



2006 BUDGET BRIEFING NOTE – Reduction in Heritage Toronto Operating Budget to meet 2% Target

Issue / Background:

The 2006 Proposed Budget for Heritage Toronto is \$41, 400 over the 2006 2% target and they were requested to report back to Budget Advisory Committee identifying options for reductions in order to achieve the 2% target.

Key Points:

- Beginning in 2004, Heritage Toronto has held full responsibility for the preparation and presentation of its annual operating budget request.
- Heritage Toronto has had to cover COLA as well as benefit adjustments from its self-generated revenues (donations, sponsorships and program revenues).
- The re-introduction of the OMERS contribution at a higher than anticipated level plus significant rises in health care premiums are the two major contributory factors to the pressure exerted on the agency's financial resources.
- One factor in the issue is the assumption of the heritage plaque and marker program for the City by Heritage Toronto. This program was the last remaining outstanding service to be restored to the people of Toronto after the amalgamation and reorganization of Toronto's heritage services.
- The Plaques and Markers Coordinator was hired on a fifteen month contract so as to permit a review of the viability of the program at the end of the time period without the complication of having to terminate a full-time employee. This was the basis on which Heritage Toronto sought funding for the program in 2004 and 2005. The heritage plaques and markers program has been a success with the creation and installation of upwards of 20 plaques over the past fifteen months with a further 26 plaques in work or planned for 2006. That progress has secured the Coordinator's position and has led to the pressure to cover the full benefit package cost in 2006.
- In order to meet the 2% target Heritage Toronto has identified four options:
 - 1 – **Elimination of Heritage Plaques and Markers Program.** The total savings in expenditures would be \$68K (salary + benefits + program costs). Lost income would be \$25K (projects in work or anticipated). Net savings = \$43K

2 – **Elimination of staff benefits.** The withdrawal of non-regulatory benefits would yield net savings of \$44K. Please note it is unclear at this time that pension benefits can be withdrawn. This issue could reduce the savings to approximately \$30K.

3 – **Reduce salaries.** Reduction of all staff salaries by fifteen per cent (15%) would yield savings of \$43.5K

4- **Elimination of Heritage Toronto Programs.** The elimination of the programs coordinator position would mean withdrawal of the walking tours program. Other programs such as the Heritage Toronto Awards (mandated by City by-law) and the William Kilbourn Lecture (annual event) will be maintained by remaining staff. The net savings from this approach would be only \$29.9K due to separation costs for the staff member. The elimination of the program would save \$18K in costs (aside from staff costs) but would also result in the loss of \$30K in sponsorship revenue and a further \$150K contribution from gifts in kind by sponsors. An ancillary loss would be the active support from the 125 volunteers who present the program across the City. Other programs currently under development would also be withdrawn. There is no net cost to the City in these programs but the limited staff resources would make it impossible to continue development.

- Heritage Toronto staff are preparing various new revenue producing initiatives to meet future pressures on the agency's budget in consultation with Finance Division staff as we are keen to respect the 0% ceiling identified for 2007 and ensuing years.

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