



## STAFF REPORT ACTION REQUIRED

### Toronto Botanical Garden - Sustainable Operating Plan

<b>Date:</b>	August 19, 2013
<b>To:</b>	Budget Committee
<b>From:</b>	Jim Hart, General Manager, Parks, Forestry and Recreation Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Cluster A\PFR\BU43-090313-AFS#18149

#### SUMMARY

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During the 2013 Operating Budget process, City Council directed that one-time funding of \$0.075 million be granted to Toronto Botanical Garden through Parks, Forestry and Recreation's 2013 Operating Budget and that the General Manager of Parks, Forestry and Recreation report back to Budget Committee on or before July 1, 2013 on an agreed upon sustainable operating plan.

The purpose of this report is to outline the sustainable operating plan for the Toronto Botanical Garden and as such indicate opportunities for sustainable savings & opportunities for revenue generation.

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation recommends that:**

1. The Budget Committee receives this report for information.

#### Financial Impact

There are no financial implications resulting from the adoption of this report.

Currently, the City does not charge rent to the Toronto Botanical Garden and provides an annual cash grant of \$0.025 million for building maintenance to the Toronto Botanical Garden. This grant is subject to review every 5 years. The next review is in 2014.

In addition, Parks, Forestry and Recreation's budget includes \$0.125 million for utilities and building operating costs of Toronto Botanical Garden for a total budget contribution of \$0.150 million through the Parks, Forestry and Recreation operating budget.

In 2013, the Toronto Botanical Garden received an additional one-time grant of \$0.075 million for sustainment of its operations.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting of October 15, 2012, the Parks and Environment Committee considered item PE16.1, a presentation from Toronto Botanical Garden entitled, "Toronto Botanical Garden – Request for Funding". Through this item, the Committee directed the General Manager, Parks, Forestry and Recreation Division, to meet with the Toronto Botanical Garden to explore options to generate revenue within the existing agreement and to report back to the Parks and Environment Committee. Additionally, the Parks and Environment Committee also referred the request for an annual grant of \$160,000 per annum to the Budget Committee for consideration during the 2013 budget process.

The decision can be viewed here (see Decision Advice and Other Information):

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PE16.1>

At its meeting of October 30, 31 and November 1, 2012, City Council adopted item PE16.1, "Toronto Botanical Garden – Request for Funding" and in doing so requested the Provincial and Federal governments provide funding to the Toronto Botanical Garden; requested the Toronto Botanical Garden to consider options to increase revenues by offering landscape design services to residents; and invited the Toronto Botanical Garden to participate in Parks, Forestry and Recreation's automated electronic donation project.

The decision can be viewed here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PE16.1>

At its meeting of January 15, 2013, City Council, through item EX27.1, "2013 Capital and Operating Budgets", directed that one-time funding of \$0.075 million be granted to Toronto Botanical Garden through Parks, Forestry and Recreation's 2013 Operating Budget and that the General Manager of Parks, Forestry and Recreation report back to Budget Committee on or before July 1, 2013 on an agreed upon sustainable operating plan for the Toronto Botanical Garden.

The decision can be viewed here (see recommendation 212):

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>

The 2013 Operating Budget Briefing Note presented to Council at can be viewed here:

## **ISSUE BACKGROUND**

The Toronto Botanical Garden operates a not-for-profit botanical garden on city-owned land, open at no charge to the residents of Toronto. Toronto Botanical Garden operates through a lease that is administered by the Parks, Forestry and Recreation Division and expires on November 30, 2024.

Currently, the City does not charge rent to the Toronto Botanical Garden and provides an annual cash grant of \$0.025 million for building maintenance to the Toronto Botanical Garden. This grant is subject to review every 5 years. The next review is in 2014.

In addition, Parks, Forestry and Recreation pays directly for Toronto Botanical Garden's utility and various building costs of \$0.125 million for a total contribution of \$0.150 million in 2012 through the Parks, Forestry and Recreation operating budget.

