

2021 Budget Notes

Yonge-Dundas Square

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Description

Yonge-Dundas Square provides the management, procedures and permits for the safe operations on the square. Consistent with previous years, 28 days are set aside for the public to enjoy the square as a piazza. The impact of COVID 19 on public events has been devastating across the industry. Our plans project an incremental return to the number of events over the next three years.

Why We Do It

To enhance the vitality of downtown Toronto, to launch, promote, and operate the square as a unique public space borne from the passion of its community and the energy of commercial participation, so as to develop a positive perception by the way of its activities, security and cleanliness.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

What Service We Provide

Public Square and Event Venue

Who We Serve: Businesses, Partners & Sponsors, Residents, Visitors, City and Agency staff.

What We Deliver: Yonge-Dundas Square accommodates approximately 240 events each year including third-party and self-programmed events. These events encourage economic and cultural activities by showcasing businesses and drawing residents and tourists to the area.

How Much Resources (gross operating budget): \$3.003 million

Budget at a Glance*

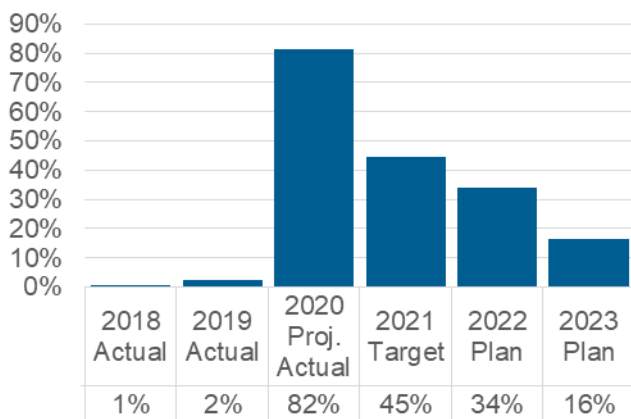
2021 OPERATING BUDGET			
\$Million	2021	2022	2023
Revenues	\$1.663	\$2.141	\$3.256
Gross Expenditures	\$3.003	\$3.247	\$3.881
Net Expenditures	\$1.340	\$1.106	\$0.625
Approved Positions	8.0	8.0	8.0

Yonge-Dundas Square does not have a 10-year Capital Plan

*This document reflects the 2021 Operating Budget as recommended by the City's Manager and Chief Financial Officer and Treasurer, and approved by the Yonge-Dundas Square Board of Management. .

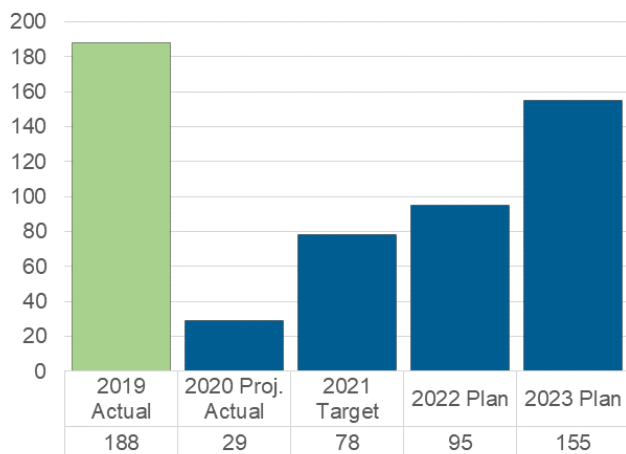
How Well We Are Doing – Behind the Numbers

Contribution by City of Toronto as a % of Overall YDS Operating Cost



- The contribution by the City of Toronto to the overall Yonge-Dundas Square Operating Budget is anticipated to be 82% for 2020 as the square's operations have been heavily impacted by the pandemic.
- As the Square projects operations to begin to improve in 2021 and future years, the reliance on City of Toronto funding decreases and revenues generated from operations increase.
- The Agency expects there to be lasting impacts to its operations as it tries to change its business model to adapt to life post-COVID-19.

