



City Budget 2012

Yonge-Dundas Square 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

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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.	1,887.3	2,188.2	1,965.3		1,965.3	78.0	4.1		
REVENUE	1,372.0	1,772.2	1,501.6		1,501.6	129.6	9.4		
NET EXP.	515.3	416.0	463.7	0.0	463.7	(51.6)	(10.0)	0.0	0.0
Approved Positions	5.0	5.0	5.0	0.0	5.0	0.0	0.0		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(51.5)	(51.5)	0.0	10.0%

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for Yonge–Dundas Square of \$1.965 million gross and \$0.464 million net, comprised of the following services:

<u>Service</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Yonge–Dundas Square	1,965.3	463.7
Total Program Budget	1,965.3	463.7

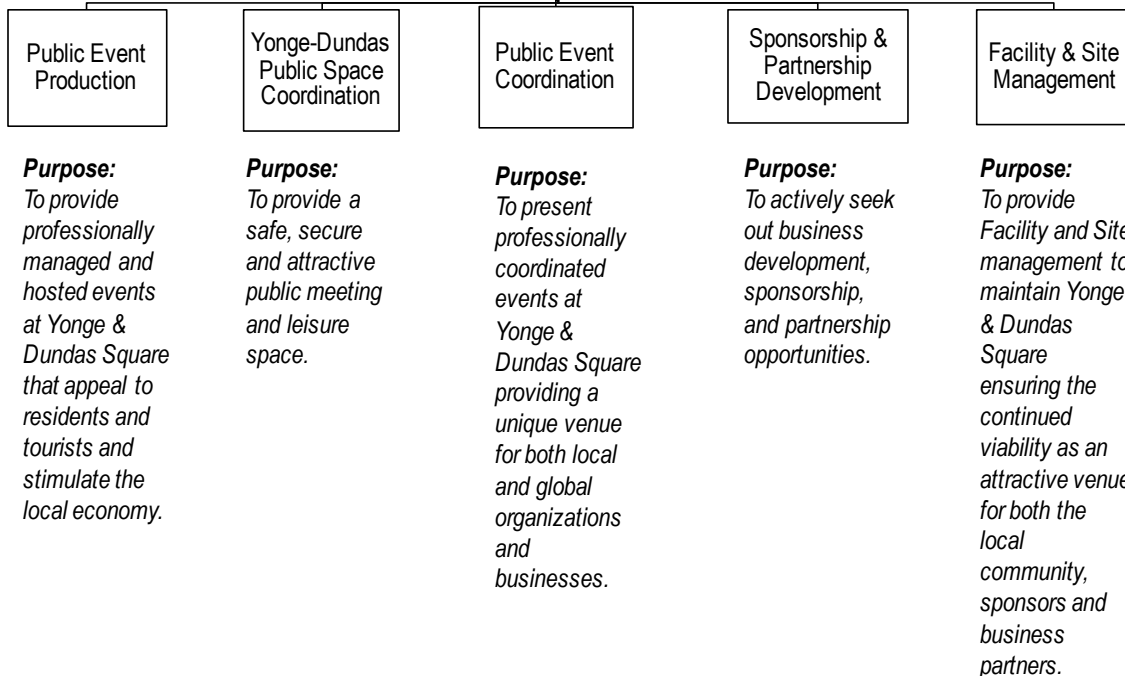
PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

Yonge-Dundas Square

The mission of the Yonge-Dundas Square Board of Management is to responsibly manage the Yonge-Dundas Square and enhance the vitality of downtown; 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 way of its activities, security, and cleanliness.

Yonge-Dundas Square is a unique focal point of the downtown Toronto community. The Square is designated for use as a public open space and as an event venue that can accommodate events of various sizes. You'll discover a wide range of activities on the Square: community celebrations, theatrical events, concerts, receptions, promotions – events that appeal to residents and tourists alike and provide a showcase for local businesses.



