

## Appendix 1

### Yonge-Dundas Square (YDS) Board of Management Report to City Council Executive Committee

**Directive:** Council Decision of September 26, 27, 2011; Executive Committee September 19, 2011

#### Text of Directive:

#### YONGE DUNDAS SQUARE-FINANCIAL PLAN

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.

#### Action Determined / Viability:

- In early 2012 the Board of Management underwent an orientation period as most of its members were newly appointed. This process culminated in a facilitated working session with the Board and its staff on May 10, 2012. The working session included an overview of the Square's clients for the past few years, along with YDS' mission, objectives, and a financial analysis that explored a range of scenarios.

Participants at the working session explored a number of different factors for YDS to consider in response to Council's request of YDS to report on the Square's ability to operate without an annual financial contribution from the City.

These factors are listed here and described in more detail below.

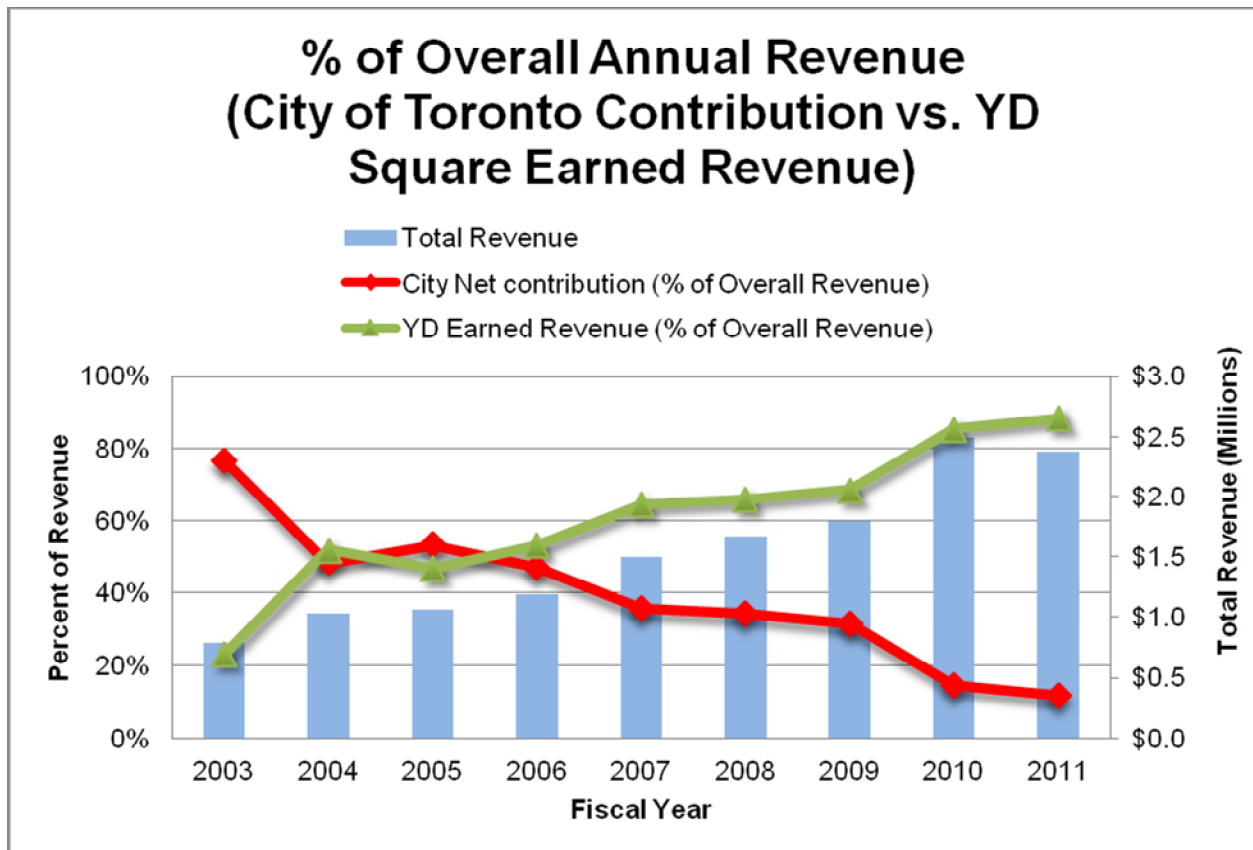
- I. Finding the right balance between community and commercial users of YDS
- II. Exploring new revenue options
- III. Understanding the relationship between YDS and other City Squares
- IV. Managing protest and unpermitted events

- YDS currently serves both community and private sector users. The Board had previously determined and has now again confirmed that no financial benefit would exist by specifically prioritizing either group. While many community groups use existing Board policy to use the Square without paying a permit fee, they also tend to spend more on event support services as they lack the organizational capacity of private sector clients. Community groups also tend to generally attract much larger audiences to the Square than private sector events. The use by community groups has been a key to YDS success as a wide range of multicultural groups have made their home at

the Square. These community events continue to be a major factor in the Square's success as a driver for continued economic development and community engagement.

