

Analyst Briefing Notes

Budget Committee - February 16, 2010

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Contacts: Judy Skinner
 Manager, Financial Planning
 Tel: (416) 397-4219

Therese Chen
 Senior Financial Planning Analyst
 Tel: (416) 392-8095

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PART I: 2010 OPERATING BUDGET**Executive Summary**

- Heritage Toronto celebrates, advocates for, and promotes a greater appreciation of the City of Toronto's rich cultural, architectural, archaeological and natural heritage. Through partnerships with local community groups and volunteers, Heritage Toronto provides city-wide programs and services, such as free neighbourhood walking tours, the annual Heritage Toronto Awards, the William Kilbourn Memorial Lecture, a heritage plaques and markers program and participation in Doors Open Toronto. Heritage Toronto's efforts are also supported by the community through donations from individuals, foundations and corporations.
- Heritage Toronto's key service objectives include:
 - Increasing the visibility of the agency;
 - Expanding and diversifying heritage programming;
 - Expanding its fundraising and sponsorship base through new partnerships with public and private partners; and
 - Seeking creative solutions in delivering programs.

These objectives are to be achieved through initiatives like the Heritage Promotion Campaign, broadcasting Walking Tours through podcasts, an online outreach program, offering lecture series during the winter/fall months, and continuing to install plaques and markers targeting the under-represented areas in Toronto's history and heritage.

- Heritage Toronto's key accomplishments for 2009 include creating and launching a new iTours program, creating and launching the "First Impressions" communications campaign, hosting a photo exhibit of threatened buildings during Heritage Week, identifying a number of important buildings and sites on Google's new "Street View" to encourage Torontonians and tourists to visit, diversifying the Heritage Toronto Walks program outside the city core and introducing several new walks, and hosting the Heritage Toronto Awards ceremony combined with a Roast to celebrate the City's 175th birthday.
- Heritage Toronto projects that it is on target to spend 100% of the 2009 Approved Operating Budget of \$0.385 million net by year-end.

Table 1: 2010 Recommended Budget

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget	\$	%	2011	2012
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	714.0	714.0	702.8	10.0	712.8	(1.2)	(0.2)	(10.0)	0.0
REVENUE	329.0	329.0	337.1	10.0	347.1	18.1	5.5	0.0	10.0
NET EXP.	385.0	385.0	365.7	0.0	365.7	(19.3)	(5.0)	(10.0)	(10.0)
Approved Positions	6.0	6.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	365.7	365.7	0.0	346.4
PROGRAM REDUCTION (\$)	(19.3)	(19.3)	0.0	(19.3)
PROGRAM REDUCTION (%)	(5.0)	(5.0)	NA	(5.0)

- Heritage Toronto's 2010 Recommended Operating Budget of \$0.366 million is 5% below the Program's 2009 Approved Operating Budget which meets the Program's 2010 budget target. Achievement of the Program's reduction target is attributed to the additional revenues that will be generated by the Communications Coordinator position approved during the 2007 Operating Budget process and through additional corporate sponsorships, increased memberships and installation of heritage plaques.
- The 2010 Recommended Operating Budget for Heritage Toronto is comprised of base funding of \$0.703 million gross and \$0.366 million net and funding for new/enhanced service priorities of \$0.010 million gross and \$0 net.
- The recommended new/enhanced service priority action includes a one-time expenditure of \$0.010 million for heritage plaques to commemorate the coal silos located at 319 Merton Street, secured by a developer contribution through a Section 37 (Planning Act) agreement.
- The 2010 Recommended Operating Budget for Heritage Toronto results in incremental future year net revenues to the Program of \$0.010 million in 2011 and \$0.010 million in 2012.
 - The 2011 Outlook maintains the projected 2010 level of service by offsetting the cost of living adjustment (COLA) increases for salaries and benefits with increased user fees, donations and corporate sponsorships. 2011 gross expenditures and revenues will be reduced by the reversal of the one-time grant from the Section 37 funding of \$0.010 million. 2011 and 2012 will also see a \$0.010 million increase in revenues each year generated by the Communications Coordinator position.
 - Viable revenue options to achieve the Program's 2011 reduction target of \$0.019 million or 5% of the 2009 Approved Budget have been presented during the 2010 Budget process which will be reviewed and considered during the 2011 Operating Budget process.

- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - Progression pay and step increases, COLA increases for salaries and wages, and inflationary increases which will be absorbed and offset by increased revenues within the approved budget level.
 - Incremental revenues of \$0.019 million generated by the Communications Coordinator position initially approved in 2007 and through increased memberships, sponsorships and heritage plaques.
- The 2010 Recommended Operating Budget provides funding for Heritage Toronto to continue achieving its mandate and purpose set out by City Council, for heritage education, dispensing advice on heritage issues, and providing a venue for public involvement and fundraising. Some of the planned activities for 2010 are highlighted below:
 - 45 Heritage Walks around the City with 4,000 participants.
 - Installation of heritage plaques and markers to commemorate events and buildings that are significant to Toronto's history such as the coal silos located at 319 Merton Street;
 - Annual Heritage Toronto Awards;
 - William Kilbourn Memorial Lecture;
 - New posters for the First Impressions Campaign;
 - State of Heritage report to assess the City's heritage achievements over the last 10 years;
 - Participation in the celebration of the 100th anniversary of the Trillium; and
 - Partnering with a local history group and elementary school to help students discover the history of their neighbourhood.

Recommendations

The City Manager and Chief Financial Officer recommend that:

- 1. City Council approve the 2010 Recommended Operating Budget for Heritage Toronto of \$0.713 million gross and \$0.366 million net, comprised of the following service:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Heritage Toronto	712.8	365.7
	<hr/>	<hr/>
Total Program Budget	<u>712.8</u>	<u>365.7</u>

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement

- Heritage Toronto celebrates, interprets, and advocates for the City of Toronto's architectural, archaeological, natural and cultural heritage.

Program Map

- The Program delivers its activities as one service as shown in the program map below:



Heritage Advocacy and Education

Heritage Toronto offers Heritage Advocacy and Education through the following service activities:

- Heritage Walks
- Plaques and Markers
- Heritage Lectures
- On-Line Publications
- Liaisons and Consultations

Service Objectives

The service objectives set by Heritage Toronto will address the challenges and opportunities in celebrating and raising the awareness of the City of Toronto's heritage and history.

- Heritage Toronto is committed to the development of a shared sense of place and memory among the citizens of Toronto, through community involvement. The program will partner with a local history group and elementary school to help Grade 7 students discover the history of their

neighbourhoods.

- Walking Tours are an excellent way of educating Torontonians. In 2010, new tours will be created in areas of the city where Heritage Toronto has not previously had walks. The program's 2010 goal is to achieve a greater than 95% satisfaction level with participants of the tour.
- Plaques and markers from all corners of the City have always provided excellent information about existing buildings and well known sites, people and events. Heritage Toronto will continue to identify potential plaque projects about overlooked subjects of Toronto's history and heritage – First Nations, Women and Multi-Cultural subjects. The cost of casting the plaques will be paid by community sponsorships and donations.
- Heritage Toronto also advocates for the City's built heritage. Through a series of consultations and a State of Heritage Report, the program will provide an assessment of the City's achievements over the last 10 years.

PART III: 2009 EXPERIENCE

2009 Accomplishments

Heritage Toronto's 2009 major accomplishments are highlighted below:

- Created and launched a new iTours program funded by RBC. The first iTour was of Spadina Avenue and others will include the Island iTour and Don Mills and Islington Village iTour.
- Created and launched "First Impressions" in partnership with the Toronto Arts Council. Funded by RBC, this communications campaign features quotes from historic and contemporary artists about their impression of Toronto. The campaign will appear on TTC vehicles over the next year.
- Hosted a photo exhibit of threatened buildings held at the Gladstone Hotel during Heritage Week. The event was hosted in partnership with a photography collective – the Shadow Collective.
- Partnered with Google on the new "Street View" identifying a number of important buildings and sites to encourage Torontonians and tourists to visit.
- Continued to diversify the Heritage Toronto Walks program outside the city core with excellent feedback from participants, and introduced several new walks this year, including a self-guided tour of the boundaries of the 1834 city.
- Hosted a successful Heritage Toronto Awards combined with a Roast to celebrate the City's 175th birthday, raising both money and awareness, successfully building upon partnerships developed over the years.

Table 2: 2009 Budget Variance Review (\$000s)

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	620.2	714.0	714.0	0.0	0.0
REVENUES	230.2	329.0	329.0	0.0	0.0
NET EXP.	390.0	385.0	385.0	0.0	0.0
Approved Positions	6.0	6.0	6.0	0.0	0.0

*Projected Actuals Based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

The Heritage Toronto Third Quarter Variance report projects that the Program will be on target to spend 100% of the 2009 Approved Operating Budget of \$0.385 million net by year-end.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

There are no impacts arising from the 2009 Operating Variance on the 2010 Recommended Operating Budget.