Number of Events at YDS



- The number of events on the Square has drastically declined due to the pandemic and safety concerns of hosting any events on the space.
- Yonge-Dundas Square anticipates being able to host a small portion of their event capacity in 2021. The number of events increase in 2022 and 2023 as concerns for COVID are expected to decline as time goes on.

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Service Level Measures								
Public Square and Event Venue	% of Time on a Daily Basis of Square Accessibility for Public Use	100%	100%	100%	100%	100%	100%	●
	% of Utilization for third party rentals	88%	88%	88%	5%	88%	88%	●
	% of Utilization for Yonge-Dundas Productions	12%	12%	12%	0%	12%	12%	●

COVID-19 IMPACT AND RECOVERY

2020 Impact	2021 Impact and Recovery
<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • COVID-19 has resulted in the following unbudgeted costs for Yonge-Dundas Square of \$1.948 million net: <ul style="list-style-type: none"> ○ \$0.047 million in additional costs required to retrofit the office YDS operates in as well portable hand wash stations and regular washroom sanitization. ○ \$3.543 million in revenue losses from cancelled events and activations, which is partially offset by \$1.642 million in savings from decreased event support costs, contracted services and utilities. 	<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • COVID-19 is projected to continue to impact YDS' operations in 2021 but not as drastically as 2020, resulting in an estimated net impact of \$1.093 million: <ul style="list-style-type: none"> ○ \$1.894 million in revenue losses from cancelled events and activations, partially offset by \$0.801 million in savings from decreased event support costs, contracted services and salary and benefit.
<p>Financial Impact (Capital)</p> <ul style="list-style-type: none"> • No impact to capital 	<p>Financial Impact (Capital)</p> <ul style="list-style-type: none"> • No impact to capital
<p>Service Level Changes</p> <ul style="list-style-type: none"> • Yonge-Dundas Square will continue to review Service Levels to reflect changes to its operations to navigate a new reality post-COVID-19. 	<p>Service Level Changes</p> <ul style="list-style-type: none"> • Yonge-Dundas Square will continue to review Service Levels to reflect changes to its operations to navigate a new reality post-COVID-19.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Since 2003 YDS has contributed to the ongoing health and vitality of the Downtown Yonge neighbourhood through site improvements, activations, and hosting literally thousands of free events.
- It continues to be a vital open public space in a densely developed city centre.

Key Challenges and Risks

- Procurement of multi-year Presenting Sponsor agreement for 2021 – 2023 yet to be established.
- Neighbourhood conditions and a changing context require a renewed focus on security and safety, including increased security presence.
- The use during the pandemic by protesters and other unlawful public gatherings despite the Government measures for safety.
- Competition from other City squares that (unlike Yonge-Dundas Square) are not required to operate on a cost recovery basis enabling the delivery of community events at significantly lower costs.

Priority Actions

- Be bold in asserting the Square's identity.
- Support the vitality of the local neighbourhood through diverse community use.
- Work closely with the various divisions and staff teams within the City of Toronto to meet shared objectives and a safe resumption of business.
- Communicate to the public the importance of safe public spaces.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2021 Operating Budget for Yonge-Dundas Square of \$3.003 million gross, \$1.663 million revenue and \$1.340 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Public Square and Event Venue	3,002.7	1,663.0	1,339.7
Total Program Budget	3,002.7	1,663.0	1,339.7

