

Toronto 2018 BUDGET



OPERATING BUDGET NOTES



Yonge-Dundas Square

2018 OPERATING BUDGET OVERVIEW

Yonge-Dundas Square (YDS) is a public square that accommodates approximately 240 events each year including third-party and self-programmed events. These events encourage economic and cultural activities by showcasing businesses and drawing residents and tourists to the area. Consistent with previous years, 28 days are set aside for the public to enjoy the square as a piazza.

2018 Budget Summary

The total cost to deliver these services to Toronto residents is \$3.107 million gross and \$0 net as shown below:

(in \$000's)	2017 Budget	2018 Preliminary Budget	Change	
			\$	%
Gross Expenditures	2,352.5	3,106.5	754.0	32.0%
Revenues	1,975.1	3,106.5	1,131.4	57.3%
Net Expenditures	377.4	(0.0)	(377.4)	(100.0%)

Yonge-Dundas Square becomes self-sustaining in 2018 generating diverse revenue streams to offset the base budget pressures primarily for salaries and benefits as well as contracted services while keeping the service delivery unchanged for 2018.

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FAST FACTS

- Yonge-Dundas Square accommodates about 240 events per year, reflecting the Square's current business strategy.
- The space can accommodate events of up to 5,000 attendees.
- YDS remains open to the public 24 hours a day, seven days a week, 365 days a year.
- Regular events include Lunchtime Live!, City Cinema, Fountain Day, and Indie Fridays.
- Community events include NXNE, Manifesto, Pride 2017, and Multicultural Canada Day.
- The number of attendees and users of the YDS is projected to be 1.2 million in 2018, representing 9% increase from projected 2017 attendees of 1.1 million).

TRENDS

- Funding support from the City of Toronto as a percentage of the Agency's operations has gradually but steadily declined to approximately 15% - 16% over the past three years.
- The event mix constitutes a greater proportion of larger events in comparison to smaller events, in an effort to generate additional net surplus for YDS.
- From 2018 and onwards, the contribution by the City to the overall YDS Operating Cost is anticipated to be 0% as the Agency is moving towards a self-sustaining business model financially through its generating diverse revenue streams.

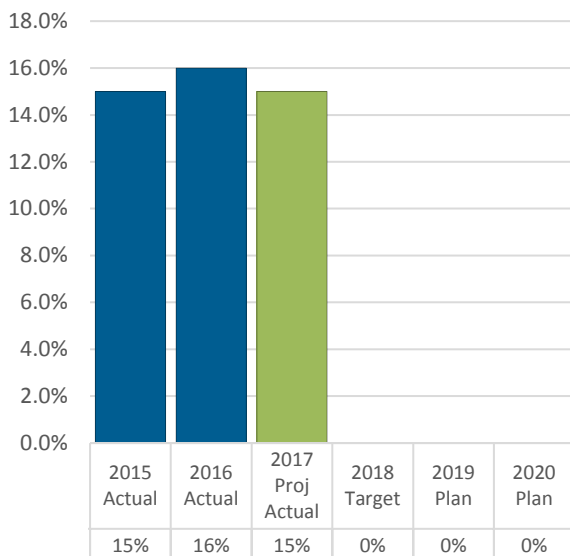
KEY SERVICE DELIVERABLES FOR 2018

The goal of Yonge-Dundas Square is to provide the downtown area with a range of business and cultural events and provide maintenance on the Square as required.

The 2018 Preliminary Operating Budget will enable Yonge-Dundas Square to:

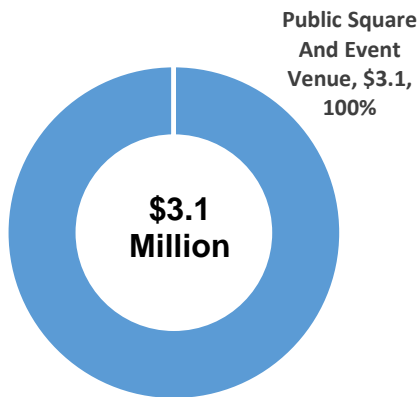
- Support approximately 235 events in 2017 which include a mix of third-party public events, community and private sector events, City events, and major cultural events.
- Operate near capacity, with a near 100% rate of venue usage in high-season.
- Continue setting aside days for public use of the YDS as a piazza including allowing for 28 "fountain days".
- Continue to establish the YDS as a primary venue for major international festivals and events while maintaining availability for multicultural community festivals and celebrations.
- Continue to increase self-generated revenue levels through strategic partnerships and the successful hosting of large cultural events.
- Further leverage new digital capabilities and increase the value of YDS sponsorship and signage opportunities by full implementation of the new permanent digital signage to enhance event hosting capabilities and offer new affordable digital services to a wide cross section of users.