- The Board determined that despite the City's annual contribution to the Board's Operating Budget that the Board is for all intents and purposes already financially self-sufficient, contributing annually to the fixed costs of the City of Toronto facility they operate and manage. Fixed costs, which include all costs to maintain and operate YDS annually, are estimated to be in excess of \$600,000 per year. These costs, such as utilities, capital maintenance and upgrades, security, administration, and maintenance, already far exceed the City's contribution to the Board's operations. While the City's contribution to the Board's operations has fallen over the past several years, the Board has still been able to incrementally grow its business. This has resulted in YDS returning surplus revenues back to the City every year since 2004. For 2011, the end result (after receiving the operating surplus from the Board) was a City contribution of \$279,296 to the Square's operations (approximately 11% of the Square's revenues and less than half of the City's estimated fixed costs). Since 2004 the Board has returned over \$540,000 to the City in surplus revenues. The Board has also offered a further non-mandated 5% reduction to its net Operating Budget for 2013.

The following chart demonstrates the positive results achieved by the Board's management and operations of Yonge-Dundas Square:



Note to chart: Total Revenue refers to YDS Actual self-generated revenues plus City Budgeted Net Contributions; City Net Contribution refers to City's Actual Net Contributions divided by Total Revenue as defined above; YDS Earned Revenues refers to Actual self-generated revenues divided by Total Revenue as defined above.

- The Board feels that it has thoroughly and objectively considered all options and that YDS already has built a successful business model that focuses on best practices and service efficiencies. All major service contracts are tendered to ensure excellent value to the City. YDS is an effective and efficient organization that has been a major catalyst to the economic renewal of downtown core. Events at the Square continue to attract over one million people annually and garner significant private sector support.
- The Board of Management remains committed to striving for efficiencies and to continue to reduce the City's fixed costs. The City is however managing other properties such as David Pecaut Square and Nathan Philips Square that operate in the same market. These venues do not operate on a cost recovery basis and have taken major clients such as Luminato away from YDS, in part because they charge no permit fees. It remains difficult for YDS to achieve further financial self-sufficiency from the City when the City is actively competing with the Board for clients, offering outdoor event space at little or no cost.

The Board has developed a proven best practice model for the management of YDS. In acknowledgement of this, over the last several years YDS representatives have been asked to speak to groups in London, Mississauga and Ottawa. Downtown Vancouver Business Improvement Area has also expressed interest in the Board's successful business model for possible adaptation in their community. The City may wish to look to the YDS business model to explore more consistent practices in the administration of various City properties.

- The Board remains concerned about its ability to continue to manage protests and unpermitted events at the Square. The success of YDS and the media visibility it offers has made the Square the most prominent protest location in Toronto. Sophisticated social media has made it much easier to organize protests under the radar and on short notice. The unpredictability of these circumstances can undermine the stability of the Board's business plan, further complicating the request to contribute further to the City's annual fixed costs. Disruptive protests remain a major threat to the Square as they bring uncertainty to the Square's clients, and can contribute to a reputation of the Square being an unreliable, risky event space.

## **Conclusions:**

- Yonge-Dundas Square remains a great success story for the City and the Square continues to act as a major catalyst for economic development in the downtown core. The Board has successfully generated annual surpluses for eight consecutive years, reducing the City's annual fixed costs.
- The Board of Management remains committed to striving for efficiencies and to continue to reduce the City's fixed cost base as well as optimizing operations to grow the Board's existing positive operational cash flow.
- The Board requests that the City look further at the relationship between Yonge-Dundas Square and David Pecaut Square / Nathan Philips Square. The development

of a more consistent user policy and cost recovery model for these squares could allow YDS to achieve further financial independence.

**Prepared for:** City of Toronto Executive Committee  
**Prepared by:** Taylor Raths, General Manager of Yonge-Dundas Square, in consultation with the Board of Management.

**Date:** October 11, 2012