



City Budget 2012

Heritage Toronto Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	3
PART II: 2012 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles.....	4
2012 Recommended Service Levels	5
2012 Service Deliverables	6
PART III: 2012 RECOMMENDED BASE BUDGET	
2012 Recommended Base Budget	7
2012 Recommended Service Changes	8
2013 and 2014 Outlook	N/A
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2012 Recommended New/Enhanced Service Priority Actions	N/A
PART V: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	9
Issues Referred to the 2012 Operating Budget Process	N/A
APPENDICES	
Appendix 1: 2011 Performance	10
Appendix 2: 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers	13
Appendix 3: Summary of 2012 Recommended Service Changes	15
Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions	N/A
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	16

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			%	\$
GROSS EXP.	845.3	693.5	880.8		880.8	35.5	4.2		
REVENUE	498.9	347.1	569.0		569.0	70.1	14.1		
NET EXP.	346.4	346.4	311.8		311.8	(34.6)	(10.0)	0.0	0.0
Approved Positions	6.0		6.5		6.5	0.5	8.3		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(34.6)	(34.6)	0.0	10.0%

Recommendations

The City Manager and Chief Financial Officer recommend that:

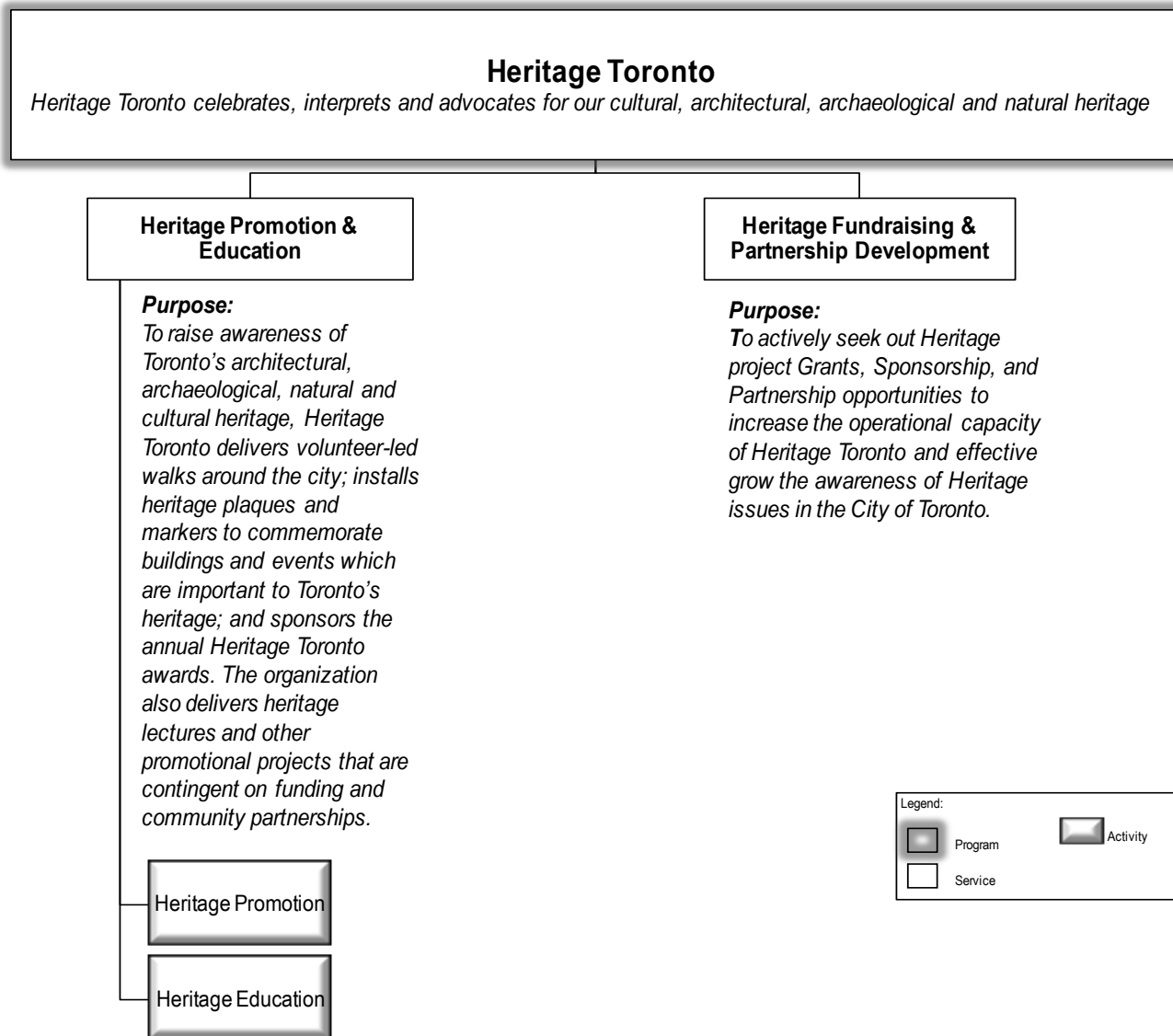
1. City Council approve the 2012 Recommended Operating Budget for Heritage Toronto of \$0.881 million gross and \$0.312 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> (\$000s)	<u>Net</u> (\$000s)
Heritage Toronto	<u>880.8</u>	<u>311.8</u>
Total Program Budget	<u>880.8</u>	<u>311.8</u>