Service Customer

- Public Event Production**
- Public Event Participant
 - Business Establishments

- Yonge-Dundas Public Space Coordination**
- YDS Space User
 - Business Partners (ticket booth)
 - Local Business Community
 - Local Cultural Organizations

- Facility & Site Management**
- Facility Occupants
 - Facility Visitors
 - Local Business Community
 - Local Cultural Organizations

- Public Event Coordination**
- Public Event Host
 - Public Event Participant

- Sponsorship & Partnership Development**
- Sponsors
 - Partners
 - Local Business Community
 - Local Cultural Organizations

Service Types

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
Public Event Production	Lunchtime Live!		Every Wednesday during shoulder season (100%)	Every Wednesday during shoulder season (100%)
	City Cinema		Every Tuesday during summer (100%)	Every Tuesday during summer (100%)
	Indie Fridays		Every Friday during summer (100%)	Every Friday during summer (100%)
	Street Scenes busking		All non-event days (100%)	All non-event days (100%)
Public Event Coordination	Community Events		28% of events	28% of events
	Private Sector Events		25% of events	25% of events
	City Events		As requested	As requested
Yonge & Dundas Public Space Coordination	Pedestrian Pass-through		24/7/365	24/7/365
	Passive Visitor (stop)		24/7/365	24/7/365
	Site Seers		24/7/365	24/7/365
	Meeting Place		24/7/365	24/7/365
	Protests		As available	As available
	Non-"permitted" gatherings		24/7/365	24/7/365
	Information Kiosk		24/7/365	24/7/365
Sponsorship & Partnership Development	Sponsorships		100%	100%
	Partnerships	Media	100%	100%
		Signage	100%	100%
		Exclusive / Preferred Suppliers	100%	100%
Facility & Site Management	Custodial Care		24/7/365	24/7/365
	Facility & Site Security		24/7/365	24/7/365
	Capital Improvements & Maintenance	All projects completed or on schedule	100%	100%

2012 Recommended Service Levels

Public Event Production (YDS Programming)

Yonge–Dundas Square (YDS) produces a variety of programs that appeal to area workers, local residents and visitors alike. YDS events enhance the experience of downtown Toronto and act as a catalyst for neighbourhood revitalization. Admission to all YDS programming is free. YDS self-produced programs are funded 100% by earned revenues and sponsorships. They animate the Square and promote the vision of Yonge–Dundas Square as a community focal point, gathering place and resource for the citizens of Toronto.

YDS productions and programming such as the following are scheduled year-round:

- Lunchtime Live! – jazz, folk and roots lunchtime concerts (Spring/Fall)
- City Cinema – outdoor film screenings (Summer, on Tuesday nights)
- Indie Fridays –emerging and established independent local artists concert series (Summer evenings)

Public Event Coordination

Yonge–Dundas Square coordinates, supports and hosts third party events on the square year-round. As an event venue, the Square can accommodate events of various sizes. Yonge–Dundas Square is the venue of choice for many of Toronto's diverse community festivals, hosting such events as DesiFest South Asian Heritage; Multicultural Canada Day Celebrations; Caribana Launch; African Dance Festival; and Viva Cuba Festival. In recent years, Yonge–Dundas Square has become the primary hub for major arts and cultural festivals such as Nuit Blanche; Just for Laughs; NXNE; TIFF; and the Santa Claus Parade. Hosting these large scale events requires greater coordination and provision of event support services. In addition to hosting events for commercial and community organizations, corporations and not-for-profit organizations can obtain a permit to use the square for film shoots, promotions, private functions and special events.

Types of third party events include:

- Community events
- Private sector events
- City events

Public Space Coordination

When not in use for special events, Yonge–Dundas Square becomes an open space for the public to enjoy. The Square remains open to the public 24 hours a day, seven days a week, 365 days a year. Its 20 water fountains operate 24 hours a day, seven days a week from Spring to Fall. During the Spring, Summer and Fall seasons, visitors can also enjoy café style seating, unique programming and busker entertainment.

Types of Yonge–Dundas Square public space activities include:

- Pedestrian pass-through, year-round
- Passive visitor (stop) – visitor information available during seasonal hours of operation
- Sightseer – visitor information during seasonal hours of operations
- Meeting place
- Protests
- Non-"permitted" casual gatherings
- Information kiosk – ticket booth open 6 days/week

The 2011 current service levels described above will remain the same for 2012; there are no service level changes planned. The 2012 proposed service levels for the Program's services and activities are as detailed above – no change.

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$1.965 million gross and \$0.464 million net provides funding for Yonge–Dundas Square to operate and animate the square.

