part of the Mid-Term Governance review.

Events covered by regular operating budget

Some events do not incur additional transit costs because of where they are located or the time they take place. Examples are events at the National Arts Centre and at Centrepointe Theatre. These events are located directly adjacent to the City's main rapid transit corridors, and the capacity available along that corridor is sufficient to accommodate the transit customers travelling to and from the event.

For large events which do not require a special event permit (examples include Canada Day on Parliament Hill and Comiccon at the EY Centre), additional transit service must be provided regardless of how it is funded, because if it were not, the additional customers would overwhelm the regular service, leading to everyday customers being left behind or severely delayed. In these cases, staff discuss with event organizers the importance for them to pay for the incremental service, but staff have no ability to require or compel the organizers to agree unless a service agreement is in place. Staff include in the transit budget sufficient funds to provide the additional service if required.

Events for which the City budgets additional service costs include: 9 Run Run, Army Run, Canada Day, Carivibe, CN Cycle for CHEO, Help Santa Toy Parade, HOPE Volleyball, New Year's Eve, Ottawa Dragon Boat Festival, Ottawa Race Weekend, Santa's Parade of Lights, and the Stittsville Parade of Lights. Additional costs are also incurred for most events at the Canadian Tire Centre and some events at the EY Centre.

Different levels of cost recovery

Staff have interpreted the Council direction to seek cost recovery to mean that event organizers should pay all costs that OC Transpo will incur over and above the cost to provide regular everyday service. The amount of incremental capacity and thus the cost sought will vary according to the size of the event, the time over which the event takes place and the available capacity on the regular everyday transit service at the time and location where the event is taking place.

For large events, where many buses are required and there are economies of scale, staff are able to offer a lower rate than the published charter rate and still achieve cost recovery. But equally, some larger events require additional services, such as on-site supervision and Special Constable services and these costs are added to the base amount.

Requests for costs to be waived

The direction from Council to staff has been to seek full cost recovery. The Delegation of Authority By-law 2014-435, Schedule "B", section 53(4) provides general delegated authority to the Deputy City Manager of City Operations and the General Manager of Transit Services to approve, conclude and execute agreements for the provision of transit services for significant public events or celebrations or to an external organization, even free of charge, provided such service is within approved budget limits, complies with applicable City by-laws, and is in accordance with the policies of Transit Commission and Council.

Event organizers have the option of paying the incremental transit costs by building into their ticket price, by considering them one of the many costs of conducting the event, by having a sponsor fund the costs or in some cases by funding the costs through another City source, such as a grant offered to support the event.

Discussions with event organizers

Staff discuss the issues described in this report with event organizers each year as the event is planned and conducted. The most prominent example of this discussion was as part of the consideration and approval by Council of the Lansdowne redevelopment, where transportation demand management, including transit cost recovery, was a central part of the negotiations and the requirements set by Council.

Best practices in other cities

There are few examples in other cities of these issues, because in larger cities, most large events take place along rapid transit rail lines (for example, baseball games in Toronto), and in smaller cities, most event attendees travel to events by car (for example, football games in Regina). There are examples from other cities of transit service being planned alongside event and event location planning, as was done for Lansdowne Park, such as the bus service to football games in Winnipeg and extra service added for the recent Pan Am games in the greater Toronto area. As the O-Train Confederation Line is built and extended and as more events are held along its length, Ottawa's circumstance will be similar to many other cities. The transit systems in most cities offer charter rates for event organizers and others, as OC Transpo does in Ottawa.

Effects of the Confederation Line on event costs

The O-Train Confederation Line, now under construction, will replace buses on the main rapid transit corridor through downtown beginning in 2018. The Confederation Line will be, when it opens, the highest-capacity light rail line in North America. At some times of the week, there will be sufficient available capacity to accommodate transit customers travelling to and from moderate-sized events. For larger events, staff expect that the operating costs to add trains to increase capacity will be lower than the current costs to add buses.

RURAL IMPLICATIONS

There are no recommendations in this report that specifically affect rural areas. The same procedures apply for events held in rural areas.

CONSULTATION

No specific consultation has been carried out on this report.

ADVISORY COMMITTEE(S) COMMENTS

This report has not been considered by advisory committees.

LEGAL IMPLICATIONS

There are no legal impediments to receiving the information in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risks associated with this report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ACCESSIBILITY IMPACTS

There are no recommendations in this report that affect accessibility. All OC Transpo services are 100 per cent accessible. The same procedures apply to Para Transpo as well.

TERM OF COUNCIL PRIORITIES

On July 8, 2015, City Council approved seven Term of Council Priorities to increase the public's confidence in City government and improve resident, enterprise and visitor satisfaction with City services. This report addresses two of the Council priorities:

Transportation and Mobility - Meet the current and future transportation needs of residents and visitors through Phase 1 and Phase 2 of the Transportation Master Plan, including ensuring the City's transit services are reliable and financially sustainable. Continued focus on improving mobility during the LRT implementation, and support for alternative transportation methods including cycling and walking, as well as transit.

Financial Sustainability - Practice prudent fiscal management of existing resources, and make sound long-term choices that allow City programs and services to be sustainable.

DISPOSITION

Staff will continue undertaking any further direction from the Transit Commission and will continue to pursue cost-recovery for Transit Services as outlined in this Report.