Contribution by City of Toronto as a % of Overall YDS Operating Cost

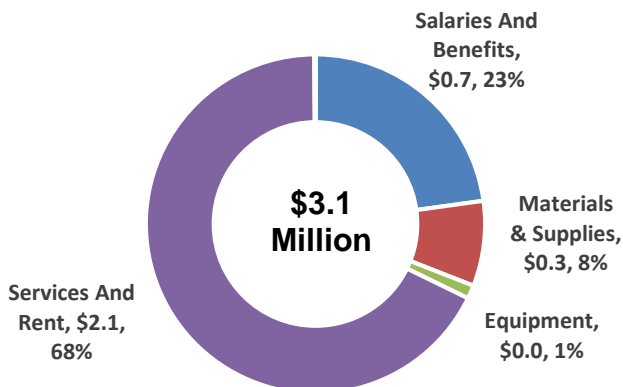


Where the money goes:

2018 Budget by Service

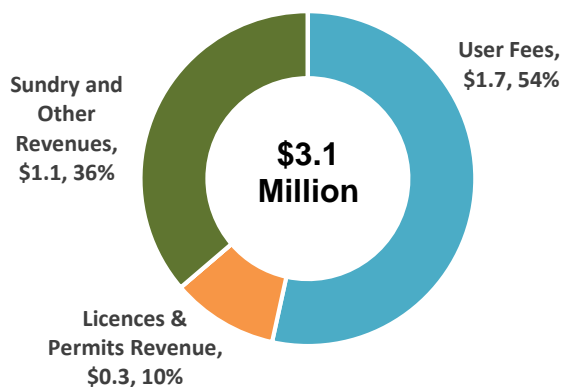


2018 Budget by Expenditure Category



Where the money comes from:

2018 Budget by Funding Source



OUR KEY ISSUES & PRIORITY ACTIONS

- **Introduction of a New Digital Signage Plan** along with new multi-year agreements with an advertising company enables staff to implement a new digital signage program on the Yonge-Dundas Square.
 - ✓ Establish new service levels through enhanced digital services and engage the community and public with digital art and community information on non-event days.
 - ✓ YDS has secured appropriate staffing requirements with an addition of 1.5 positions included in the 2018 Preliminary Operating Budget to deliver affordable digital services resulting from the new digital signage program.

2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Preliminary Operating Budget for the Yonge-Dundas Square (YDS) is \$ 3.107 million gross and \$0 net representing a decrease of 100% to the 2017 Approved Operating Budget. The Agency will be able to achieve a self-sustaining business model through taking the following measure:
 - ✓ Leveraging new digital capabilities to generate additional user fee revenues through Digital Services and Event Support (\$0.565 million) as well as sundry revenues through signage and sponsorship (\$0.566 million), thus resulting in zero contribution by the City to the overall YDS operating cost.
- Staff complement for the Agency will increase by 1.5 positions from 2017 to 2018.
- The 2018 Preliminary Operating Budget provides funding for:
 - ✓ Program specific expenditures such as YDS programming costs, holiday décor, and advertising and promotions.
 - ✓ Administration expenditures including permanent staffing costs, rent, accounting fees, and office expenses.
 - ✓ Contracted services such as custodial and security costs.

Actions for Consideration

Approval of the 2018 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2018 Preliminary Operating Budget for Yonge-Dundas Square of \$3.107 million gross, \$0.000 million net for the following services:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Public Square and Event Venue	<u>3,106.5</u>	<u>0.0</u>
Total Program Budget	<u>3,106.5</u>	<u>0.0</u>

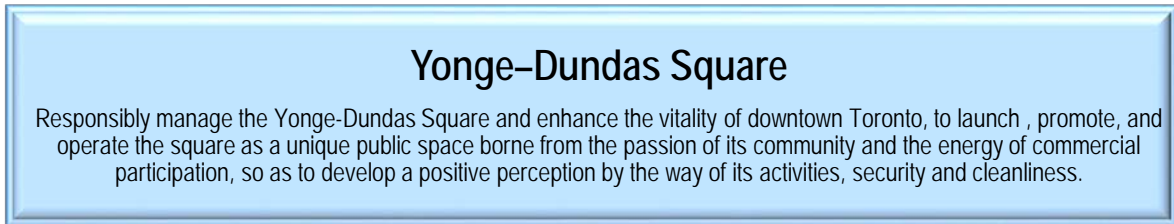
2. City Council approve the 2018 service levels for Yonge-Dundas Square as outlined on page 12 of this report, and associated staff complement of 8.0 operating service delivery positions.