- ✓ YDS will produce and host 100 programmed events during the spring, summer and fall; and
- ✓ YDS will host, coordinate and support an estimated 200 scheduled 3rd party public events year-round including community and private sector events, City events, and major cultural events such as Nuit Blanche, NXNE and Just for Laughs festivals, for a projected combined total of 300 events in 2012, which is the same as in 2011.
- ✓ Yonge–Dundas Square's business is seasonal; client activity is very slow from January to mid-March while heavy demand for usage of the Square is in May to October. During peak season, days are required to be set aside for maintenance and for the Square to be a piazza – its intended purpose.
- ✓ The Board of Management's business strategy sets a goal of holding no more than 300 events (capacity) in 2010 and thereafter, to allow for "fountain days" and downtime for maintenance of the Square. The expectation for 2012 is 300 events, same as in 2011.
- ✓ The 2013 and 2014 Outlooks reflects the current business strategy of having no more than 300 events on the Square.
- ✓ Estimated event attendance and community usage of the Square in 2012 is projected to be 1.120 million people, 1.125 million in 2013 and 1.130 million in 2014.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
GROSS EXP.	1,887.3	1,965.3	78.0	4.1		
REVENUE	1,372.0	1,501.6	129.6	9.4		
NET EXP.	515.3	463.7	(51.6)	(10.0)	0.0	0.0
Approved Positions	5.0	5.0	0.0	0.0		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(51.5)	(51.5)	0.0	10.0%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$1.965 million gross and \$0.464 million net meets the net budget reduction target of \$0.052 million, and represents a 10% reduction from the 2011 Approved Operating Budget.
- The 2012 Recommended Operating Budget reflects the 2011 approved staff complement; there are no changes recommended for 2012, as indicated in the chart below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	5.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	5.0
2012 Recommended Staff Complement Changes:	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	
Total Recommended Positions	5.0

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:								
Base Expenditure Changes								
Base Revenue Changes								
Increase Event Support and Sundry Revenues		46.8	(51.5)	10.0%				
Sub-Total Base Budget Changes	0.0	46.8	(51.5)	10.0%	0.0	0.0	0.0	0.0
Service Efficiencies								
Revenue Adjustments:								
Minor Service Impact:								
Major Service Impact:								
Total Recommended Service Adjustments	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0
Total Recommended Changes	0.0	46.8	(51.5)	10.0%	0.0	0.0	0.0	0.0

2012 Recommended Service Changes

- The recommended service changes total \$0.052 million to be entirely realized by increased revenues.

Base Revenue Changes

Increase Event Support Revenue

- Yonge–Dundas Square continues to experience increased demand for event support services, especially by the larger, more complex in scope, major events and festivals. Increased client expenses for these types of events, requiring more complex event support activities, increase both YDS' expenses and revenues.
- All additional event support services costs are recoverable from clients. Event support services requested by clients include, for example, electrical, audio–visual, security, maintenance, logistics and equipment rental, and also event planning services.
- To recognize the continued growth of this area of YDS' business, a base budget change of \$0.100 million in additional event support revenue and a corresponding increase of \$0.047 million in event support costs are recommended and will yield net revenues of \$0.053 million in 2012. It is recommended that Yonge–Dundas Square increase event support revenue to meet the 10% reduction target of \$0.052 million for 2012.

- Providing adequate resources will allow YDS to maintain the required high level of client service required to facilitate community, private sector and cultural events that contribute to economic development, tourism and public safety objectives.

2013 and 2014 Outlook:

- The Yonge–Dundas Square Program projects no net increase in its 2013 and 2014 net operating budgets.
- The 2013 and 2014 Outlook maintain the 2012 recommended level of service.
- The Board of Management has not committed to any projected salary/wage increase amounts in 2013 and 2014 at this time.
- As is Yonge–Dundas Square's practice, any budgetary pressures such as salary/wage increase, and inflationary increases due to economic factors, are usually offset by increased revenue through permit fee rate increases tied to inflation, increased revenues in ancillary areas of earned revenue such as sponsorship and supplier agreements, expanded programming, and offering a broader range of event support services to clients.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Core Service Review Approvals

- At the Special Council Meeting of September 26 and 27, 2011 City Council adopted the following recommendation emanating from the Core Service Review:

"City Council request Yonge–Dundas Square Board of Management to develop a plan to reduce their reliance on tax supported funding, and become financially self-sufficient, and report to the Executive Committee."
- The Board will report back to City Council through Executive Committee on a new business plan in early 2012.
- The business plan will need to be aligned with the City's Nathan Phillips and David Pecaut Squares.

