



City Budget  
2013

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 the City.

# 2013 Operating Budget

## 2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

### TABLE OF CONTENTS

<b>PART I: RECOMMENDATIONS</b> .....	2
<b>PART II: 2013 SERVICE OVERVIEW AND PLAN</b>	
Program Map and Service Profiles.....	3
2013 Recommended Service Levels .....	4
2013 Service Deliverables .....	5
<b>PART III: 2013 RECOMMENDED BASE BUDGET</b>	
2013 Recommended Base Budget .....	6
2013 Recommended Service Changes .....	N/A
2014 and 2015 Outlook .....	7
<b>PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS</b>	
2013 Recommended New/Enhanced Service Priority Actions .....	N/A
<b>PART V: ISSUES FOR DISCUSSION</b>	
2013 and Future Year Issues .....	N/A
Issues Referred to the 2013 Operating Budget Process .....	N/A
Core Service Review and Efficiency Study Implementation Progress .....	8
<b>APPENDICES</b>	
Appendix 1: 2012 Performance .....	9
Appendix 2: 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver .....	13
Appendix 3: Summary of 2013 Recommended Service Changes .....	N/A
Appendix 4: Summary of 2013 Recommended New/Enhanced Service Priority Actions .....	N/A
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds .....	15
Appendix 6: 2013 Recommended User Fee Changes .....	N/A

**Contacts: Judy Skinner**

Manager, Financial Planning

Tel: (416) 397-4219

**Anna Chablinskaia**

Senior Financial Planning Analyst

Tel: (416) 397-4532

## PART I: RECOMMENDATIONS

2013 Recommended Operating Budget  
(In \$000s)

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	Operating Budget v. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	880.8	795.1	740.1		740.1	(140.7)	(16.0)		13.8
REVENUE	569.0	483.3	428.3		428.3	(140.7)	(24.7)		10.1
NET EXP.	311.8	311.8	311.8	0.0	311.8	0.0	0.0	0.0	3.7
Approved Positions	6.5	6.0	6.0		6.0	(0.5)	(7.7)		