Part 1

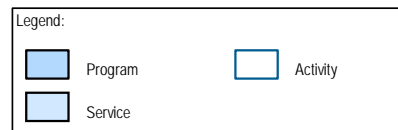
2018-2020 Service Overview and Plan

Program Map



Purpose:

- To create a unique focal point in the downtown core of the City of Toronto, to promote economic development activities and to contribute to the cultural vitality of the community.
- To provide a balance of commercial and community programming which will appeal to local businesses and residents, and also provide city-wide attractions to Torontonians and visitor alike
- To promote high quality of life in a safe, secured and livable downtown



Service Customer

- Public Square & Event Venue**
- Public Event Participant
 - Public Event Hosts
 - Yonge-Dundas Space Users

- Indirect (Beneficial)
- Residents
 - Businesses
 - Partners & Sponsors
 - Visitors
 - Staff - City Divisions
 - Staff - Agencies and Boards

Table 1
2018 Preliminary Operating Budget and Plan by Service

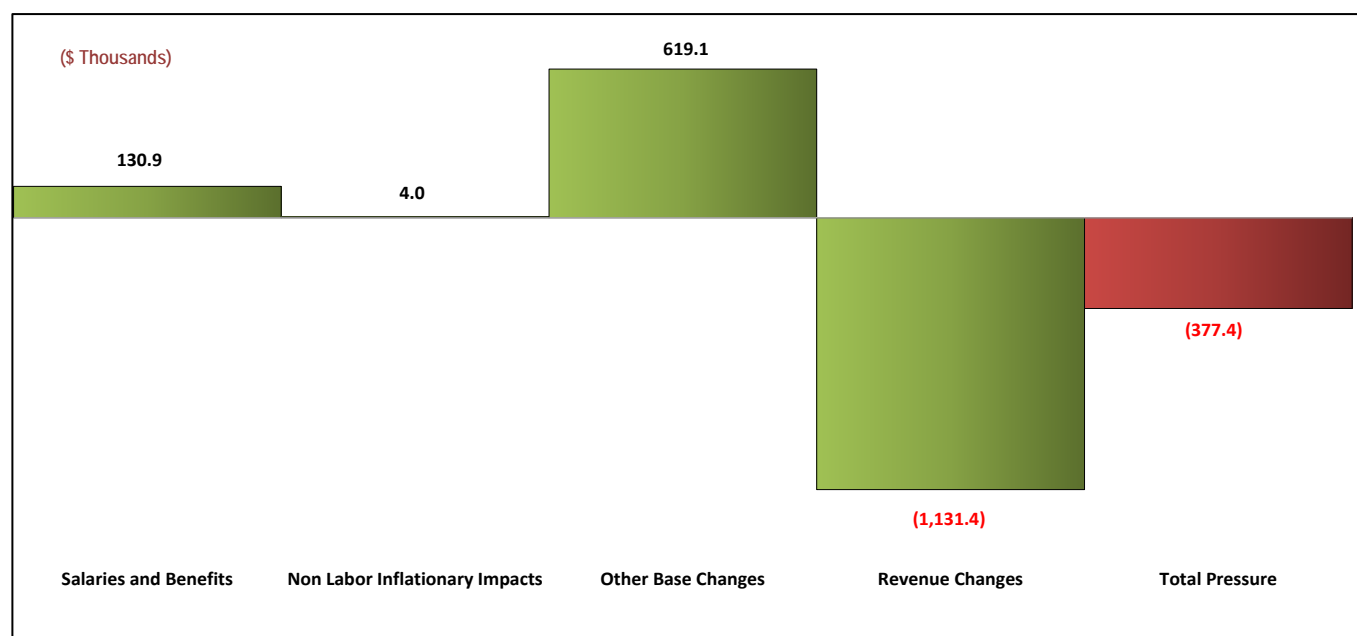
(In \$000s)	2017		2018 Preliminary Operating Budget			2018 Preliminary vs. 2017 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget	\$	%	2019 Plan		2020 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Public Square And Event Venue											
Gross Expenditures	2,352.5	3,000.7	3,106.5	0.0	3,106.5	754.0	32.0%	125.9	4.1%	119.8	3.7%
Revenue	1,975.1	2,779.8	3,106.5	0.0	3,106.5	1,131.4	57.3%	126.1	4.1%	120.0	3.7%
Net Expenditures	377.4	220.9	(0.0)	0.0	(0.0)	(377.4)	(100.0%)	(0.2)	3105.6%	(0.2)	96.9%
Total											
Gross Expenditures	2,352.5	3,000.7	3,106.5	0.0	3,106.5	754.0	32.0%	125.9	4.1%	119.8	3.7%
Revenue	1,975.1	2,779.8	3,106.5	0.0	3,106.5	1,131.4	57.3%	126.1	4.1%	120.0	3.7%
Total Net Expenditures	377.4	220.9	(0.0)	0.0	(0.0)	(377.4)	(100.0%)	(0.2)	3105.6%	(0.2)	96.9%
Approved Positions	6.5	6.5	8.0	0.0	8.0	1.5	23.1%	0.0		0.0	