Appendix 1

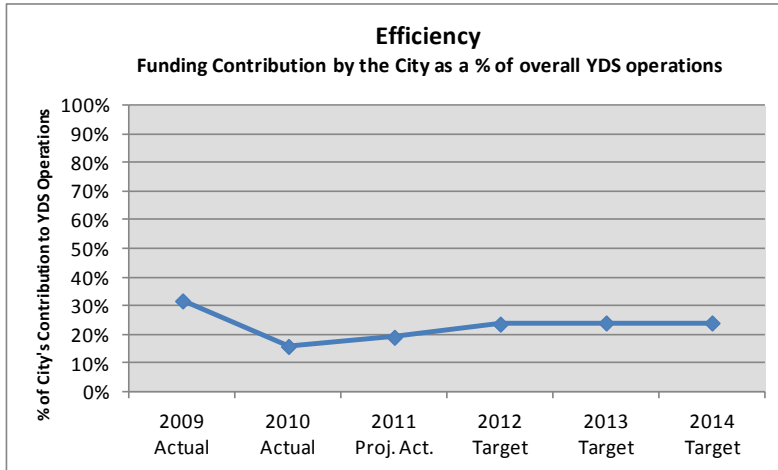
2011 Performance

2011 Key Accomplishments:

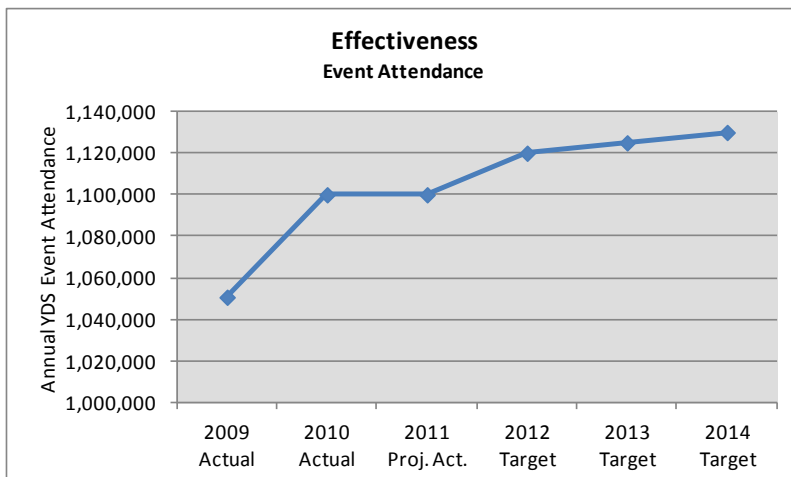
In 2011, Yonge–Dundas Square accomplished the following:

- ✓ The Board of Management successfully maintained sponsorship levels of Yonge–Dundas Square, replacing lost sponsorship revenues incurred during the recent economic downturn.
- ✓ Successfully eliminated its former Artisan Market while instituting a highly popular professional busking program that draws large audiences.
- ✓ Maintained a high level of earned revenue achieved in previous years.
- ✓ Successfully managed to accommodate the City's mandated 5% base budget reduction.
- ✓ Continued to establish the Square as a primary venue for major international festivals and events while maintaining availability for multicultural community festivals.
- ✓ Completed a renovation of the eastern tip of the Square, expanding capacity to host and transition between large events while simultaneously improving public safety and site access.