2. Council approve acceptance of a three year grant from the Interaction Multi-Cultural Funding program and related spending conditional upon receipt of such funding during 2012-2014 and, if such financing is not forthcoming or for an amount other than that reflected in the 2012 Operating Budget for Heritage Toronto, direct that the budget be adjusted to remove such grant funding.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Legend:

Program

Activity

Service

Service Customer

Heritage Promotion & Education

- Heritage Event participants
- Online (Website) Visitors
- Heritage Lecture Attendees
- Council

Heritage Partnership & Development

- Local Business Communities
- Local Heritage Societies
- Local Diverse Cultural Associations
- Federal and Provincial Government
- Not for Profit Organizations
- Corporations

2012 Recommended Service Levels

Service	Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Heritage Fundraising & Partnership Development		Charitable Donations	Long Term Commitments are well established and continuing 20%	Long Term Commitments are well established and continuing 20%
		Corporate Sponsorships	Long term commitments from corporate sponsors from 5%	Long term commitments from corporate sponsors from 5%
		Federal Grants	15% of operations funded from Federal Grants (projected for 2011)	15% of operations funded from Federal Grants (projected for 2011)
		Partnerships	To retain 25% of secured partnership value for Heritage Toronto operations	To retain 25% of secured partnership value for Heritage Toronto operations
		Provincial Grants	25% of operations funded from Provincial Grants (projected for 2011)	25% of operations funded from Provincial Grants (projected for 2011)
Heritage Promotion & Education	Heritage Education	Heritage Lectures	one heritage lecture per quarter	one heritage lecture per quarter
		Liaisons and Consultations	Have 100% representation of all Heritage organizations to contribute to the performance report for the term of Council	Have 100% representation of all Heritage organizations to contribute to the performance report for the term of Council
		On-line Publications	to provide new monthly cultural contributions to the online publications	to provide new monthly cultural contributions to the online publications
	Heritage Promotion	Bike Tours self guided	In pilot phase	In pilot phase
		Bus Tours	establishing programming partnership to deliver tours to HT member	establishing programming partnership to deliver tours to HT member
		Heritage Walk	to continue to increase the number of walks by 10% annually between April to October	to continue to increase the number of walks by 10% annually between April to October
		Plaques and Markers	30-40 markers and plaques on a annual basis	80 markers and plaques on a annual basis