The Yonge-Dundas Square (YDS)'s 2018 Preliminary Operating Budget is \$3.107 million gross and \$0 net, representing a 100% decrease to the 2017 Approved Net Operating Budget. The Agency was able to achieve self-funded services for 2018 due to additional user fee and sundry revenues.

- Base pressures are mainly attributable to increases for staff salaries and benefits, maintenance costs, and various contracted services.
- To help mitigate the above pressures, YDS was able to leverage new digital capabilities to generate additional revenues for a total of \$1.131 million.
- Approval of the 2018 Preliminary Operating Budget will result in Yonge-Dundas Square increasing its total staff complement by 1.5 positions from 6.5 to 8.0 permanent positions.
- The 2019 and 2020 Plan increases are attributable to staff salaries and benefits and the cost of inflation in contractual agreements for maintenance and other services, offset by anticipated additional fees/service charges and sundry revenues from various events.

The following graph summarizes the operating budget pressures for Yonge-Dundas Square which has achieved its budget target of 0% increase for 2018 by revenue changes.

Key Cost Drivers



**Table 2
Key Cost Drivers**

(In \$000s)	2018 Base Operating Budget	
	Total	
	\$	Position
Gross Expenditure Changes		
Salaries and Benefits		
Progression Pay	4.1	
Salaries & Step	60.0	1.0
Salary Adjustments	27.5	0.5
Benefit Adjustments	39.3	
Economic Factors		
Corporate Economic Factors (Utilities)	4.0	
Other Base Expenditure Changes		
Base Budget Changes - Maintenance, Contracted Services, Administration, and Marketing/Outreach	643.2	
Seasonal Contracts	(24.2)	
Total Gross Expenditure Changes	754.0	1.5
Revenue Changes		
Base Revenue Changes		
User Fee Revenues (incl. Digital Services and Event Support Revenues)	(565.0)	
Sundry Revenues (incl. Signage Agreement and Sponsorships)	(566.4)	
Total Revenue Changes	(1,131.4)	
Net Expenditure Changes	(377.4)	1.5

Key cost drivers for Yonge-Dundas Square are discussed below:

Gross Expenditure Changes

The major cost drivers impacting YDS include:

- Annual salary and benefit increases for staff as well as an increase in staffing levels by 1.5 positions to accommodate the expanded product and service offerings arising from the new digital signage program which commenced in late 2017.
- The inflationary increase reflect increasing utility rates for 2018.
- Other base changes for maintenance, contracted services, and marketing/outreach are primarily related to the contractual agreements with service providers and vendors for the procurement of goods and services.

Revenue Changes

The above base budget cost increases were fully offset through:

- Increases in leveraging new digital capabilities to generate additional user fee revenues through Digital Services and Event Support of \$0.565 million as well as sundry revenues through signage and sponsorship in the amount of \$0.566 million, for a total of \$1.131 million.

Approval of the 2018 Preliminary Operating Budget for Yonge-Dundas Square (YDS) will result in \$0 incremental net cost for 2019 and 2020 to maintain the 2018 service levels, as discussed in the following section:

Table 3
2019 and 2020 Plan by Program

Description (\$000s)	2019 - Incremental Increase					2020 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salaries and Benefits										
Progression Pay	2.8		2.8	1.0%		2.9		2.9	0.0	
Salaries & Step	8.5		8.5	0.0%		8.6		8.6	0.0	
Salary Adjustments										
Benefit Adjustments	2.8		2.8	2.0%		2.8		2.8	0.0	
Other Base Changes (specify)										
Base Budget Changes - Maintenance, Contracted Services, Administration, and Marketing/Outreach	111.8		111.8	4.9%		105.4		105.4	0.0	
Sub-Total	125.9		125.9			119.8		119.8		
Anticipated Impacts:										
Revenues										
User Fee Revenues (incl. Digital Services and Event Support Revenues)		105.0	(105.0)	6.3%			103.8	(103.8)	5.9%	
Licenses & Permit Revenues		5.0	(5.0)	1.6%						
Sundry Revenues (incl. Sponsorships and Signage Agreements)		16.1	(16.1)	1.4%			16.2	(16.2)	0.0	
Sub-Total		126.1	(126.1)				120.0	(120.0)		
Total Incremental Impact	125.9	126.1	(0.2)			119.8	120.0	(0.2)		

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Incremental increases are largely driven by other base expenditure changes for maintenance, contracted services, administration, and other marketing/outreach activities.

