



City Budget 2013

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 the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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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.	1,965.3	2,344.7	2,073.1		2,073.1	107.8	5.5%	49.0	50.4
REVENUE	1,501.6	2,078.1	1,632.6		1,632.6	131.0	8.7%	49.0	50.4
NET EXP.	463.7	266.6	440.5	0.0	440.5	(23.2)	(5.0%)	0.0	0.0
Approved Positions	5.0	6.0	6.5		6.5	1.5	30.0%		

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for Yonge-Dundas Square of \$2.073 million gross and \$0.441 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	2,073.1	440.5
Total Program Budget	<u>2,073.1</u>	<u>440.5</u>

2. Yonge-Dundas Square's services and 2013 proposed service levels, as outlined on page 4, and associated staff complement of 6.5 positions be approved.

PART II: 2013 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.



Purpose:
 To provide professionally managed and hosted events at Yonge & Dundas Square that appeal to residents and tourists and stimulate the local economy.

Purpose:
 To provide a safe, secure and attractive public meeting and leisure space.

Purpose:
 To present professionally coordinated events at Yonge & Dundas Square providing a unique venue for both local and global organizations and businesses.

Purpose:
 To actively seek out business development, sponsorship, and partnership opportunities.

Purpose:
 To provide Facility and Site management to maintain Yonge & Dundas Square ensuring the continued viability as an attractive venue for both the local community, sponsors and business partners.

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

2013 Recommended Service Levels

The 2013 proposed service levels for Yonge-Dundas Square activities are summarized in the table below:

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Public Event Production			Lunchtime Live!		Every Wednesday during shoulder season (100%)	Every Monday 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		100%	100%

2013 Service Deliverables

The 2013 Recommended Operating Budget of \$2.073 million gross provides funding to:

- Produce and host 100 programmed events during the spring, summer and fall each year.
- 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 2013, which is the same as in 2012. The Board of Management's business strategy sets a goal of holding approximately 300 events (capacity) in 2010 and thereafter, to allow for "fountain days" and downtime for maintenance of the Square. The 2014 and 2015 Outlooks reflect the current business strategy of having approximately 300 events on the Square.
- Maintain the Square by setting aside days for the square to be a piazza, during peak and non-peak seasons. Yonge-Dundas Square's business is seasonal and client activity is slow from January to mid-March but heavy from May to October.
- Provide services to attendees and community users to support successful events. The number of attendees and users of the Square is projected to be 1.125 million in 2013, 1.130 million in 2014, and 1.135 million in 2015.

PART III: RECOMMENDED BASE BUDGET

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

(In \$000s)	2012 Approved Budget	2013 Rec'd Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014 \$	2015 \$
	GROSS EXP.	1,965.3	2,073.1	107.8	5.5%	49.0
REVENUE	1,501.6	1,632.6	131.0	8.7%	49.0	50.4
NET EXP.	463.7	440.5	(23.2)	(5.0%)	0.0	0.0
Approved Positions	5.0	6.5	1.5	30.0%	0.0	0.0

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$2.073 million gross and \$0.441 million net is \$0.023 million or 5% under the 2012 Approved Budget of \$0.464 million net and includes \$0.044 million in base budget decreases through a combination of expenditure reductions and revenue increases.

- There are no recommended service changes.
- A review of actual expenses has resulted in a decrease in the budget for supplies and services of \$0.018 million.
- 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 are recoverable from clients, and therefore lead to higher revenues as well as expenses for Yonge-Dundas Square. Event support services requested by clients include, for example, electrical, audio-visual, security, maintenance, logistics and equipment rental, and also event planning services. The increase in overall activity on the Square will lead to \$0.121 million increase in event support revenues, offset by a corresponding increase in event support and staffing costs of \$0.106 million, for a net revenue increase of \$0.015 million in 2013.
- There is also a small increase of \$0.010 million in permit revenues to reflect actual revenue levels arising from the increased activity, in particular from the off-peak season.
- To support the increased activity, Yonge-Dundas Square is currently piloting a new administrative model using additional temporary staff to boost organizational capacity to manage a growing number of permit requests. This is reflected in the 2013 Recommended Base Budget, which includes 1.5 additional positions, with costs to be fully recovered from activity level increases. (See page 8: Issues for Discussion.)