Service Objectives

The service objectives set by Heritage Toronto will allow the Program to celebrate and raise the awareness of the City of Toronto's heritage and history. The following outlines the Program's key service objectives for 2012 and beyond:

- Heritage Toronto is committed to the development of a shared sense of place and memory among the citizens of Toronto, through community involvement.
- Heritage Walking Tours are an excellent way of educating Torontonians. In 2012, new tours will be created in areas of the city where Heritage Toronto has not previously had walks. The program's 2012 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 commemorate events and buildings that are significant to Toronto's history. The cost of casting the plaques will be paid by community sponsorships and donations. Heritage Toronto will also seek out a corporate partner for the Plaques and markers program to focus on increasing our output
- Heritage Toronto also advocates for the City's built heritage. Through a series of consultations as a follow up to the Heritage Voices Report, will work with the heritage community to provide some potential answers to some of the issues outlined in the report.
- Work with community partners and the City on programming to commemorate the War of 1812.
- Partner with diverse cultural communities to help discover and share their place in Toronto's heritage.

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$0.332 provided funding for Heritage Toronto to deliver:

- heritage walks
- plaques and markers
- heritage lectures
- on-line publications
- liaisons and consultations

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change		FY Incremental Outlook	
			2012 Recommended Base v. 2011 Appvd. Budget		2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	845.3	880.8	35.5	4.2		
REVENUE	498.9	569.0	70.1	14.1		
NET EXP.	346.4	311.8	(34.6)	(10.0)	0.0	0.0
Approved Positions	6.0	6.5	0.5	8.3		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(34.6)	(34.6)	0.0	10.0%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$0.881 million gross and \$0.312 million net represents a \$0.035 million or the equivalent of 10.0% decrease over the 2011 Approved Net Operating Budget of \$0.346 million, which meets the Heritage Toronto 2012 Operating Budget reduction target.
- Heritage Toronto's 2012 Recommended Base Budget includes a minor service change of \$0.035 million net.
- Approval of the 2012 Recommended Base Budget will increase the 2011 Approved Staff Complement of 6.0 approved positions by 0.5 to support an expanded initiative expected to generate new revenue of \$0.035 million from plaques and markers.

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	6.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	6.0
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	0.5
Total Recommended Positions	6.5

2012 Recommended Service Change Summary
(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Sub-Total Base Budget Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Adjustments:								
Expansion of Plaques program to take advantage of enhances revenue generation opportunities	0.5	35.5	(34.6)	100%				
Total Service Changes	0.5	35.5	(34.6)	100%	0.0	0.0	0.0	0.0
Total Service and Base Changes	0.5	35.5	(34.6)	100%	0.0	0.0	0.0	0.0

2012 Recommended Service Changes

The 2012 service change consists of a revenue change with a total net budget reduction of \$0.035 million in 2012.

Revenue Adjustment

Expansion of Plaques program

- In 2011 Heritage Toronto added an internship to test the notion of having a separate staff responsible for the Plaques and Markers program's delivery while the Chief Historian focuses on developing relationships to source new clients. The expansion in the program has created an opportunity for the organization to sustain that growth in 2012 and therefore further develop it as a supporting source of revenue.
- The 2012 target reduction was achieved by enhanced Plaque Program revenues of \$0.070 million, offset by \$0.35 million in additional Plaque Program expenditures. Heritage Toronto will see an increase in sales in the number of Plaques and Markers through the dedication of half-time permanent staff resource to enable more senior staff to focus on securing new partnerships across diverse cultural communities, with delivery of approximately 80 plaques. It is expected that plaque and marker opportunities will continue into future years at the same level assumed in 2012.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Core Service Review Approvals

- The City Manager was directed to consult with Heritage Toronto (Council Decision CC 27, September 26, 27, 2011) in his review of the option of consolidating Museum Services (Culture) and Heritage Preservation Services (City planning) to examine the economic viability of Heritage Toronto as a not-for-profit organization with new responsibility of operating City owned museums to allow greater opportunity for Federal and Provincial Capital grants and revenue generating opportunities. Meetings are currently being held between affected stakeholders to address this Council direction.