Anticipated Impacts:

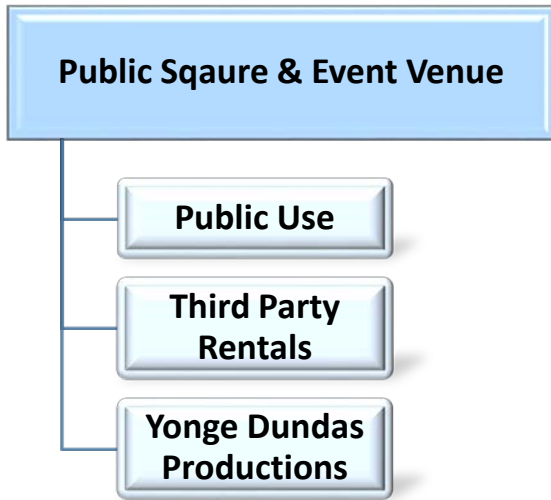
- The 2019 and 2020 Plan budget pressures will be offset by anticipated additional fees/service charges and sundry revenues from various events.
- Revenue is highly variable due to the limited predictability of event recurrence and competition from other public and private venues. As such, the revenue is budgeted conservatively.
- As indicated above, Yonge Dundas Square is forecasting ongoing self-sufficiency into 2020.



Part 2

2018 Preliminary Operating Budget by Service

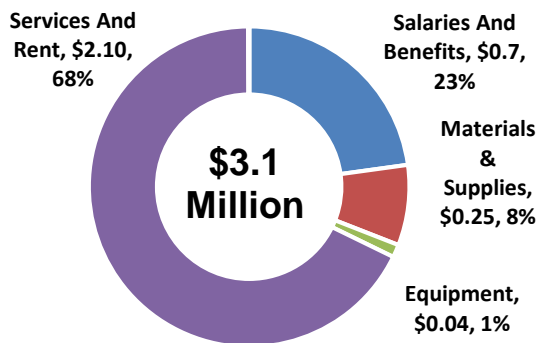
Yonge-Dundas Square



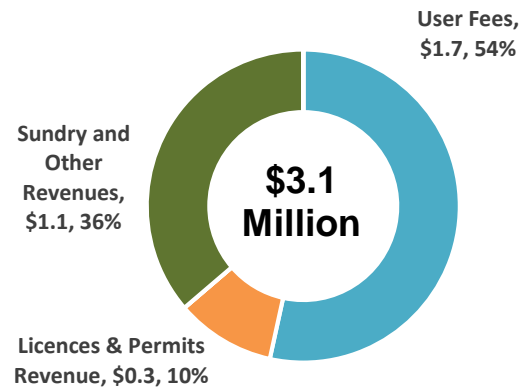
What We Do

- Establish the Square as a primary venue for major international festivals and events while maintaining availability for multicultural community festivals and celebrations.
- Maintain the Square while setting aside days for the Square to be a piazza, during peak and non-peak seasons.

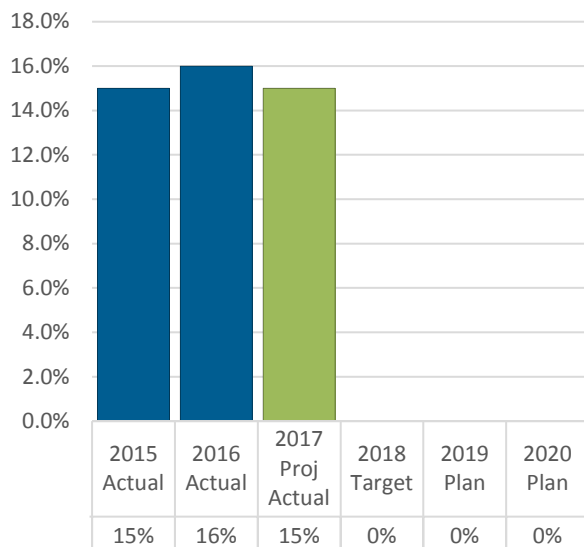
2018 Service Budget by Expense (\$Ms)



2018 Service by Funding Source (\$Ms)



Contribution by City of Toronto as a % of Overall YDS Operating Cost



- Yonge-Dundas Square has consistently maintained or reduced its net budget thereby reducing its reliance on City's contributions.
- From 2018 and onwards, the contribution by the City to the overall YDS Operating Cost is anticipated to be 0% as the Agency is moving towards a self-sustaining business model financially through its diverse generated revenue streams.