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

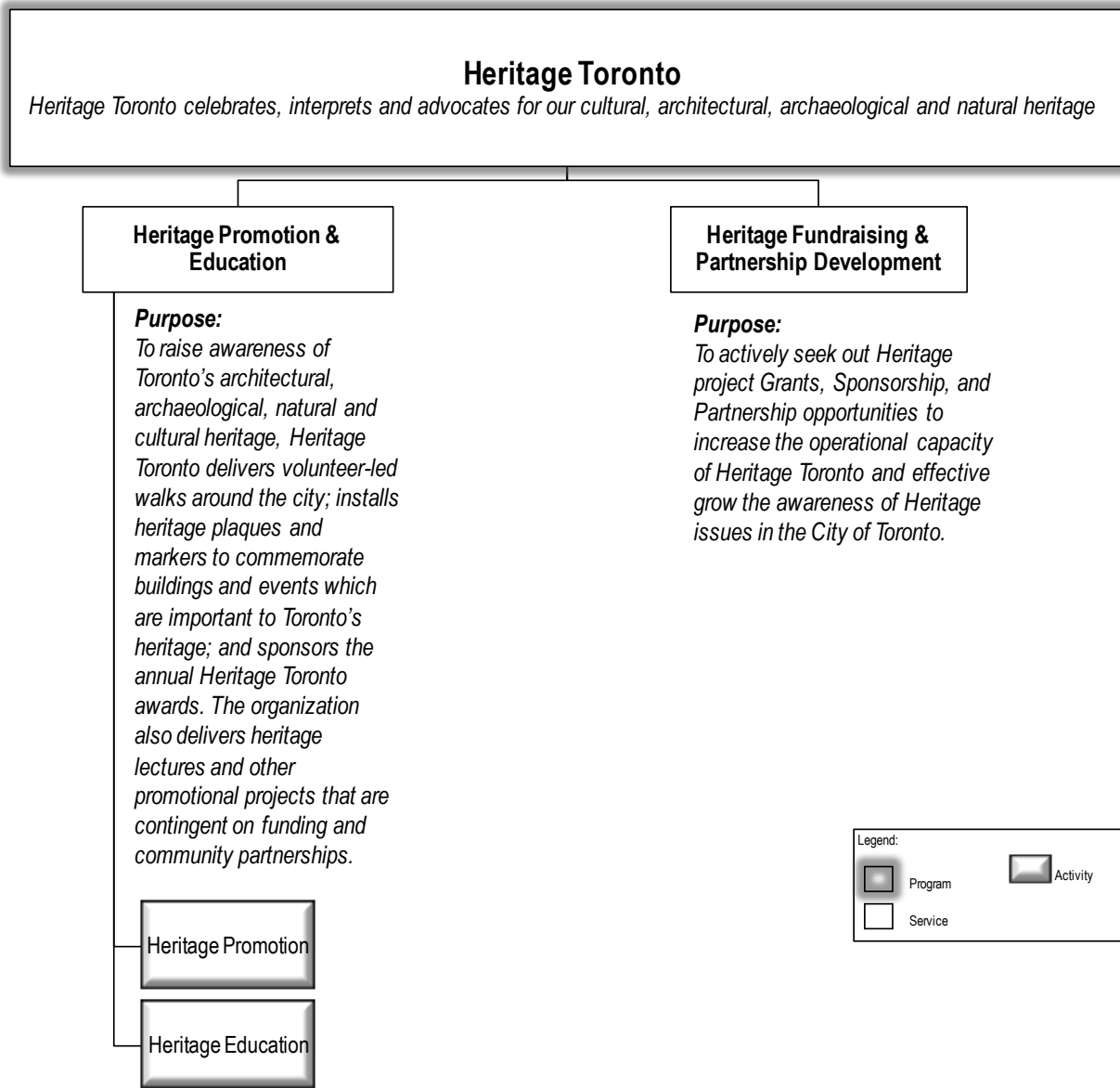
1. City Council approve the 2013 Recommended Operating Budget for Heritage Toronto of \$0.740 million gross and \$0.312 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Heritage Toronto	740.1	311.8
Total Program Budget	<u>740.1</u>	<u>311.8</u>

2. Heritage Toronto's services and 2013 proposed service levels, as outlined on page 5 and associated staff complement of 6 positions be approved.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



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

## 2013 Recommended Service Levels

The 2013 proposed service levels for Heritage Toronto activities are summarized in the table below:

### Service Types and Service Levels

Service	Activity	Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
Heritage Fundraising & Partnership Development		Charitable Donations	In pilot phase	<b>Will seek to increase the number of donations to HT by 10% from approx. \$0.130M to \$0.143M</b>	
		Corporate Sponsorships	Longterm commitments from corporate sponsors from 5%		Long term commitments from corporate sponsors around 5%
		Federal Grants	15% of operations funded from Federal Grants (projected for 2011)		Maintain 15% of operations funded from Federal Grants
		Partnerships	To retain 25% of secured partnership value for Heritage Toronto operations		Retain 25% of secured partnership value for Heritage Toronto operations
		Provincial Grants	25% of operations funded from Provincial Grants (projected for 2011)		Maintain 25% of operations funded from Provincial Grants
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	<b>Begin plans for the 2014 Heritage Voices report</b>	
		On-line Publications	To provide new monthly cultural contributions to the online publications	<b>Update Website to better share archival publications</b>	
	Heritage Promotion	Bike Tours self guided	In pilot phase	<b>In the second half of pilot phase with plans to test rides in Etobicoke, Scarborough and North York in 2013</b>	
		Bus Tours	Establishing programming partnership to deliver tours to HT member	<b>In pilot phase with plans to test tours with City of Toronto Culture and Ontario Black History society</b>	
		Heritage Walk	To continue to increase the number of walks by 10% annually between April to October	<b>Diversify from Walks to Tours Program (i.e., bus, cycling and paid boutique walks)</b>	
		Plaques and Markers	80 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 key service objectives for 2013 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 2013, Heritage Toronto will continue to deliver its walks striving to achieve a greater than 95% satisfaction level with participants of the walks.