Programming Grants

- The 2011 Approved Operating Budget included revenues to be generated through an application for programming grants from the Interaction Multi-cultural Funding program of \$0.350 million over the next three years. The grant was not approved for 2011 however this grant will be further pursued in 2012. If approved, Heritage Toronto will receive \$0.147 million in 2012, \$0.103 million in 2013, and \$0.100 million in 2014 for a total of \$0.350 million.
- These funds will be dedicated to the delivery to a specific project to raise awareness among youth about local Canadian history. Should this grant not be approved and such financing is not forthcoming, or for an amount other than that reflected in the 2012 Operating Budget for Heritage Toronto, the budget will be adjusted to remove such grant funding.

Appendix 1

2011 Performance

2011 Key Accomplishments:

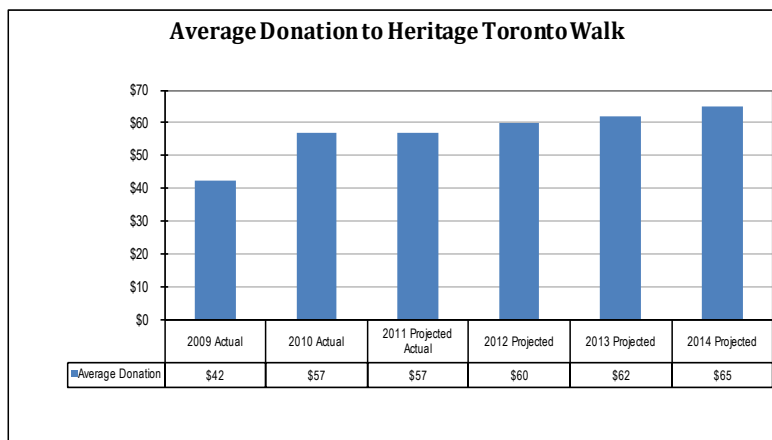
In 2011, Heritage Toronto achieved the following results:

- ✓ Secured funding from Province for programming partnerships with diverse cultural communities
- ✓ Presented a very successful Heritage Toronto Awards and William Kilbourn lecture
- ✓ Secured a new Programming partnership with Scotia Bank
- ✓ Presented the Heritage voices report
- ✓ Followed up the Heritage Voices Report with the Heritage Roundtable
- ✓ Unveiled 75 plaques and delivered 38 walks with attendance of 3,136 participants

2011 Performance

Effectiveness

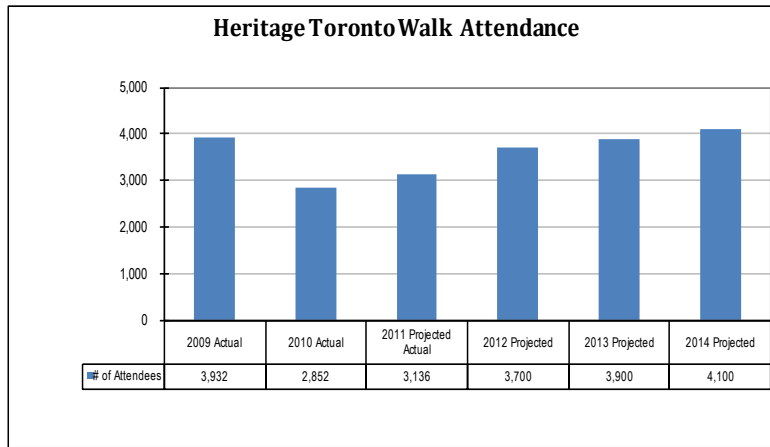
- A metric Heritage Toronto uses to measure its effectiveness is the average individual donation received through its Heritage Toronto Walks.