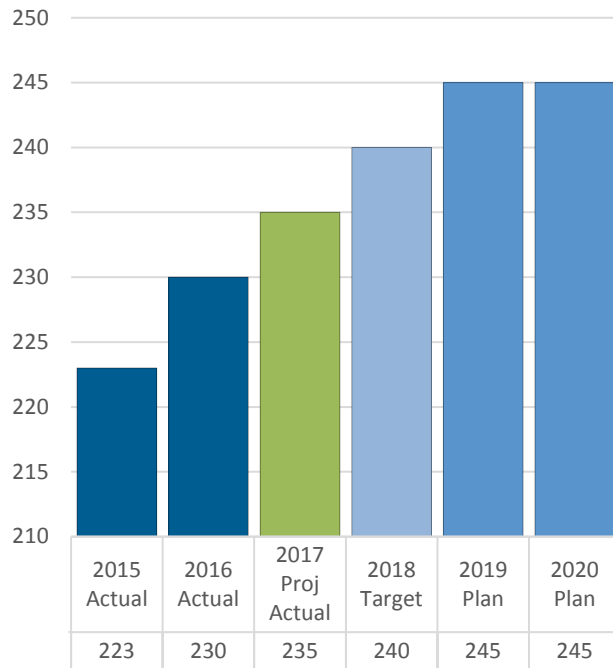
2018 Service Levels Public Square & Event Venue

Activity	Service Level Description	Status	2015	2016	2017	2018
Public Use	% of the Time on a Daily Basis of Square Accessible for Public Use	Approved	100%	100%	100%	100%
Third Party Rental	% of Utilization	Approved	88%	88%	88%	88%
Yonge-Dundas Productions	% of Utilization	Approved	12%	12%	12%	12%

Overall, the 2018 Service Levels are consistent with the approved 2017 Service Levels for Yonge-Dundas Square.