2. City Council approve the 2021 staff complement for Yonge-Dundas Square of 8.0 operating positions.

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2021 OPERATING BUDGET

2021 OPERATING BUDGET OVERVIEW

Table 1: 2021 Operating Budget by Service

(In \$000s)	2019 Actual	2020 Budget	2020 Projection*	2021 Base Budget	2021 New / Enhanced	2021 Budget	Change v. 2020 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Public Square and Event Venue	3,271.8	3,933.6	390.7	1,663.0		1,663.0	1,272.3	325.6%
Total Revenues	3,271.8	3,933.6	390.7	1,663.0		1,663.0	1,272.3	325.6%
Expenditures								
Public Square and Event Venue	3,325.5	3,933.6	2,118.4	3,002.7		3,002.7	884.3	41.7%
Total Gross Expenditures	3,325.5	3,933.6	2,118.4	3,002.7		3,002.7	884.3	41.7%
Net Expenditures	53.7		1,727.7	1,339.7		1,339.7	(388.0)	(22.5%)
Approved Positions	8.0	8.0	8.0	8.0		8.0		

*2020 Projection based on Q3 Variance Report

COSTS TO MAINTAIN EXISTING SERVICES

Total 2021 Base Budget expenditures of \$3.003 million gross reflecting an increase of \$0.884 million in spending above 2020 projected year-end actuals, predominantly arising from:

- Other Expenses are increasing by \$0.333 million as Yonge-Dundas Square projects to be able to provide services part-way through the year and these costs are associated with providing event and digital support.
- Advertising & Promotion costs of \$0.180 million are expected to normalize as the Yonge-Dundas Square staff work to bring events and installations back to the square.
- Security Costs of \$0.126 million are projected to normalize in 2021 as the square becomes more utilized.
- With the anticipated additional usage of the square additional maintenance of \$0.037 million and contracted services costs of \$0.030 million are expected to be incurred.

Given the financial impacts of COVID-19 on 2020 actuals, a further comparison of the 2021 Recommended Budget (excluding 2021 COVID-19 impacts) to the 2020 Council approved Budget is provided below:

- **2021 Base Budget of \$1.340 million in net expenditures reflects a \$0.554 million net decrease from the 2020 Council approved Budget, when excluding \$1.894 million in estimated COVID-19 financial impacts.**

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Yonge-Dundas Square's 2021 Operating Budget do not have any significant equity impacts.

2021 OPERATING BUDGET KEY DRIVERS

The 2021 Operating Base Budget for Yonge-Dundas Square is \$0.884 million gross or 41.7% higher than the 2020 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget.

Table 2a: 2021 Key Drivers – Base Budget

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
Expenditures						
1 Salaries and Benefits	810.3	872.0	865.1	833.1	(32.0)	-3.7%
2 COVID-19 Impact			47.3		(47.3)	-100.0%
3 Materials & Supplies	299.1	316.3	205.0	290.7	85.7	41.8%
4 Equipment	89.1	70.0	59.4	72.0	12.6	21.2%
5 Service and Rent	2,101.3	2,549.7	915.9	1,781.4	865.5	94.5%
6 Contribution To Reserves	25.7	125.7	25.7	25.5	(0.2)	-0.9%
Total Expenditures	3,325.5	3,933.6	2,118.4	3,002.7	884.3	41.7%
Revenues						
1 Provincial Subsidies						
2 User Fees & Donations	1,943.5	2,330.0	128.1	937.0	808.9	631.5%
3 Draw from Reserve Funds		187.0	187.0		(187.0)	-100.0%
4 Other Revenues (Inc. IDR's)	1,305.6	1,416.6	75.6	726.0	650.4	860.3%
Total Revenues	3,249.1	3,933.6	390.7	1,663.0	1,272.3	325.6%
Net Expenditures	76.4	0.0	1,727.7	1,339.7	(388.0)	-22.5%
Approved Positions	8.0	8.0	8.0	8.0		

Salaries & Benefits:

Costs are decreasing as Yonge-Dundas Square has an employee returning from maternity and a salary freeze for 2021 is being implemented.

Materials and Supplies:

Increased spending in Materials and Supplies is expected with an increase in usage of the space and services are provided.

Services and Rents:

As Yonge-Dundas Square anticipates the eventual loosening of pandemic restrictions in 2021, service and rents costs are increasing based on the square being utilized for events and activations.