- Heritage Toronto received an average individual donation of \$43 in 2009 and \$57 in 2010
- In 2011, the Program projects it will achieve average donations of \$57
- Heritage Toronto is targeting to achieve average donations of \$60 per individual in 2012, \$62 in 2013 and \$65 in 2014

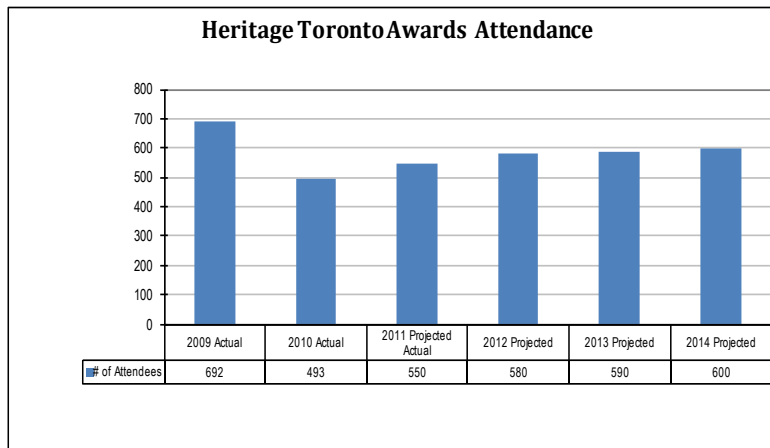
Output

- One of the service outputs measured by Heritage Toronto is the number of participants in the Heritage Toronto Walks.



- Heritage Toronto had 3,932 attendees in 2009 and 2,853 in 2010 participate in its walks
- In 2011, the Program projects 3,126 individuals will have participated in Heritage Walks
- Future targets are set at 3,700 in 2012, 3,900 in 2013 and 4,100 in 2014

- Heritage Toronto also tracks the attendance for the Heritage Toronto Awards which is an opportunity for the Program to raise funding through increased sponsorships and increase awareness of Heritage Toronto's work.



- 692 people attended the 2009 Awards and 493 attended in 2010.
- In 2011, the Program attracted 550 people, with projection of 580 in 2012, 590 in 2013 and 600 in 2014

2011 Budget Variance Analysis

2011 Budget Variance Review (In\$000s)

	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	\$	%
GROSS EXP.	666.3	712.8	845.3	693.5	(151.8)	(18.0)
REVENUES	281.3	347.1	498.9	347.1	(151.8)	(30.4)
NET EXP.	385.0	365.7	346.4	346.4	0	0
Approved Positions	6.0	6.0	6.0	6.0	0	0

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- Heritage Toronto's Third Quarter Variance report projects that the Program will be on target to spend 100% of the 2011 Approved Net Operating Budget of \$0.346 million by year-end.
- It is projected that Heritage Toronto will be under budget in 2011 in both gross expenditures and revenues by \$0.151 million. Of this amount, \$0.147 million in budgeted funding from the Citizenship and Immigration Canada has yet to be secured. These funds were to be dedicated to the delivery to a specific project to raise awareness among youth about local Canadian history. No expenditures have been incurred on this initiative in 2011.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- While there are no impacts arising from the 2011 Operating Variance on the 2012 Operating Budget, the 2011 Approved Budget included revenues to be generated through an application for programming grants from Citizenship and Immigration Canada's Interaction Multi-cultural Funding program for \$0.350 million over the next three years. The grant however was not approved in 2011. A further application will be made in 2012. If approved, Heritage Toronto will receive \$0.147 million in 2012, \$0.103 million in 2013, and \$0.100 million in 2014 for a total of \$0.350 million.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Base Budget Submission	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	483.0	483.0	489.0	489.0	489.0				
Materials and Supplies	76.0	82.0	113.7	113.7	113.7				
Equipment									
Services & Rents	106.3	136.8	236.8	85.0	272.3	35.5	15%		
Contributions to Capital									
Contributions to Reserve/Res Funds	1.0	1.0	1.0	1.0	1.0				
Other Expenditures		10.0	4.8	4.8	4.8				
Interdivisional Charges									
Required Adjustments									
TOTAL GROSS EXPENDITURES	666.3	712.8	845.3	693.5	880.8	35.5	5.0%	0.0	0.0
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies			147.0		147.0				
Other Subsidies									
User Fees & Donations	144.1	200.3	200.3	195.5	270.4	70.1	35.0%		
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	137.2	146.8	151.6	151.6	151.6				
Required Adjustments									
TOTAL REVENUE	281.3	347.1	498.9	347.1	569.0	70.1	20.2%	0.0	0.0
TOTAL NET EXPENDITURES	385.0	365.7	346.4	346.4	311.8	(34.6)	(10.0%)	0.0	0.0
APPROVED POSITIONS	6.0	6.0	6.0	6.0	6.5	0.5	8.3%	0.0	0.0