- Plaques and markers in 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 advocates for the City's built heritage. Through a series of consultations as a follow up to the Heritage Voices Report, Heritage Toronto will work with the heritage community to provide potential answers to some of the issues outlined in the report.
- Heritage Toronto will look to partner with diverse cultural communities to help discover and share their place in Toronto's heritage.

**2013 Service Deliverables**

The 2013 Recommended Operating Budget of \$0.740 million gross and \$0.312 million net for Heritage Toronto will provide funding to:

- Deliver 40 heritage walks;
- Install 50 plaques and markers;
- Deliver 6 heritage lectures;
- Distribute 12 on-line publications;
- Coordinate liaisons and consultations; and
- Continue to develop existing and new partnerships.

## PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget  
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change		FY Incremental Outlook	
			2013 Recommended Base vs. 2012 Appvd. Budget		2014	2015
			\$	%	\$	\$
GROSS EXP.	880.8	740.1	(140.7)	(16.0)		13.8
REVENUE	569.0	428.3	(140.7)	(24.7)		10.1
NET EXP.	311.8	311.8	0	0.0	0	3.7
Approved Positions	6.5	6.0	(0.5)	(7.7)		

### 2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$0.740 million gross and \$0.312 million net equals the 2012 Approved Budget of \$0.312 million net and meets the budget target of a 0% increase.

- The 2013 Recommended Operating Budget provides funding of \$0.007 million for a 0.9% OMERS increase which is offset by savings resulting from decreased materials and supplies costs.
- Since Heritage Toronto spends on its programs the amount it receives in contributions and user fees, the recommended base budget includes reductions of \$0.141 million to both expenditures and revenues to reflect lower federal and provincial contributions, project completions and changes to funding programs.
- The 2013 Recommended Operating Budget does not include any service changes.
- Approval of the 2013 Recommended Base Budget will reduce the Program's approved staff complement by 0.5 position as outlined in the table below:

**2013 Recommended Staff Complement  
Base Budget Summary**

Changes	Staff Complement
<b>2012 Approved Complement</b>	6.5
- 2012 In-year Adjustments	
<b>2012 Approved Staff Complement</b>	<b>6.5</b>
<b>2013 Recommended Staff Complement Changes</b>	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Service Changes	(0.5)
<b>Total 2013 Recommended Complement</b>	<b>6.0</b>

- In 2012, Heritage Toronto dedicated a half-time permanent staff resource to manage increased sales of Plaques and Markers and to enable more senior staff to focus on securing new partnerships across diverse cultural communities. However, part way through 2012,

Heritage Toronto re-evaluated its required staffing resources and revenue generated from the Plaques and Markers program and determined that this position is not required.

- The position remained vacant in 2012 and the 2013 Recommended Operating Budget is adjusted to reduce the staffing level by 0.5 positions to delete the half-time permanent position created in 2012.

### 2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% Net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% Net Change from 2014	# Positions	
<b>Anticipated Impacts</b>											
Staffing Costs	15.9		15.9	5.1		13.8		13.8	4.4		9.5
Changes in required materials and supplies	(4.8)		(4.8)	(1.5)				0.0	0.0		(1.5)
Changes to services and rents	(11.1)		(11.1)	(3.6)				0.0	0.0		(3.6)
Increased revenue from user fees & donations							5.5	(5.5)	(1.8)		(1.8)
Increased revenue from Plaques & Markers Program							4.6	(4.6)	(1.5)		(1.5)
<b>Sub-Total - Anticipated Additional Impacts</b>	0.0	0.0	0.0	0.0	0.0	13.8	10.1	3.7	1.2	0.0	1.2%
<b>Total Incremental Impacts</b>	0.0	0.0	0.0	0.0	0.0	13.8	10.1	3.7	1.2	0.0	1.2%

Approval of the 2013 Recommended Base Budget for Heritage Toronto will result in no incremental cost increases in 2014 and incremental cost increase of \$0.004 million in 2015 to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

#### *Anticipated Impacts*

##### *2014:*

- *Staffing costs:* Additional funding of \$0.016 million will be required for annual increases for salaries and benefits.
- These costs will be offset by savings of \$0.005 million for materials and supplies and savings of \$0.011 million for services and rents due to decreased activity for War of 1812 and Diversity projects.