PART IV: 2010 RECOMMENDED BASE BUDGET

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	714.0	702.8	(11.2)	(1.6)	(10.0)	0.0
REVENUE	329.0	337.1	8.1	2.5	0.0	10.0
NET EXP.	385.0	365.7	(19.3)	(5.0)	(10.0)	(10.0)
Approved Positions	6.0	6.0	0.0	0.0	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	365.7	365.7	0.0	346.4
PROGRAM REDUCTION (\$)	(19.3)	(19.3)	0.0	(19.3)
PROGRAM REDUCTION (%)	(5.0)	(5.0)	NA	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	385.0	
Pressures Reported with 2010 / 2011 Outlook	0.0	0.0
Pressures Not Reported with 2010 / 2011 Outlook	0.0	0.0
5% Reduction Target	(19.3)	(19.3)
Additional Pressures not in 2010 Reported Outlook	0.0	TBD
Program Reduction Target	(19.3)	(19.3)
Net Budget Target	365.7	346.4

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$0.366 million net represents a \$0.019 million or 5.0% decrease over Heritage Toronto's 2009 Approved Operating Budget of \$0.385 million. The 2010 Recommended Base Budget includes \$0.011 million or 1.6% in 2010 base expenditure reductions as well as base revenue increases of \$0.008 million or 2.5%.

The 2010 Recommended Base Budget of \$0.366 million net meets Heritage Toronto's 2010 Operating Budget target. The 2010 Operating Budget target is calculated by adding the Program's

2009 Approved Budget with the 2010 base pressures reported through the 2009 budget process, then subtracting the Program's reduction target.

- The 2010 Recommended Operating Budget includes \$0.010 million of incremental revenues generated by the Communications Coordinator position approved in 2007, as well as additional revenues of \$0.009 million generated through corporate sponsorships and donations. The 2010 Recommended Operating Budget also accommodates progression pay, step and inflationary increases which have been absorbed by the Program.

Approval of the 2010 Recommended Base Budget will maintain Heritage Toronto's total staff complement of 6.0 approved positions.

2010 Base Budget Key Cost Drivers

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Increased corporate sponsorships of \$0.010 million net generated by the Communications Coordinator position approved in 2007 based on the expectation that the position would become self-supporting by 2009. Heritage Toronto now anticipates that the position will generate additional revenues of \$0.010 million each year from 2011 to 2013 and \$0.005 million in 2014 to become self-sustaining;
- Increased revenues of \$0.009 million net through new memberships, corporate sponsorships and heritage plaques;
- In accordance with its established practice, Heritage Toronto will absorb the progression pay and step increases and COLA increases on salaries and wages as determined by its Board;
- Heritage Toronto will also absorb inflationary increases within the 2010 Recommended Operating Budget; and
- Reversal of the 2009 one-time Section 37 funding for heritage plaques in the South Riverdale community of \$0.020 million gross and \$0 net.

2010 Service Changes

- Heritage Toronto's 2010 Recommended Base Budget includes base reductions of \$0.019 million net with incremental impacts of \$0.010 million in 2011. No service changes were required to meet the net budget reduction target.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for Heritage Toronto will result in net incremental revenues of \$0.010 million each in 2011 and 2012 to maintain the 2010 level of service and staff complement. Future year reductions are attributed to planned increases in donations and sponsorships to offset the cost of the Communications position approved during the 2007 Operating

Budget. The 2011 Outlook also includes the reversal of one-time Section 37 expenditure on heritage plaques commemorating the coal silos at 319 Merton Street of \$0.010 million gross and \$0 net.

**PART VI: RECOMMENDED
NEW/ENHANCED SERVICE PRIORITY ACTIONS**

Table 5: 2010 New / Enhanced Service Priority Actions: Summary

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
(a) Enhanced Services - Council Approved One-time Section 37 Funds for Heritage Plaques (319 Merton Street)	10.0	0.0	0.0				
(b) Enhanced Services - Program Initiated							
Sub-Total Enhanced Services	10.0	0.0	0.0	0.0	0.0	0.0	0.0
New Services:							
(a) New Services - Council Approved							
(b) New Services - Program Initiated							
Sub-Total New Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enhanced/New Services	10.0	0.0	0.0	0.0	0.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

Enhanced Service Priority Actions

Council Approved

The recommended Enhanced Service Priority Actions of \$0.010 million gross and \$0 net, represents a one-time grant to spend on heritage interpretive plaques. A cash contribution of \$0.010 million to Heritage Toronto was secured through a Section 37 (Planning Act) agreement arising from a development at 319 Merton Street. The Section 37 agreement specifies that the funding be given to Heritage Toronto for heritage interpretive displays commemorating the coal silos located here prior to re-development. The contribution has been received by the City and is currently held in the Section 37 Reserve Fund. The funding may be spent over several years.