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	5.0
- 2012 In-year Adjustments	
2012 Approved Staff Complement	5.0
2013 Recommended Staff Complement Changes	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating Impacts of Completed Capital Projects	
- 2013 Increased Activity Level	1.5
Total 2013 Recommended Complement	6.5

**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	
Known Impacts											
Increases in Event Support Revenues	49.0	49.0	0.0	0.0%		50.4	50.4	0.0	0.0%		
Sub-Total Known Impacts	49.0	49.0	0.0	0.0%		50.4	50.4	0.0	0.0%		
Anticipated Impacts											
Sub-Total - Anticipated Additional Impacts											
Total Incremental Impacts	49.0	49.0	0.0	0.0%		50.4	50.4	0.0	0.0%		

Approval of the 2013 Recommended Base Budget for Yonge-Dundas Square will result in known increments to expense and revenue arising from increased event support activities in 2014 and 2015.

These future year incremental costs and revenues are:

Known Impacts

- Increases in revenues from growing demand for event support services, especially by larger and more complex events and festivals, will result in an incremental revenue increase of \$0.049 million in 2014 and \$0.050 million in 2015.
- Correspondingly, the program also expects increases in event support service costs of the same amounts, netting to zero impacts for both years.

PART V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**2013 Issues***Unpermitted Use of the Square*

- While Yonge-Dundas Square is experiencing increased client activity, it is also experiencing growing unpermitted use of its facilities which has been interrupting scheduled events and festivals at the Square. This issue, if left unresolved, will decrease revenues not only from increased security and damage costs, but more importantly, could result in a client perception that the Square is a risky event venue which would negatively affect future revenues.
- To address this situation, a new administrative model will be piloted, including an additional 1.5 positions with additional revenues covering costs. This will allow the Program to manage a growing number of permit requests and evolving site circumstances.

Core Service Review and Efficiency Study Implementation

- At the Special City 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."

- At the Special City Council meeting of January 17, 2012, City Council adopted the following recommendation:

"City Council request the City Manager to undertake a comprehensive review of special events related services, fees and permitting processes, including a strategy to ensure consistent use of the City's civic squares, and report back no later than the 2013 Budget process."

Several reports addressing these issues are planned for early 2013.

- On November 19th, Executive Committee considered a report titled "Yonge-Dundas Square Board Report on Financial Self-Sufficiency", EX25.6. This report from the City Manager's Office concludes that the Program is unable to reduce operating expenditures or increase revenues to attain financial self-sufficiency given various business challenges, including:
 - Spontaneous and unpredictable unpermitted uses and demonstrations on the Square.
 - Competition for revenue generating events from other civic squares in the City with different operating models and fee structures.

This report was referred to the Budget Committee for consideration along with the review of Yonge-Dundas Square's 2013 Operating Budget, and for inclusion in the City Manager's report on the Civic Squares.

Appendix 1 2012 Performance

2012 Key Accomplishments

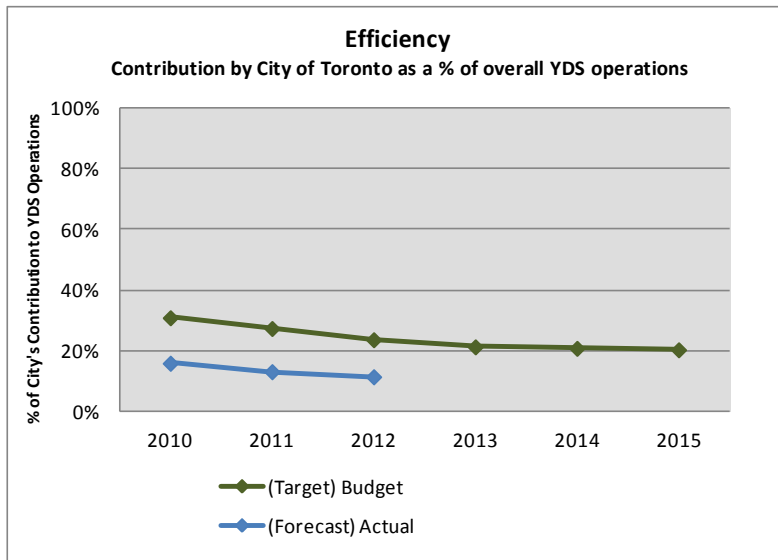
In 2012, Yonge-Dundas Square achieved the following results:

- ✓ Successfully maintained high level of earned revenues as in previous years
- ✓ Successfully managed to accommodate the City’s mandated 10% base budget reduction.
- ✓ Continued to establish the Square as a primary venue for major international festivals and events as well as multicultural community festivals.
- ✓ Continued to operate at capacity, with a 100% rate of venue usage in high-season.