##### *2015:*

- *Staffing costs:* Additional funding of \$0.014 million will be required for annual increases for salaries and benefits.
- These anticipated pressures will be partially offset by anticipated additional revenue of \$0.006 million from user fees and donations as a result of increased participation and additional revenue of \$0.005 million as a result of greater uptake of Plaques and Markers program.



## PART V: ISSUES FOR DISCUSSION

**Core Service Review and Efficiency Study Implementation****Museum and Heritage Preservation Services – Status Update**

- As a result of City Council's decision on September 26 and 27, 2011, the City Manager was directed to consult with Heritage Toronto 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.
- Economic Development and Culture Division was responsible for selecting a consultant to carry out a service, organizational and alternative service delivery study of the Museums and Heritage Services. The successful proponent was selected in the summer and a final report is expected to be presented to City Council in the first quarter of 2013.

## Appendix 1 2012 Performance

### 2012 Key Accomplishments

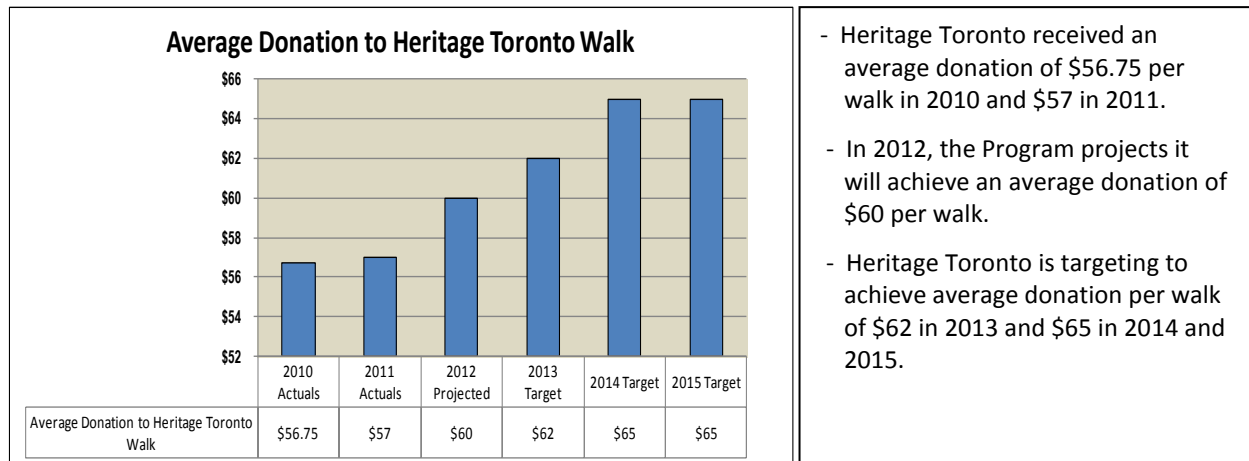
In 2012, Heritage Toronto achieved the following results:

- ✓ Secured funding from the Federal program at the Department of Canadian Heritage.
- ✓ Developed a Strategic plan to take the organization into 2015 with a focus on increasing awareness of Heritage Toronto work across Toronto.
- ✓ Delivered a provincially funded project to increase the level of diverse participants within the organization.
- ✓ Presented a very successful Heritage Toronto Awards and William Kilbourn lecture with the first First Nations speaker and achieved a 30% increase in attendance and sponsorship.
- ✓ Unveiled approximately 65 plaques and delivered 42 walks with attendance of 4,300 participants.