PART VII: ISSUES FOR DISCUSSION**2010 Budget Issues**

The 2010 Recommended Operating Budget of \$0.366 million net is \$0.019 million or 5.0% below the 2009 Approved Operating Budget, meeting its 2010 budget target. This reduction was achieved by way of increased corporate sponsorships generated by staff efforts, namely the Communications Coordinator position approved during the 2007 operating budget process, and increased revenues from memberships, sponsorships and heritage plaques.

The Communications Coordinator position was planned to be self-supporting by 2009 through increased revenues of \$0.050 million which would have had the effect of reducing the 2010 Operating Budget net expenditure to \$0.340 million. Heritage Toronto now anticipates that this position will only generate incremental revenues of \$0.010 million each year from 2011 to 2013 and \$0.005 million in 2014 to become self-sustaining.

2011 and Future Year Issues***2011 Reduction Target***

Heritage Toronto has presented reasonable 2011 revenue generation options during the 2010 Budget process to achieve the Program's 2011 reduction target of \$0.019 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	6.0	714.0	329.0	385.0	0.0	0.0
Technical Adjustments						
In-Year Budget Adjustments						
2009 Approved Operating Budget	6.0	714.0	329.0	385.0	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year						
Reversals from Prior Year		(20.0)	(20.0)	0.0		
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary						
Non Salary						
Adjusted Base Budget	6.0	694.0	309.0	385.0	0.0	0.0
Base Expenditure Changes		8.8	28.1	(19.3)	(10.0)	
Base Revenue Changes						(10.0)
2010 Base Budget Prior to Service Changes	6.0	702.8	337.1	365.7	(10.0)	(10.0)
Recommended Service Changes:						
Service Efficiencies						
Revenue Changes						
Minor Service Level Changes						
Major Service Level Changes						
Total Recommended Base Changes	0.0	0.0	0.0	0.0	0.0	0.0
2010 Recommended Base Budget	6.0	702.8	337.1	365.7	(10.0)	(10.0)

Appendix C

**Summary of 2010 Recommended
New/Enhanced Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: AGENCIES, BOARDS & COMMISSIONS PROGRAM: HERITAGE TORONTO							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	483.0	483.0	483.0	0.0	0.0%	483.0	483.0
Materials and Supplies	97.0	97.0	82.0	(15.0)	(15.5%)	82.0	82.0
Equipment				0.0	n/a		
Services & Rents	133.0	133.0	136.8	3.8	2.9%	136.8	136.8
Contributions to Capital				0.0	n/a		
Contributions to Reserve/Res Funds	1.0	1.0	1.0	0.0	0.0%	1.0	1.0
Other Expenditures			10.0	10.0	n/a		
Interdivisional Charges				0.0	n/a		
TOTAL GROSS EXPENDITURES	714.0	714.0	712.8	(1.2)	(0.2%)	702.8	702.8
Interdivisional Recoveries				0.0	n/a		
Provincial Subsidies				0.0	n/a		
Federal Subsidies				0.0	n/a		
Other Subsidies				0.0	n/a		
User Fees & Donations	184.0	184.0	200.3	16.3	8.9%	210.3	220.3
Transfers from Capital Fund				0.0	n/a		
Contribution from Reserve Funds				0.0	n/a		
Contribution from Reserve				0.0	n/a		
Sundry Revenues	145.0	145.0	146.8	1.8	1.2%	136.8	136.8
TOTAL REVENUE	329.0	329.0	347.1	18.1	5.5%	347.1	357.1
TOTAL NET EXPENDITURES	385.0	385.0	365.7	(19.3)	(5.0%)	355.7	345.7
APPROVED POSITIONS	6.0	6.0	6.0	0.0	0.0%	6.0	6.0

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) / Contributions (+)		
			2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	32,534.1	1.0	1.0	1.0
Section 37 Reserve Fund	XR3026	71,433.8	(10.0)	0.0	0.0
Total Reserve / Reserve Fund Draws / Contributions			(9.0)	1.0	1.0