2012 Performance

Efficiency Measure

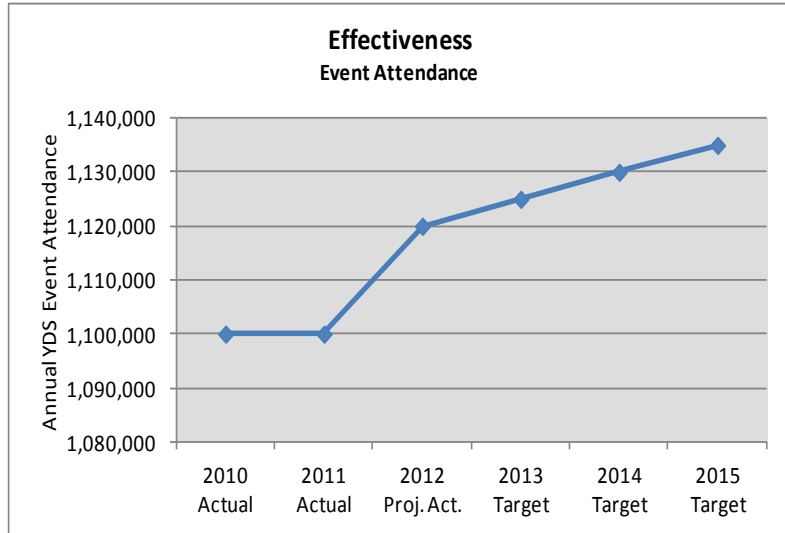
- Contribution by City as a % of Overall Yonge-Dundas Square Operations



- Funding support from the City as a percentage of Yonge-Dundas Square operations has been steadily declining over the years, both in terms of budgeted levels and actual levels.
- Budgeted City funding support to the Yonge-Dundas Square Program as a percentage of gross expenditures went from 31% in 2010 to 21% recommended in 2013, to a targeted 20% in 2015.
- Actual City funding support went from 35% in 2008; 32% in 2009; 16% in 2010; 13% in 2011; to a forecasted 11% in 2012.
- The 2013 efficiency target of 21% is lower than the 2012 budgeted target of 24%, but higher than the 2012 forecast of 11%.
- Actual revenues are highly variable and difficult to budget for. The Square is also subject to uncertainties as it sees growing levels of unauthorized use of its facilities, which may create a client perception that the Square is a risky event venue and could negatively affect 2013 and future revenues. As a result, the Program is budgeting for revenues conservatively.

Effectiveness Measure

▪ Event Attendance



▪ The number of attendees at Yonge-Dundas Square has grown every year since the Square opened in 2003.

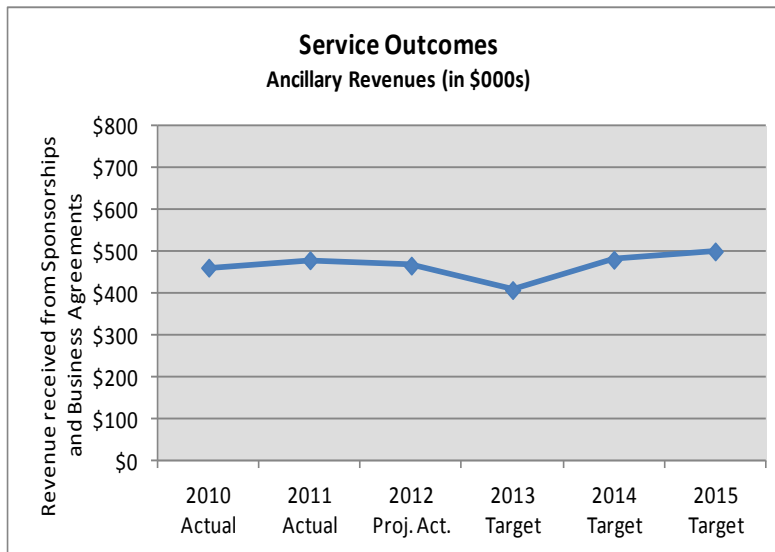
▪ Attendance at events is on target to increase to 1.135 million in 2015