2012 Key Cost Drivers

- Heritage Toronto's total gross expenditures vary directly with total revenue projections. The key cost driver for growing expenditures is attributed to increased service activity which is required to generate additional sponsorships, donations and user fees leading to a reduced net budget.
- Between 2009 and 2012 total programming expenditures increased by \$0.215 million or 32.2%, driven by increased materials and supplies costs of \$0.038 million or 49.6%, and increased services and rents of \$0.166 million or 156.2%.

- Total revenues have increased by \$0.288 million or 102% from 2009 to 2012 to offset the growing expenditures. These increases are primarily due to increased fundraising, donations, sponsorships, and projected grant funding. User Fees and Donations grew by \$0.126 million or 87.4% and Sundry Revenues by \$0.014 million or 10.5% between 2009 and 2012. This growing revenue has allowed Heritage Toronto to expand service activity while reducing the net budget by \$0.073 million or 19% from 2009 to 2012.
- Heritage Toronto's 2011 application for grant funding through the Interaction Multi-Cultural Funding program for \$0.147 million was included in the 2011 Operating Budget. These projected grant funded expenditures remain in the 2012 Recommended Operating Budget.

Appendix 3

Summary of 2012 Recommended Service Changes



2012 Operating Budget - Recommended Service Change Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Heritage Toronto	Recommended Adjustments				2013 Net Incremental Outlook (\$000s)	2014 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
2012 Recommended Base Budget Before Service Change:			845.3	498.9	346.4	6.0	0.0	0.0
Z2	1	Expansion of Plaques Program Service / Activity: Heritage Toronto / N/A Description: Expansion of Plaques program to take advantage of a possible revenue generation opportunities Enhanced Plaque Program revenues of \$0.070 million will be offset by \$0.035 million in additional Plaque Program expenditures. Heritage Toronto will see an increase in sales in the number of Plaques and Markers through the dedication of half-time permanent staff resources to enable more senior staff to focus on securing new partnerships across diverse cultural communities, with delivery of approximately 80 plaques annually Service Level Change: The Plaques and Markers Program will increase from the current service levels of 30-40 markers and plaques to approximately 80 per year.	35.5	70.1	(34.6)	0.5	0.0	0.0
ADMIN:			35.5	70.1	(34.6)	0.5	0.0	0.0
Total Recommended Service Level Reductions:			35.5	70.1	(34.6)	0.5	0.0	0.0
Total Recommended Base Budget:			880.8	569.0	311.8	6.5	0.0	0.0

Category Legend - Type

- Z1 - Base Efficiency Change
- Z2 - Base Revenue Change
- Z3 - Minor Service Level Change
- Z4 - Major Service Level Change

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	31,346.4	1.0	1.0	1.0
Total Reserve / Reserve Fund Draws / Contributions			1.0	1.0	1.0

* Based on 3rd Quarter Variance Report