### 2012 Performance

#### *Effectiveness Measure*

#### Average Donation Received Through Heritage Toronto Walks

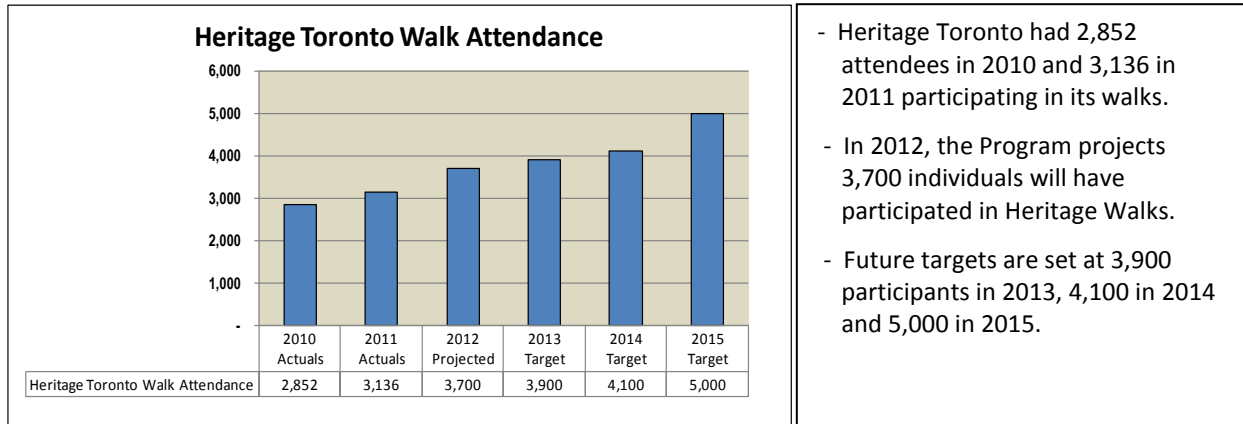


- Heritage Toronto received an average donation of \$56.75 per walk in 2010 and \$57 in 2011.
- In 2012, the Program projects it will achieve an average donation of \$60 per walk.
- Heritage Toronto is targeting to achieve average donation per walk of \$62 in 2013 and \$65 in 2014 and 2015.

- Fundraising and sponsorships are an increasingly important revenue generating activity which determines Heritage Toronto’s ability to meet its key service objectives and reduce its reliance on City funding. The organization has set targets to increase revenues every year by 10% and established new funding partnerships with the federal and provincial governments.

Output Measures

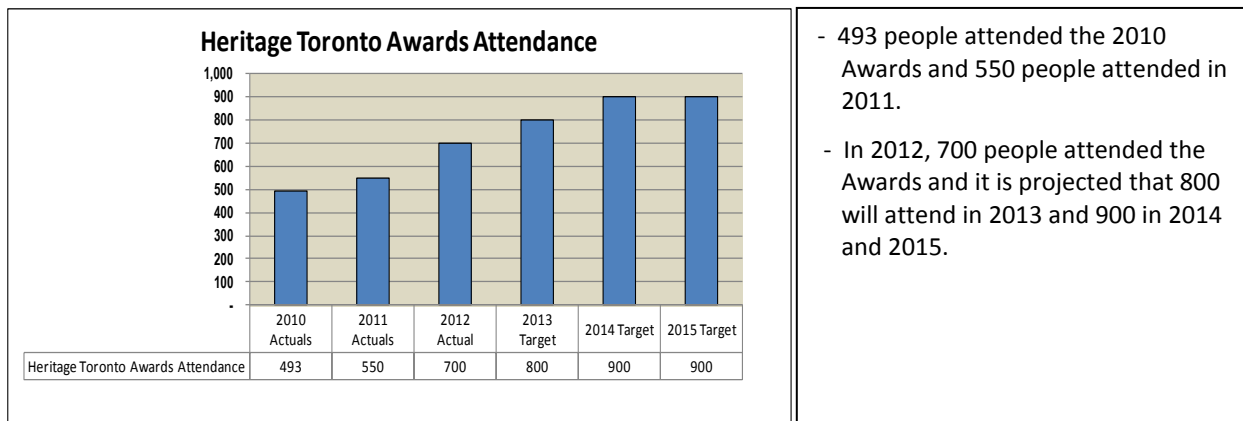
The Number of Participants in the Heritage Toronto Walks



- Heritage Toronto had 2,852 attendees in 2010 and 3,136 in 2011 participating in its walks.
- In 2012, the Program projects 3,700 individuals will have participated in Heritage Walks.
- Future targets are set at 3,900 participants in 2013, 4,100 in 2014 and 5,000 in 2015.