2011 Performance

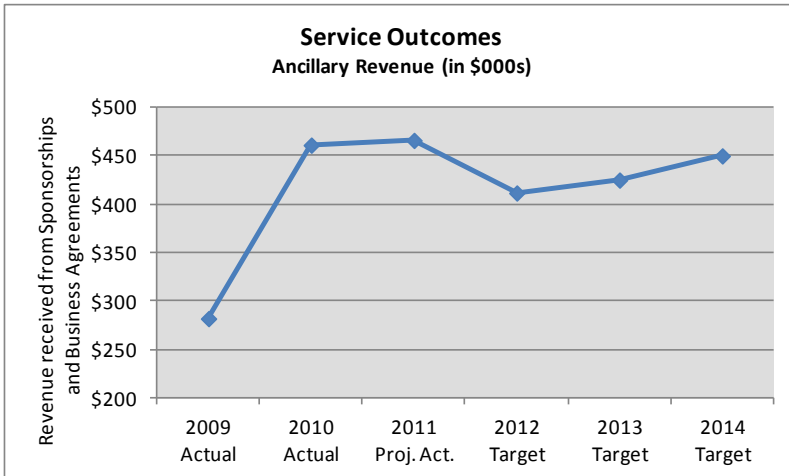


- Yonge–Dundas Square has increased its organizational capacity and lessened its dependency on the City by building on its successful business model.
- Funding support from the City to cover Yonge–Dundas Square operations has been steadily declining over the years as the Yonge–Dundas Square business model matures and evolves.
- City funding support to the Yonge–Dundas Square Program as a percentage of gross expenditures went from 48.2% in 2006; 37.3% in 2007; 34.9% in 2008; 31.7% in 2009; 15.8% in 2010; and 19.0% forecasted for 2011. The 2012 target is 23.6%. City funding support is projected to be 23% in 2013 and 2014.
- In 2010 and 2011, Yonge–Dundas Square received one-time sponsorship and sundry revenues which reduced the City funding support to Yonge–Dundas Square in those years.



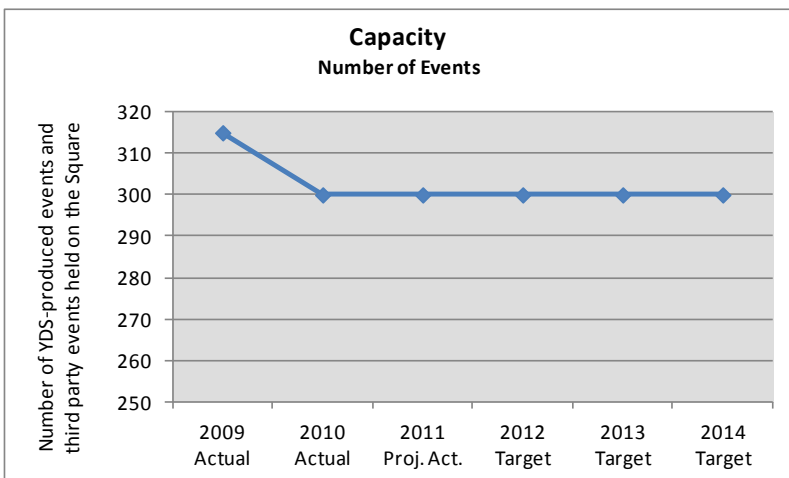
- Yonge–Dundas Square has grown its attendance every year since the Square opened in 2003.
- Attendance at events is on target to increase by 13% between 2008 and 2014.
- Annual YDS event attendance:

2008 Actual	999,070
2009 Actual	1,050,675
2010 Actual	1,100,000
2011 Proj. Actual	1,100,000
2012 Target	1,120,000
2013 Target	1,125,000
2014 Target	1,130,000



- Yonge-Dundas Square has successfully increased Ancillary Revenues since 2008 and will reach almost 72% growth by 2014.
- Ancillary revenue includes sponsorships, signage agreements, kiosk rent, and partnership/supplier agreements.
- Corporate sponsorship and contributions revenue trend:

2008 Actual	\$102,300
2009 Actual	\$ 69,400
2010 Actual	\$165,000
2011 Proj. Actual	\$175,000
2012 Target	\$175,000
2013 Target	\$185,000
2014 Target	\$185,000



- The number of events held on the Square includes YDS self-produced programmed events and third party events such as community events, private sector events, City events and major cultural festivals.
- The Board of Management's business strategy sets a goal of holding no more than 300 events (capacity) in 2010 and thereafter, to allow for "fountain days" and downtime for maintenance of the Square. Under the old business model, YDS held 312 events in 2008 and 315 events in 2009. The 2012, 2013 and 2014 target (capacity) is 300 events.