Revenue Changes:

User Fee and Other Revenues are expected to increase as restrictions are lifted and the square can be operated in a safe manner.

Table 2b: 2021 Balancing Actions

(\$000s)								
Recommendation	Savings Type	2021				2022		
		Revenue	Gross	Net	Positions	Gross	Net	Positions
Salaries and Benefits	Other		(38.9)	(38.9)				
Decreasing Services and Rent	Other		(762.3)	(762.3)				
Total Balancing Actions			(801.2)	(801.2)	-			-

The 2021 Operating Budget includes \$0.801 million in gross and net expenditure reductions attributed to:

Salary and benefits projected savings:

- Yonge-Dundas Square had 2.0 employees on maternity leave in 2020 and they're expecting to return in full capacity to their roles in 2021.

Temporary reductions to Services and Rents, contributions to reserve funds:

- A temporary reduction to utilities and third-party services provided on Yonge-Dundas Square have been implemented by management to reduce the pressure from COVID-19. In addition to decreased spending in services and rents, Yonge-Dundas Square will not be contributing to their Yonge Dundas Square Reserve Fund in 2021 to further reduce expenditures, these costs are expected to resume back to normal levels in 2022.

2022 & 2023 OUTLOOKS**Table 3: 2022 and 2023 Outlooks**

(\$000s)	2020 Projection	2021 Budget	2022 Outlook	2023 Outlook
Revenues	390.7	1,663.0	2,141.0	3,256.0
Gross Expenditures	2,118.4	3,002.7	3,246.9	3,889.7
Net Expenditures	1,727.7	1,339.7	1,105.9	633.7
Approved Positions	8.0	8.0	8.0	8.0

Key drivers

The 2022 Outlook with total gross expenditures of \$3.247 million reflects an anticipated \$0.244 million or 8.13 per cent increase in gross expenditures above the 2021 Operating Budget; the 2023 Outlooks expects a further increase of \$0.643 million or 19.80 per cent above 2022 gross expenditures.

These changes arise from the following:

- Increasing events and activity on the Square will drive the increases in revenues which is offset by the expenditures incurred to earn those revenues as it becomes safer to host events (**2022 and 2023**).
- Inflationary increases to salaries & benefits, as well as contracted services are expected in future years (**2022 and 2023**).

APPENDICES

Appendix 1

COVID-19 Financial Impact - Operating

COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Revenue Loss						
User Fees	(1,734.1)		1,734.1	(1,203.4)		1,203.4
Other Revenue	(1,341.0)		1,341.0	(690.6)		690.6
Sub-Total	(3,075.1)		3,075.1	(1,894.0)		1,894.0
Expenditure Increase						
Materials and Supplies		47.3	47.3			
Sub-Total		47.3	47.3			
Savings due to Management Actions						
Salaries and Benefits		(6.9)	(6.9)		(38.9)	(38.9)
Equipment		(10.6)	(10.6)			
Services and Rents		(1,624.8)	(1,624.8)		(762.3)	(762.3)
Sub-Total		(1,642.2)	(1,642.2)		(801.1)	(801.1)
Total COVID-19 Impact	(3,075.1)	(1,594.9)	1,480.2	(1,894.0)	(801.1)	1,092.9

COVID-19 had halted all programming and events on the square in 2020, resulting in significant revenues losses from programming and event cancellations. Yonge-Dundas Square was able to mitigate these losses through decreased spending in event related costs. YDS is expected to continue these cost reduction strategies as operations are expected to be impacted on a lesser scale in 2021.