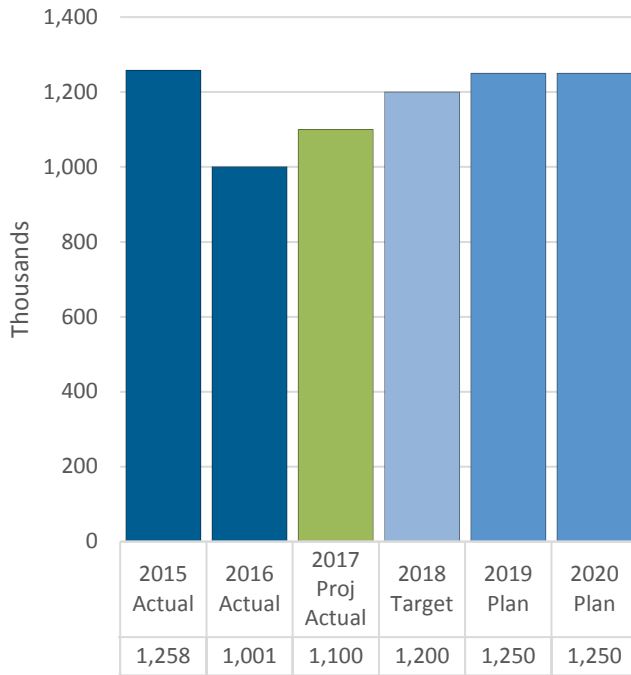
Service Performance Measures

Number of Events at YDS



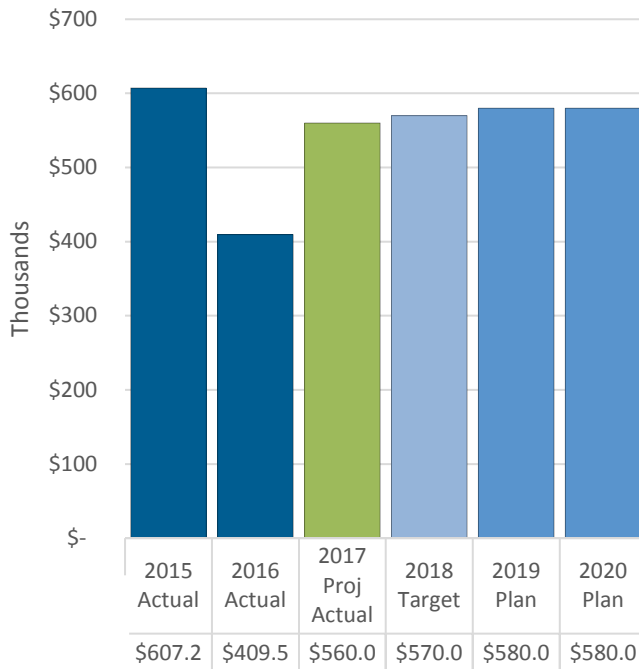
- The number of events held on the Square includes self-produced programmed events and third party events such as community events, private sector events, City events, and major cultural festivals.
- The Board of Management's mandate is to operate near capacity (275 – 300 events) and focus on larger production events in lieu of smaller events.
- As the Square renews its vision for the use of the space, the events roster will continue adapting to reflect the new mandate.
- The Square is also exploring the opportunity to host winter events on the Square in the near future which will increase the number of events held.

YDS Event Attendance



- The Square experienced a drop in attendance in 2016 year-end due to a change in the mix of events on the Square.
- As the Square continues to renew its vision and adapt the event roster to reflect the new mandate, it is anticipated that the event attendance will be improved in the future.
- The Square is also exploring the opportunity to host winter events on the Square in the near future which will increase the number of events held.

Ancillary Revenue



- Ancillary revenue includes sponsorships, signage agreements, kiosk rent, and partnership/supplier agreements.
- While ancillary revenues were down for 2016 due to lack of sponsorship revenues (compensated by increases in event support revenues), the Square expects to generate increased levels of ancillary revenues from 2018 and onwards.



Part 3

Issues for Discussion

Issues Impacting the 2018 Budget

New Digital Signage Plan for the Square

- At its meeting on January 31, 2017, City Council adopted a staff report (EX21.8) entitled "*Authority for the Yonge-Dundas Square Board of Management to Enter into a Ten-Year Contract with Outfront Media Canada and Update to Dundas Square Special Sign District Regulations for 1 Dundas Street East (Yonge-Dundas Square)*".
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX21.8>
- After undertaking a 24-month visioning exercise, the Yonge-Dundas Square Board of Management concluded that the Square was becoming less competitive with other venues both functionally and visually. Many large scale events required rented temporarily-installed electronic displays, which adversely impacted client engagement, audience sightlines, and movement.
- As a result, the YDS-Board developed a comprehensive signage plan for the Square, as part of the revised Yonge-Dundas Square Business Plan, to address these issues including incidental structural alterations to the Square as well as for potential signage-related revenue sources.
- With City Council approval, the Yonge-Dundas Square Board of Management was authorized to negotiate and enter into a 10-year agreement with Outfront Media for a new signage program commencing in 2017.
- Following City Council's directives, YDS staff is required to report the 2018 and future year financial implications of this agreement to the Budget Committee for consideration during the 2018 Budget process.

2017

- Yonge-Dundas Square entered into a 10-year agreement with an advertising company to provide advertising services.
- YDS projects a favourable year-end net variance of \$0.156 million below the 2017 Approved Operating Budget due to higher than expected revenues of \$0.395 million generated by a new sponsorship and digital signage agreement.
- Projections to year-end indicate that these revenues will be sufficient to offset increases in contract staff to support new business initiatives and plans and construction expenditures for 2017.

2018

- The new digital signage plan for the Square has enabled Yonge-Dundas Square to achieve a self-sustaining business model with a \$0 net budget through its diverse generated revenue streams to fully offset City funding for the Square.
- These revenue impacts in the amount of \$0.467 million have been included in the YDS's 2018 Preliminary Operating Budget for consideration as part of the 2018 Budget process.
- In addition, YDS has secured appropriate staffing requirements by additional 1.5 positions to deliver affordable digital services.



Appendices

Appendix 1

2017 Service Performance

Key Service Accomplishments

In 2017, Yonge-Dundas Square accomplished the following:

- ✓ The Board of Management increased sponsorship revenues by over 100% with a new three-year agreement.
- ✓ Entered into a 10-year agreement with an advertising firm Outfront Media, dramatically increasing earned revenues.
- ✓ Created the opportunity for a \$5.0 million capital investment in Yonge-Dundas Square, bringing new digital services that will benefit the entire community.
- ✓ Managed a busy and successful 2017 season despite ongoing construction projects and accompanying neighbourhood disruptions.