- One of the Program's key service output measures is the number of attendees that participate in the Heritage Toronto walks.
- Attendees determine the number of walks organized by Heritage Toronto.

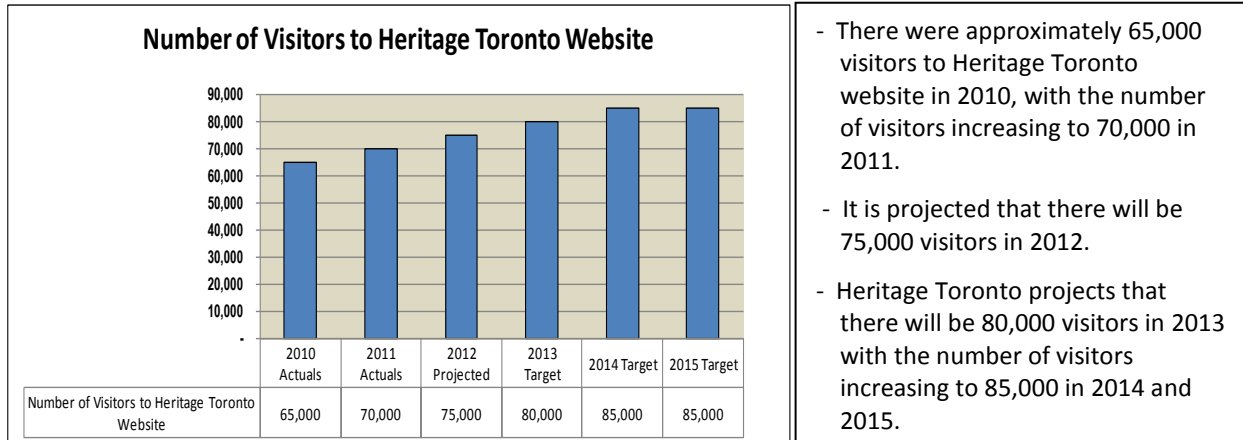
Heritage Toronto Awards Attendance



- 493 people attended the 2010 Awards and 550 people attended in 2011.
- In 2012, 700 people attended the Awards and it is projected that 800 will attend in 2013 and 900 in 2014 and 2015.

- Heritage Toronto tracks attendance for the Heritage Toronto Awards which creates an opportunity for the Program to raise funding through increased sponsorship and increase awareness of Heritage Toronto's work.
- In 2012, Heritage Toronto raised \$0.086 million as a result of the Awards.