2011 Budget Variance Analysis

2011 Budget Variance Review (In\$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	1,790.7	2,321.7	1,887.3	2,188.2	300.9	15.9
REVENUES	1,223.0	1,954.1	1,372.0	1,772.2	400.2	29.2
NET EXP.	567.6	367.6	515.3	416.0	(99.3)	(19.3)
Approved Positions	5.0	5.0	5.0	5.0	0.0	0.0

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The projected year-end net favourable variance for Yonge–Dundas Square is anticipated to be \$0.099 million or 19.3% below the 2011 Approved Operating Budget of \$0.515 million net expenditure.
- Yonge–Dundas Square continues to experience increased demand for facility usage as well as increased demand for event support services by major events/ festivals. This has resulted in higher than expected event support revenue, and correspondingly higher event support costs.
- Higher than anticipated earned revenue from signage accounts for the other half of the forecasted favourable variance.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The increased demand for usage of the Yonge–Dundas Square venue in 2011 is expected to continue in 2012.
- The increased earned revenue levels realized in 2011 from event support services and from the signage agreement are reflected in the 2012 Recommended Operating Budget.
- Correspondingly, the additional labour, materials, supplies and contracted services costs directly associated with the provision of more event support services to clients are also reflected in the 2012 Recommended Operating Budget.

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 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	361.2	360.5	403.7	416.2	428.3	24.6	6.1%	428.3	428.3
Materials and Supplies	166.3	246.8	181.5	222.6	184.1	2.7	1.5%	184.1	184.1
Equipment	43.8	139.1	40.0	32.0	40.0	0.0	0.0%	40.0	40.0
Services & Rents	1,217.1	1,573.0	1,259.7	1,515.0	1,310.5	50.8	4.0%	1,310.5	1,310.5
Contributions to Capital									
Contributions to Reserve/Res Funds	2.2	2.3	2.4	2.4	2.4	0.0	0.0%	2.4	2.4
Other Expenditures									
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	1,790.7	2,321.7	1,887.3	2,188.2	1,965.3	78.0	4.1%	1,965.3	1,965.3
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	941.2	1,493.0	990.0	1,315.0	1,090.0	100.0	10.1%	1,090.0	1,090.0
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	281.8	461.1	382.0	457.2	411.6	29.6	7.8%	411.6	411.6
TOTAL REVENUE	1,223.0	1,954.1	1,372.0	1,772.2	1,501.6	129.6	9.4%	1,501.6	1,501.6
TOTAL NET EXPENDITURES	567.6	367.6	515.3	416.0	463.7	(51.6)	(10.0%)	463.7	463.7
APPROVED POSITIONS	5.0	5.0	5.0	5.0	5.0	-	0.0%	5.0	5.0

2012 Key Cost Drivers

- Funding support from the City to cover Yonge–Dundas Square's net expenditure budget has been steadily declining over the years as the Yonge–Dundas Square business model matures and evolves.
 - City funding support to the Yonge–Dundas Square Program as a percentage of gross expenditures went from 48.1% in 2006; 37.3% in 2007; 34.9% in 2008; 31.7% in 2009; 15.8% in 2010 (one-time revenues received); 27.3% in the 2011 Approved Budget; and 23.6% in the 2012 Recommended Operating Budget.

- With strong growth in demand for event–related use of the Square, increased demand for event support services by clients with larger, more sophisticated events/festivals, and secured long–term sponsorships and partnerships with the private sector to fund YDS–produced programming/events, earned revenue has grown steadily year–over–year: 19% growth in 2008; 15% growth in 2009; 60% growth in 2010 (one–time revenues received); 12% growth forecasted for 2011; and 10% earned revenue increase for 2012 over the 2011 Approved Budget for revenue.
- The year–over–year increase in gross expenditures is mainly driven by economic factors, volume growth in the number of events/festivals held on the Square, more YDS–produced programming, and increased demand by clients for event support services (these direct variable event support services costs are recoverable from the clients).
- Key cost drivers for 2012 include:
 - higher labour costs resulting from salary/wage increase and benefits cost increases driven by inflationary factors (\$0.025 million);
 - higher operating costs to maintain the Square driven by inflationary increase to cost of materials, supplies, utilities and contracted services such as horticulture service, staging costs and seasonal contracts (\$0.005 million); and
 - higher event support service costs driven by inflation and market rates or supplier agreements (\$0.002 million).
- Fluctuation in year–over–year actual gross expenditures is mainly driven by volume, size and types of events being held on the Square and client event support services requested.

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	31,692.9	2.4		
Total Reserve / Reserve Fund Draws / Contributions			2.4	-	-

* Based on 3rd Quarter Variance Report