▪ Annual YDS event attendance:

- 2008 Actual: 999,070
- 2009 Actual: 1,050,675
- 2010 Actual: 1,100,000
- 2011 Actual: 1,100,000
- 2012 Proj. Act: 1,120,000
- 2013 Target: 1,125,000
- 2014 Target: 1,130,000
- 2015 Target: 1,135,000

Service Outcomes Measure

▪ Ancillary Revenues



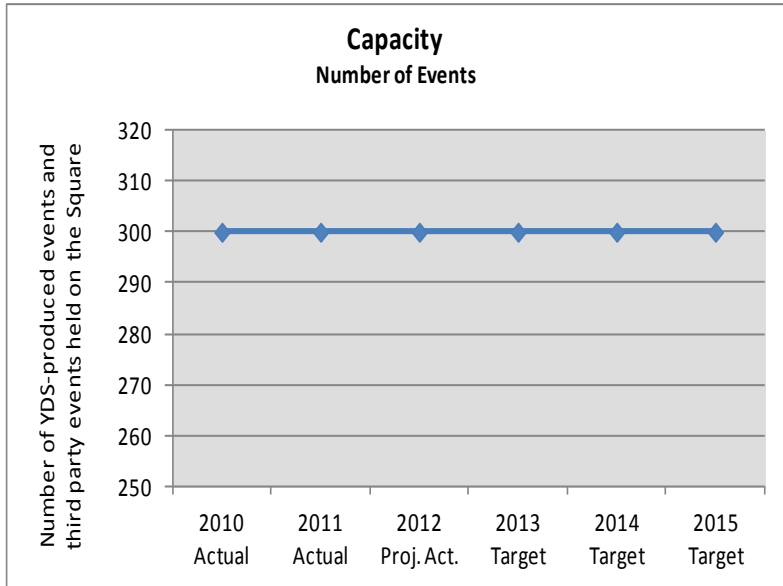
▪ Ancillary revenue includes sponsorships, signage agreements, and kiosk rents.

▪ Projected revenues are expected to be much higher than budgeted in 2012. Yonge-Dundas Square’s 2013 ancillary revenues are similar to the 2012 budgeted level, 12.5% lower than the 2012 forecasted level. Because ancillary revenues are generally difficult to predict, at this time the program is budgeting the 2013 amount conservatively.

▪ Yonge-Dundas Square expects ancillary revenues to return to 2011 levels by 2014 and continue to grow in the foreseeable future.

Capacity Measure

- Number of Events



- 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.
- Since 2010, the number of events at the Square has remained at 300 and the program expects this number to remain constant in the near future.

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	2,321.7	2,140.7	1,965.3	2,344.7	379.4	19.3
Revenues	1,954.1	1,861.4	1,501.6	2,078.1	576.5	38.4
Net Expenditures	367.6	279.3	463.7	266.6	(197.1)	(42.5)
Approved Positions	5.0	5.0	5.0	6.0	1.0	20.0

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

2012 Experience

- Yonge Dundas Square projects a favourable year-end net variance of \$0.197 million or 42.5% below the 2012 Approved Operating Budget of \$0.464 million net.
- The Square is experiencing higher than expected revenues from event support services from major events and festivals. This is resulting in high forecasted event support revenues, partially offset by increased event support costs.
- Some of the forecasted favourable variance is also due to higher than anticipated earned revenue from signage agreements.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The increased demand for usage of the Yonge-Dundas Square venue in 2012 is expected to continue in 2013.
- The increased earned revenue levels realized in 2012 from event support services and from signage agreements are reflected in the 2013 Recommended Operating Budget.
- Correspondingly, additional contracted services costs directly associated with the provision of more event support services to clients are also reflected in the 2013 Recommended Operating Budget.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