Number of Visitors to Heritage Toronto Website

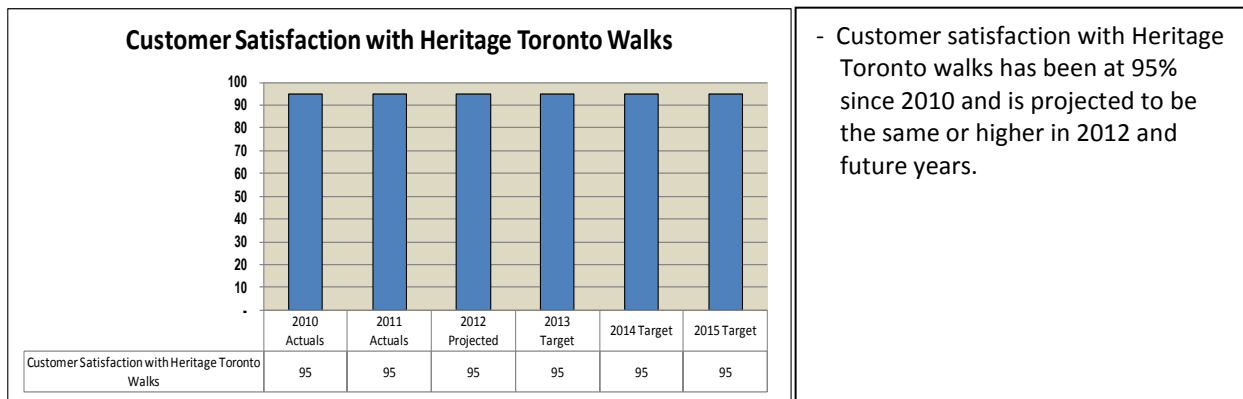


- There were approximately 65,000 visitors to Heritage Toronto website in 2010, with the number of visitors increasing to 70,000 in 2011.
- It is projected that there will be 75,000 visitors in 2012.
- Heritage Toronto projects that there will be 80,000 visitors in 2013 with the number of visitors increasing to 85,000 in 2014 and 2015.

- Heritage Toronto tracks the number of new visitors to its website in an attempt to measure the organization’s ability to expand awareness of heritage issues and increase the visibility of the agency.

*Customer Satisfaction Measure*

Customer Satisfaction with Heritage Toronto Walks



- Customer satisfaction with Heritage Toronto walks has been at 95% since 2010 and is projected to be the same or higher in 2012 and future years.

- Heritage Toronto measures the satisfaction levels of customers with the Heritage Walks through surveys.

## 2012 Budget Variance Analysis

### 2012 Budget Variance Review (In \$000s)

(In \$000s)	2010	2011	2012	2012	2012 Approved Budget vs Projected Actual Variance	
	Actuals	Actuals	Approved Budget	Projected Actuals*	\$	%
	\$	\$	\$	\$	\$	%
Gross Expenditures	712.8	693.5	880.8	795.1	(85.7)	(9.7)
Revenues	347.1	347.1	569.0	483.3	(85.7)	(15.1)
Net Expenditures	365.7	346.4	311.8	311.8	-	-
Approved Positions	6.0	6.0	6.5	6.0	(0.5)	(7.7)

\* Based on the 3rd Quarter Operating Budget Variance Report.

### 2012 Experience

- Heritage Toronto's Third Quarter Variance report projects that the Program will be on target to spend 100% of the 2012 Approved Net Operating Budget of \$0.312 million by year-end.
- The 2012 Approved Operating Budget included revenues to be generated through an application for programming grants from the Interaction Multi-Cultural Funding program. However, in early 2012 Heritage Toronto learned that this funding was not available and, therefore, the actual expenditures and revenues for 2012 will be less by \$0.086 million to reflect this.
- The half-time permanent position created in 2012 to manage increased sales of Plaques and Markers remained vacant in 2012.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- During 2012, Heritage Toronto re-evaluated its required staffing resources and revenue generated from the Plaques and Markers program and determined that the half-time permanent positions created in 2012 is not required.
- This position remained vacant in 2012 and the 2013 Recommended Operating Budget is adjusted to delete this half-time permanent position.
- There will be no service level impact as a result of this recommended complement change since this function will be absorbed by Heritage Toronto senior staff.