Appendix 2

2021 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2018 Actual**	2019 Actual**	2020 Budget	2020 Projection*	2021 Budget	2021 Change from 2020 Projected Actual	
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations	1,493.8	1,659.2	2,030.0	78.1	812.0	733.9	939.7%
Licences & Permits Revenue	183.1	284.3	300.0	50.0	125.0	75.0	150.0%
Transfers From Capital							
Contribution From Reserves/Reserve Funds			187.0	187.0		(187.0)	(100.0%)
Sundry and Other Revenues	1,472.3	1,305.6	1,416.6	75.6	726.0	650.4	860.3%
Inter-Divisional Recoveries							
Total Revenues	3,149.2	3,249.1	3,933.6	390.7	1,663.0	1,272.3	325.6%
Salaries and Benefits	752.2	810.3	872.0	865.1	833.1	(32.0)	(3.7%)
Materials & Supplies	262.8	299.1	316.3	252.3	290.7	38.4	15.2%
Equipment	20.3	89.1	70.0	59.4	72.0	12.6	21.2%
Service and Rent	2,123.2	2,092.0	2,533.7	908.9	1,771.4	862.5	94.9%
Contribution To Capital							
Contribution To Reserves/Reserve Funds	3.0	25.7	125.7	25.7	25.5	(0.2)	(0.9%)
Other Expenditures	12.3	9.4	16.0	7.0	10.0	3.0	42.9%
Inter-Divisional Charges							
Total Gross Expenditures	3,173.8	3,325.5	3,933.6	2,118.4	3,002.7	884.3	41.7%
Net Expenditures	24.6	76.4	0.0	1,727.7	1,339.7	(388.0)	(22.5%)
Approved Positions	8.0	8.0	8.0	8.0	8.0		

* Year-End Projection Based on Q3 2020 Variance Report

** Prior Year Budget and Actuals adjusted retroactively to remove interdepartmental charges and recoveries

Appendix 3

Summary of 2021 Service Changes

N/A

Appendix 4

Summary of 2021 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2021 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

2021 Capital Budget; 2022 - 2030 Capital Plan Including Carry Forward Funding

N/A

Appendix 6a

2021 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 6b

2022 - 2030 Capital Plan

N/A

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Summary of Capital Needs Constraints

(In \$ Millions)

Project Description	Total Project	Non-Debt	Debt Required	Cash Flow (In \$ Millions)										
				2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Yonge-Dundas Square Stage Revitalization	1.135		1.135		0.189	0.270	0.676							
Total Needs Constraints (Not Included)	1.135		1.135		0.189	0.270	0.676							

Staff have identified \$1.135 million in capital needs constraints for Yonge-Dundas Square as reflected in the table above that will be considered for funding in the budget process of future years.

- The key capital constraint for the *Stage Revitalization* project is affordability concerns of the project given the debt requirement. Yonge-Dundas Square anticipates they can contribute to their Yonge-Dundas Square Reserve Fund in future years to address these concerns and to move this project to the 10-Year Capital Plan in future year budget processes once sufficient funds are available in the reserve.

Appendix 9

2021 User Fee Changes (Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds 2021 Operating Budget

Corporate Reserve / Reserve Funds

Insurance Reserve Fund (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2020 *	Withdrawals (-) / Contributions (+)		
		\$	2021 \$	2022 \$	2023 \$
Beginning Balance		30,142.0	30,142.0	14,678.0	18.0
Insurance Reserve Fund	XR1010				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
<i>Contributions to Fund</i>			25.5	25.5	25.5
Total Reserve / Reserve Fund Draws / Contributions		30,142.0	30,167.5	14,703.5	43.5
Other Program / Agency Net Withdrawals & Contributions			(15,489.5)	(14,685.5)	2,529.5
Balance at Year-End		30,142.0	14,678.0	18.0	2,573.0

* Based on 9-month 2020 Reserve Fund Variance Report

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.

Voluntary Separation Program – On July 28th, 2020, City Council approved the implementation of a Voluntary Separation Program for staff who are eligible to retire with an unreduced pension providing a lump sum payment of up to three months' salary to eligible employees, subject to the terms of the program guidelines, funded through savings generated from a combination of permanently eliminating vacated positions and/or holding the positions vacant for a minimum of six months.