Appendix 2

2018 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2015	2016	2017	2017	2018	2018 Change from		Plan	
	Actual	Actual	Budget	Projected Actual *	Preliminary Budget	2017 Approved Budget	%	20119	2020
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries And Benefits	559.8	561.4	602.0	584.0	708.8	106.8	17.7%	722.9	737.2
Materials & Supplies	218.9	226.2	198.1	784.5	252.1	54.0	27.3%	260.5	269.5
Equipment			40.0	40.0	40.0			40.0	40.0
Service And Rent	1,768.1	1,937.5	1,509.5	1,592.2	2,102.6	593.2	39.3%	2,206.1	2,302.5
Contribution To Reserves/Reserve Funds	2.8	2.8	3.0		3.0			3.0	3.0
Total Gross Expenditures	2,549.6	2,727.9	2,352.5	3,000.7	3,106.5	754.0	32.0%	3,232.4	3,352.2
User Fees & Donations	1,680.1	2,019.0	1,070.0	1,725.0	1,660.0	590.0	55.1%	1,765.0	1,868.8
Licences & Permits Revenue			345.0		320.0	(25.0)	(7.2%)	325.0	325.0
Sundry and Other Revenues	607.2	327.6	560.1	1,054.8	1,126.5	566.4	101.1%	1,142.6	1,158.8
Total Revenues	2,287.3	2,346.6	1,975.1	2,779.8	3,106.5	1,131.4	57.3%	3,232.6	3,352.6
Total Net Expenditures	262.3	381.3	377.4	220.9	(0.0)	(377.4)	(100.0%)	(0.2)	(0.4)
Approved Positions	6.5	6.5	6.5	6.5	8.0	1.5	23.1%	8.0	8.0

* Based on the 9-month Operating Variance Report

Yonge-Dundas Square is projecting favourable year-end net variance of \$0.156 million below the 2017 Approved Operating Budget due to the new revenues from the digital signage program which will be sufficient to offset increases in contract staff to support new business initiatives and plans and construction expenditures.

For additional information regarding the 2017 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2017" (BU37.2) considered by City Council at its meeting on December 5, 2017.

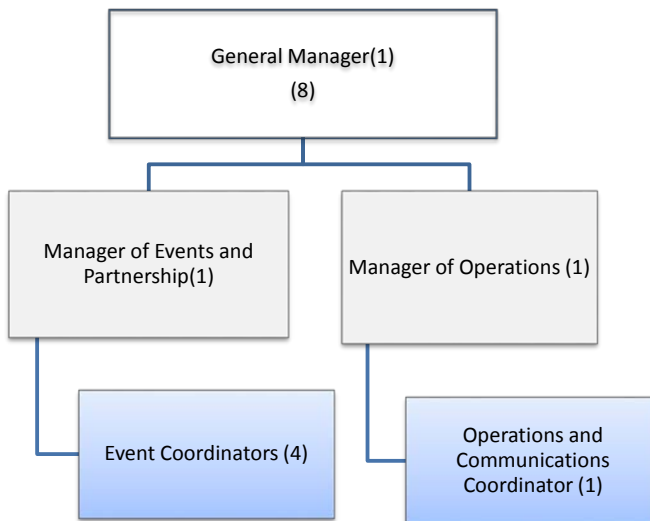
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BU37.2>

Impact of 2017 Operating Variance on the 2018 Preliminary Operating Budget

- The new digital signage program which commenced in the latter half of 2017 has provided YDS with a new stream of revenue contributing to a favourable 2017 year-end results. These revenue impacts have been included as part of the base in the 2018 Preliminary Operating Budget for Yonge-Dundas Square.

Appendix 3

2018 Organization Chart



2018 Total Complement

	Category	Senior Management	Management with Direct Reports	Management without Direct Reports/Exempt Professional & Clerical	Union	Total
Operating	Permanent	1.0	2.0	5.0		8.0
	Temporary					
	Total Operating	1.0	2.0	5.0		8.0
Capital	Permanent					
	Temporary					
	Total Capital					
Grand Total		1.0	2.0	5.0	-	8.0

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Rec'd Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance			25,981.1	25,984.1	25,987.0
Insurance RF	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			3.0	3.0	3.0
Total Reserve / Reserve Fund Draws / Contributions			3.0	3.0	3.0
Balance at Year-End		25,981.1	25,984.1	25,987.0	25,990.0

* Based on 9-month 2017 Reserve Fund Variance Report