## Appendix 2

## 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected	Recommended	2012 Approved	2012 Approved	Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	483.0	489.0	489.0	448.9	456.0	(33.0)	(0.1)	471.9	485.7
Materials and Supplies	82.0	113.7	113.7	100.1	91.9	(21.8)	(0.2)	87.1	87.1
Equipment									
Services & Rents	136.8	85.0	272.3	242.5	188.6	(83.7)	(0.3)	177.5	177.5
Contributions to Capital									
Contributions to Reserve/Res Funds	1.0	1.0	1.0	1.1	1.1	0.1	0.1	1.1	1.1
Other Expenditures	10.0	4.8	4.8	2.5	2.5	(2.3)	(0.5)	2.5	2.5
Interdivisional Charges									
<b>TOTAL GROSS EXPENDITURES</b>	<b>712.8</b>	<b>693.5</b>	<b>880.8</b>	<b>795.1</b>	<b>740.1</b>	<b>(140.7)</b>	<b>(0.2)</b>	<b>740.1</b>	<b>753.9</b>
Interdivisional Recoveries									
Provincial Subsidies				40.0	30.0	30.0	n/a	30.0	30.0
Federal Subsidies			147.0	100.0	70.0	(77.0)	(0.5)	70.0	70.0
Other Subsidies									
User Fees & Donations	200.3	195.5	270.4	192.5	177.5	(92.9)	(0.3)	177.5	183.0
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	146.8	151.6	151.6	150.8	150.8	(0.8)	(0.0)	150.8	155.4
<b>TOTAL REVENUE</b>	<b>347.1</b>	<b>347.1</b>	<b>569.0</b>	<b>483.3</b>	<b>428.3</b>	<b>(140.7)</b>	<b>(0.2)</b>	<b>428.3</b>	<b>438.4</b>
<b>TOTAL NET EXPENDITURES</b>	<b>365.7</b>	<b>346.4</b>	<b>311.8</b>	<b>311.8</b>	<b>311.8</b>	<b>0.0</b>	<b>0.0</b>	<b>311.8</b>	<b>315.5</b>
<b>APPROVED POSITIONS</b>	<b>6.0</b>	<b>6.0</b>	<b>6.5</b>	<b>6.0</b>	<b>6.0</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>6.0</b>	<b>6.0</b>

### 2013 Key Cost Drivers

- Salaries and Benefits are the largest expenditure category and account for 62% of the total expenditures, followed by services and rents at 26% and materials and supplies at 12%.
  - Heritage Toronto's total gross expenditures vary directly with total revenue projections. In the last few years, increased service activity which is required to generate additional sponsorships, donations and user fees revenue has resulted in increased expenditures.
  - Between 2010 and 2012 total program expenditures increased by \$0.168 million driven by increased materials and supplies and increased services and rents costs.
- User fees and donations are the largest revenue category and account for 42% of the total revenues, followed by sundry revenues (which include revenue from Plaques & Markers program, iPhone apps and lecture series) at 35%, federal subsidies at 16% and provincial subsidies at 7%.

- Between 2010 and 2012 total revenues have increased by \$0.222 million to offset the growing expenditures. These increases were primarily due to increased fundraising, donations, sponsorships, and projected grant funding.
- In 2012, Heritage Toronto increased its complement by 0.5 positions in order to dedicate a half-time permanent staff resource to managing increased sales of Plaques and Markers. However, part way through 2012, Heritage Toronto re-evaluated its required staffing resources and revenue generated from the Plaques and Markers program and decided to keep this position vacant and reduced its complement for 2013.
- The 2013 Recommended Base Budget provides funding of \$0.007 million for the 0.9% OMERS increase. This budget pressure was offset by savings resulting from decreased materials and supplies costs.
- The 2013 Recommended Budget for Heritage Toronto includes a revenue decrease of \$0.141 million to reflect the following:
  - lower federal contribution to the War of 1812 project (\$0.030 million);
  - lower provincial contribution to the Diversity project (0.010 million);
  - completion of the First Impressions project in 2012 (\$0.015 million); and
  - revenue adjustment to account for the application for programming grants from the Interaction Multi-cultural Funding program not being approved.
- Heritage Toronto spends on its programs the amount it receives in contributions or user fees. Therefore, lower 2013 revenues for the above mentioned projects will result in lower budgeted expenditures, resulting in a zero net impact to the Program's 2013 Recommended Operating Budget.

**Appendix 5**  
**Inflows / Outflows to / from Reserves & Reserve Funds**  
**(In \$000s)**

**Corporate Reserve / Reserve Funds**

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of September 30, 2012* \$	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
<b>Insurance Reserve Fund</b>	XR1010	21,156.0	1.1	1.1	1.1
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>1.1</b>	<b>1.1</b>	<b>1.1</b>

\* Based on 3rd Quarter Variance Report