Category of Expense	2010 Actual	2011 Actual	2012 Budget	2012 Projected Actual	2013 Recommended Budget	2013 Change from 2012 Approved Budget		2014 Outlook	2015 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	360.5	422.0	428.3	439.7	514.9	86.5	20.2%	527.0	539.5
Materials and Supplies	246.8	460.7	184.1	227.7	173.1	(11.0)	(6.0%)	177.2	181.4
Equipment	139.1	0.0	40.0	49.0	40.0	0.0	0.0%	40.9	41.9
Services & Rents	1,573.0	1,255.7	1,310.5	1,626.0	1,342.8	32.3	2.5%	1,374.5	1,407.2
Contributions to Capital									
Contributions to Reserve/Res Funds	2.3	2.4	2.4	2.4	2.4	0.0	1.3%	2.4	2.5
Other Expenditures									
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	2,321.7	2,140.7	1,965.3	2,344.8	2,073.1	107.8	5.5%	2,122.1	2,172.6
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	1,493.0	1,382.5	1,090.0	1,612.0	1,225.0	135.0	12.4%	1,261.8	1,299.6
Transfers from Capital Fund									
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	461.1	478.9	411.6	466.1	407.6	(4.0)	(1.0%)	419.9	432.5
TOTAL REVENUE	1,954.1	1,861.4	1,501.6	2,078.1	1,632.6	131.0	8.7%	1,681.6	1,732.1
TOTAL NET EXPENDITURES	367.6	279.3	463.7	266.6	440.5	(23.2)	(5.0%)	440.5	440.5
APPROVED POSITIONS	5.0	5.0	5.0	6.0	6.5	1.5	30.0%	6.5	6.5

2013 Key Cost Drivers

2013 gross expenditures increase by \$0.108 million or 6% compared to the \$1.965 million approved for 2012. Services and rents is the largest cost for Yonge-Dundas Square and accounts for 65% of overall expenditure; salaries/benefits 25%; and materials/supplies and minor capital 10%.

- 2013 gross revenues increase by \$0.131 million or 9% compared to the \$1.502 million approved for 2012, and largely come from permit and event support revenues which account for 75% of total revenues. Sundry revenues account for the remaining 25%.
- Funding support from the City to cover Yonge-Dundas Square's net expenditure budget has been steadily declining over recent years, from \$0.574 million in 2006 to \$0.441 million budgeted for 2013.
- In 2013, salary and benefit cost will increase compared to the 2012 forecast as funding for event coordinators are presented in this category rather than services and rents category in

prior years. This reflects the additional 1.5 positions added in the 2013 Recommended Operating Budget.

- Materials and supplies costs come from utilities as well as materials and supplies for daily operations and general maintenance of facilities, and are expected to remain similar to 2012 forecast levels.
- Actual equipment expenses in the past have been highly volatile as they are intended for minor repair and maintenance work that are not always foreseeable. 2013 equipment expenditures are expected to be similar to the 2012 forecast.
- Services and rents are the main drivers of expenses and generally fluctuate with the user fee revenue category, as these expenses are in large part costs recovered from these revenues. Services and rents are projected to increase in 2012 compared to 2011 due to increasing event support services being offered. However, 2013 expenditures are expected to decrease compared to the 2012 forecast due to a growing issue of unauthorized use of the Square, which may deter some clients from using the Square in the near future.
- Contributions to reserve funds is nearly constant over the years, as it grows only marginally every year as the City adjusts contributions to the Insurance Reserve Fund.
- The user fees and donations category includes event support revenues and permit user fee revenues and fluctuate year to year based on market demand to use the Square. User Fees and Donations are forecasted to increase in 2012 compared to 2011 due to increased demand for event support services, and is expected to decline in 2013 due to issues of unauthorized use of the Square that may cause client concerns that the Square is a risky venue for events.
- Sundry revenues in 2013 are similar to the 2012 budgeted level, but lower compared to the 2012 forecasted level. As ancillary revenues are generally difficult to predict, at this time the program is budgeting for a 2013 amount closer to the 2012 budgeted level, and expects ancillary revenues to continue to grow in the foreseeable future.

The 2013 Recommended Base Budget provides funding for the following:

Economic Factors

- Cost of living adjustments and progression pay increases that total \$0.020 million.

Revenue Changes

- Yonge-Dundas Square is seeing increased demand for event support services by larger and more sophisticated events and festivals. An increase of \$0.106 million will allow the Square to offer a broader range of event support services to clients with additional staff, with associated costs fully recoverable. Providing adequate resources will allow the program 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.

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 December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
Insurance Reserve Fund	XR1010	21,156.0	2.4		
Total Reserve / Reserve Fund Draws / Contributions			2.4	-	-

* Based on 3rd Quarter Variance Report