

EX8.1.29



July 26, 2011

By email

Toronto City Council Executive Committee
10th floor, West Tower, City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Members of the Committee,

The Core Service Review contains a recommendation that Yonge-Dundas Square Board of Management moves towards a model of "financial and programmatic independence" with a suggested time frame of 2014. The recommendation acknowledges that 2014 would be the first year that savings would be seen with full savings taking even longer. I am writing to you today on behalf of the Yonge-Dundas Square Board of Management to provide you with a bit of background and historical information to provide context to this recommendation.

When the Board of Management was created by Council in 2001 it was given three years to have the Square itself achieve self sufficiency. In 2003 the Square's Board gathered to review its options in light of a growing reality that the Square would be unable to achieve financial independence. This conclusion was arrived at, in part, to the seasonal nature of the Square and the limited ability to grow the capacity of a finite business asset. One focus of that review was, in part, on the goals and objectives that led to the development of the Square in the first place. These goals included:

- The creation of a unique focal point in the downtown core to promote economic development activities and to contribute to the cultural vitality of the community;
- Providing a balance of commercial and community programming which would appeal to local businesses and residents, while also providing city-wide attractions to Torontonians and visitors alike;
- Promoting a high quality of life in a safe, secure and livable downtown.

Through an in-depth analysis, it was determined that in order to achieve financial self-sufficiency, one or more of these objectives would likely need to be sacrificed. It was the position of the Board that the best interests of all stakeholders could be attained by amending the relationship between the Board and the City as follows:

- The Board would independently continue to be responsible for marketing, programming, event coordination, and managing the operations of the Square.
- The City would assume responsibility for funding the maintenance, capital and security costs of the Square, along with a share of administrative expenses.

The costs assumed by the City represent the fixed costs of a City owned facility. On an annual basis these fixed costs exceed \$600,000 and would exist without the work that the Board does on behalf of and to the financial benefit of the City and the wider community. The work of the Board includes the Square's own

popular programming, marketing & publicity, sponsorship development, and third party event coordination. The Board successfully animates the Square with popular free events most days of the year. These events are critical to meeting the mandate the Square was built to achieve.

This model - with the City contributing to the inherent costs associated with owning the venue and the Square's Board covering all other costs through earned revenue - was subsequently approved by Council in 2005.

It is important to understand that the costs of running the activities and activations as programmed by the Board, including events produced by the Board itself, are less than total revenue. In other words, the Board is *already* producing an annual operating surplus that is returned to the City to reduce the City's burden of its fixed cost obligations of the Square. In 2010 this surplus exceeded \$170,000. In addition to these savings, I ask that you consider the additional benefits of all the programming and events that the Board facilitates annually at NO cost to the City.

Despite the fact that the Square's fixed costs are over \$600,000 annually, the Board's net budget for 2011 is only \$515,270. In other words, savings are already being achieved. Every year that the City has requested the Board to achieve cuts to its net budget the Board has done so. We hope to continue working with City to meet reasonable goals as requested under the agreed upon framework of the City's annual budget submission process.

The recommendation that the Board of Management achieve financial independence sounds simple at first glance, but the reality of the situation is that the City's expenses are already being mitigated by a highly successful program that has brought communities together and revitalized the heart of the downtown core. Yonge-Dundas Square is a business model that should be emulated by the City, not dismantled. This model could also benefit other City owned public spaces that currently don't achieve the same metrics as Yonge-Dundas Square.

In closing, the Board of Management feels that the Square remains a success story that has already reduced the City's costs. That ongoing trend is projected to reduce costs even further this year. We feel that "financial independence" sounds appealing, but it isn't a realistic objective as the Square remains first and foremost a public space for the enjoyment of the community at large with the secondary benefit of being able to host quality, entertaining, and revenue producing events to offset City operating costs. Being a seasonal venue for such events, there is a limited number of days in the year to achieve "financial independence". Alternatively, based on mutually agreed upon realistic goals, and a solid business plan, the Board will continue to be committed to producing and growing an annual operating surplus to provide to the City so as to reduce its fixed costs of the Square.

Sincerely,

p.p. Neil Miller
Chair, Yonge-Dundas Square Board of Management