In 2012, the Toronto Botanical Garden advised that the existing grant of \$0.025 million is insufficient to support the current cost of maintenance for the building and gardens of \$0.380 million per year and requested an annual grant increase of \$0.135 million for a total of \$0.160 million, plus annual cost-of-living increases, to help offset part of these expenditures.

City Council provided the Toronto Botanical Garden a one-time grant of \$0.075 million, half of their original request and asked the General Manager of Parks, Forestry and Recreation to report back to Budget Committee on or before July 1, 2013 on an agreed upon sustainable operating plan". Staff had a number of meetings with the Toronto Botanical Garden, presented options and have agreed upon a sustainable operating plan.

## **COMMENTS**

Staff have reviewed the audited financial statements of the Toronto Botanical Garden for the year-ended December 31, 2012 and performed a segmented analysis of cost recovery by service lines. The outcome of the analysis was shared with the Toronto Botanical Garden Chair and Director, Administration in June 2013 and an action plan to increase revenues and reduce costs will be pursued.

In 2012, the Toronto Botanical Garden generated an operating loss of \$130,700, compared to an operating loss of \$198,233 in 2011. For both 2011 and 2012, there were extraordinary circumstances that contributed to the operating loss such as: a one-time investment in Razor's Edge Software for Fundraising; resurfacing of the parking lot which affected the ability of Toronto Botanical Garden to attract events; and higher staffing costs. In 2013 Toronto Botanical Garden has increased its financial scrutiny and expects to improve its financial performance.

Toronto Botanical Garden currently employs twenty one full time and thirteen part time staff for a salary expenditure of \$1.2 million in 2012. Opportunities exist both in reviewing staffing levels as well as new initiatives for revenue generation.

Parks, Forestry and Recreation has presented the Toronto Botanical Garden with options to generate estimated new revenues of \$100,000 and cost reductions of approximately \$270,000. The following are recommendations that have been or will be pursued by the Toronto Botanical Garden for long term sustainment of their operations:

1. **Restaurant and Catering Operation:** Toronto Botanical Garden will be inviting proposals for a restaurant and catering operations on either the main building or the stand alone barn building. The operator will operate a restaurant and have exclusive catering rights for the events on site, in particular, the Floral Hall. This is expected to bring fixed and percentage rent revenues and increase the marketability of the building for events. Parks, Forestry and Recreation has provided its consent required under the lease.
2. **Donation Stations:** Parks, Forestry and Recreation connected the Toronto Botanical Garden with Precise Parklink who has donated two "pay-and-display" machines that allow visitors to the Toronto Botanical Garden to donate funds, and will issue a tax receipt to anyone who donates in excess of \$10. The donation meters have been operational since June.
3. **Membership Fees:** Currently the Toronto Botanical Garden charges one membership rate to all members. Toronto Botanical Garden will assess the market for multi-tiered approaches to its membership strategy.
4. **Adult Education and Children's Education programs** generated a loss for the past two years. The education programs require prioritization to determine core program offerings and assessing cost recovery levels for programs.
5. **Review of Staff Positions:** Toronto Botanical Garden currently employs twenty one full time and thirteen part time staff for a salary expenditure of \$1.2 million in 2012. Toronto Botanical Garden has a number of positions which can be reviewed for savings. Parks, Forestry and Recreation provided the details of potential positions that may be reviewed for efficiencies which total to \$209,000.
6. **Parks, Forestry and Recreation** is helping with procurement of lower cost supplies and printing, and has installed high efficiency dryers in bathrooms. Parks, Forestry and Recreation is also looking into options to reduce hydro usage through a green energy project.

Toronto Botanical Garden's Executive Director left earlier in the year and a new Executive Director was recruited and started in July 2013. The Toronto Botanical Garden Board and Executive Director will look into detailed options presented. Toronto Botanical Garden's one-time grant of \$0.075 million is expected to be sufficient for 2013.

Any changes to its grants will be considered during the grant renewal process in 2014 and the implementation of some of the options above will advise grant discussions for consideration in 2015 Operating Budget.

## **CONTACT**

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## **SIGNATURE**

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Jim Hart,  
General Manager, Parks, Forestry and Recreation