



STAFF REPORT ACTION REQUIRED

Yonge-Dundas Square Board Report on Financial Self-Sufficiency

Date:	October 22, 2012
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reference Number:	

SUMMARY

This purpose of this report is to transmit a report from the Board of Yonge-Dundas Square (YDS) to the City regarding the status of the Board's efforts to achieve financial self-sufficiency, in compliance with a directive by Council to report back to the City on recommendations from the 2011 Core Service Review.

The City Manager submits the report of the Yonge-Dundas Square Board to Executive Committee for information, with the recommendation that it be forwarded to the Budget Committee for consideration to inform review of the Board's 2013 budget submission. The Board's report confirms deliberations with key stakeholders on the Council directive, including the City Manager's Office, which concluded that the board is currently unable to generate additional revenues or major reductions in operating expenditures given its current business challenges.

RECOMMENDATIONS

The City Manager recommends that Executive Committee:

1. Receive the report of the Board of Yonge-Dundas Square dated October 11, 2012 in Attachment 1 to this report; and
2. Forward this report and the report of Yonge-Dundas Square Board in Attachment 1 to this report to the Budget Committee for consideration along with the review of Yonge-Dundas Square's 2013 Operating Budget submission.

Financial Impact

There is no financial impact resulting from the implementation of the recommendations in this City Manager's report.

With reference to the report of the Board of Yonge-Dundas Square, although there is no direct financial impact resulting from the report, financial self sufficiency cannot be anticipated for Yonge-Dundas Square under current conditions. The 2012 Net Approved Operating Budget is \$463,664. The square proposes a 5% reduction for 2013, and similar net budgets are likely to be required in the future.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the Financial Impact statement.

DECISION HISTORY

City Council at its meeting on September 26 and 27, 2011, in Recommendation 5 of EX.10.1 of September 19, 2011, titled *Core Service Review – Final Report to Executive Committee*, issued the following directive to the Board of Yonge-Dundas Square:

5. 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.

This report is located at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX10.1>

The governance model and Board of Management structure for Yonge-Dundas Square were established and the first appointments made to the Board by Council at its meeting of December 4, 5 and 6, 2001. Council's expectation was that once the program was fully operational, any surplus generated from the operation of the Square would be used for future capital maintenance, replacement and enhancement of the Square, and that the Board would reach a level of self-sufficiency within three years. The report stated, however, that "the Square can operate on a financially viable basis, engage the stakeholders in the vicinity and provide a well-balanced mix of commercial and public uses."

On April 12, 13 and 14, 2005, in Consolidated Clause in Policy and Finance Committee Report No. 4, Clause No. 39 titled *Yonge-Dundas Square (Ward 27-Toronto Centre – Rosedale)*, Council approved an amended financial relationship between the Square and the City allowing for ongoing support to enable continuing public access. Section (1) of Council's decision states:

- (1) Council approve a new funding relationship between the Yonge-Dundas Square Board of Management and the City, whereby the City agrees to make an annual financial contribution to the Board, to be determined through the City's budget

process, which takes into account the Board's "fixed" maintenance costs, including capital repair and replacement, security costs and related administrative expenses."

This report is located at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/c1039.pdf>

On April 12 and 13, 2011, in Section 12 of EX 4.7, Council amended the composition of the Yonge-Dundas Square Board to include more citizen members and fewer stakeholder nominated members, to reflect cross-City interest in the affairs of the Board. This report is located at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.7> .

ISSUE BACKGROUND

Yonge-Dundas Square is required to report back to Executive Committee on a business plan establishing financial self-sufficiency as a result of the Core Service Review undertaken in 2011. Having completed its strategic and business plan review, the Board of Yonge-Dundas Square is submitting its report to the City, which also needs to be considered by the Budget Committee in the context of the YDS 2013 budget submission.

COMMENTS

Business Challenges of Yonge-Dundas Square

The Board feels that it has thoroughly and objectively considered all options and that YDS has built a successful business model that focuses on best practices and service efficiencies. YDS is viewed as a successful enterprise that has been the focus of revitalization of Toronto's downtown core.

Partly because of this success as a premier venue in downtown Toronto, the Board is currently experiencing a series of challenges which limit its ability to substantially increase revenues through commercial events, and continues to receive the City's annual contribution of around \$400,000 annually:

- Spontaneous and unpredictable occupations and demonstrations on the Square, which YDS and Toronto Police personnel have reported lack effective enforcement because of lack of clarity regarding public access;
- Its mandate for a business model which combines commercial events, community events and public access to a City-owned Square; and
- Some competition for revenue generating events from other civic squares of the City that generally do not charge a fee for revenues or full cost recovery.

The City Manager plans to bring forward a report to Council in the winter of 2012-13 that will establish a harmonized by law to provide consistent policies, where applicable, among the City's public squares. In addition, the City Manager's Staff are currently reviewing with the

City Solicitor's Office and stakeholders the appropriate public messaging that would be consistent with City by laws, the Charter of Rights and Freedoms and the Square's unique business model and mandate.

Yonge-Dundas Square's Budgets 2003 to 2013

From 2004 to 2011, the Yonge-Dundas Square Board has consistently reduced its reliance on City subsidy in proportion to its overall expenditures as set out in the table below.

Yonge-Dundas Square Historical Budgets (\$000's)

Col 1	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 Request
Gross	1,030.5	910.4	1,008.2	1073.2	1166.8	1,351.8	1618.2	1762.8	1887.3	1965.3	2,073.1
Revenues	485.0	359.5	437.0	489.8	583.3	768.0	1046.1	1219.0	1372.0	1501.6	1,632.6
Net	545.5	550.9	571.2	583.4	583.5	583.8	572.1	543.8	515.3	463.7	440.5
Net / Gross	53%	61%	57%	54%	50%	43%	35%	31%	27%	24%	21%

Notes to the table: In column 1 Gross means Budgeted Gross Expenditures; Revenues means Budgeted Revenues; Net is Budgeted Net Expenditures.

Similarly, this trend is demonstrated in the chart on page 2 of the YDS Report, Attachment 1, which reflects year-end actuals, including surpluses returned to the City.

In 2011, YDS had a favourable year-end net variance of \$235,850, reducing the City's budgeted contribution by approximately half. In addition, for the 2013 Operating Budget Submission, the YDS Board has proposed a self-imposed reduction in net expenditure of 5%.

This report recommends that Executive Committee receive this report for information and forward it for consideration by Budget Committee to inform review of the 2013 Recommended Operating Budget for Yonge-Dundas Square.

CONTACTS

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENT: **Attachment 1:** Yonge-Dundas Square (YDS) Board of Management Report to City Council Executive Committee; dated October 11, 2012