

2021 Budget Notes

Heritage Toronto

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Description

Heritage Toronto celebrates and commemorates the City's rich heritage and the diverse stories of its people, places and events. It delivers 80+ annual public programs including walking and bus tours, heritage plaques, the Heritage Toronto Awards.

Why We Do It

Heritage is a positive force for social inclusion, economic development and is a determinant of sustainability. Bringing citizens together to recognize our shared past and different experiences, Toronto's heritage programs connect people and neighbourhoods and build a compassionate city which honours its diverse stories to ensure that each resident feels reflected, and has a voice, in its future.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

What Services We Provide

Heritage Promotion and Education

Who We Serve: City Council, Residents and Tourists, Media, Event Participants, Community organizations, Educational Institutions, Local Businesses, Local Communities

What We Deliver: 80+ free, publically accessible programs and a heritage resource for civic engagement

How Much Resources (gross operating budget): \$0.731 million

Heritage Fundraising and Partnerships

Who We Serve: Community Groups and Associations, Corporations, Industry Sector, Philanthropists, Local Heritage Societies, Non-profit Organizations / Foundations, City Divisions, Other Levels of Government

What We Deliver: Partnerships with hundreds of community groups, volunteers and donors across the City which are leveraged for both curatorial and financial impacts

How Much Resources (gross operating budget): \$0.280 million

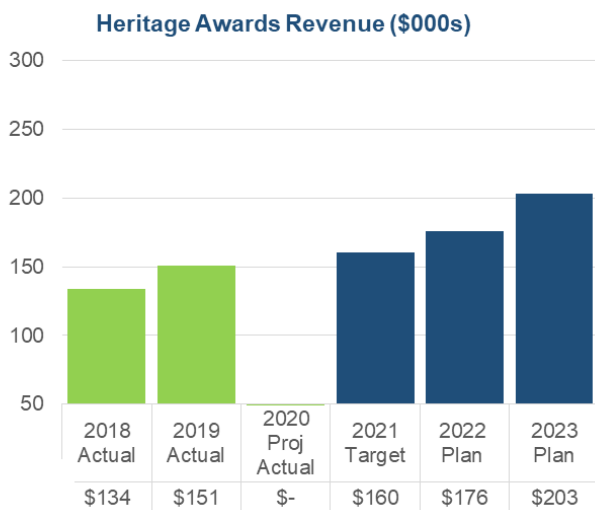
Budget at a Glance*

2021 OPERATING BUDGET			
\$Million	2021	2022	2023
Revenues	\$0.560	\$0.588	\$0.606
Gross Expenditures	\$1.011	\$1.007	\$1.037
Net Expenditures	\$0.451	\$0.419	\$0.431
Approved Positions	8.55	8.25	8.25

Heritage Toronto does not have a 10-year Capital Plan

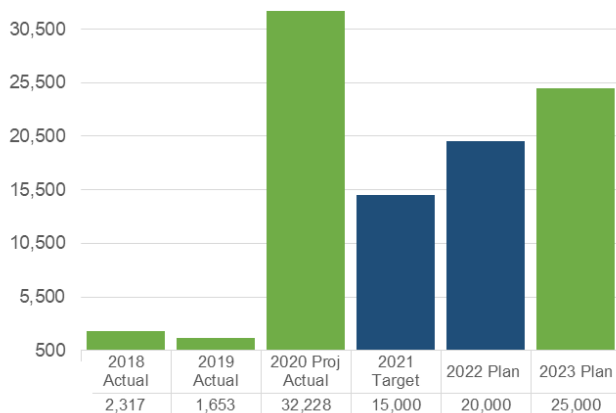
*This document reflects the 2021 Operating Budget as recommended by the City's Manager and Chief Financial Officer and Treasurer, and approved by the Heritage Toronto's Board of Directors.

How Well We Are Doing – Behind the Numbers



- The majority of Heritage Toronto revenues are raised through in-person programs and events. These revenues zeroed in 2020 as public health restrictions necessitated the cancellation of all in person events.
- Prior to COVID, a three-year trend of non-municipal revenue highs has resulted in 60% program growth while simultaneously lowering City investment to 34%.
- The 2021 budget is based on a full recovery of private/earned revenues which will be a significant challenge as it is based on the assumptions that:
 - full public programming will resume by spring and the public will be comfortable in attending
 - corporate sponsors will return as their businesses and marketing budgets will have been fully restored from 2020 losses

Social Media Growth



- Prior to 2020, Heritage Toronto did not have the resources to focus on digital programming despite the recognition that this work is crucial to increase public accessibility and service.
- The cancellation of 2020 in-person programming (walking and bus tours, Awards) allowed remaining staff to pivot to digital work.
- There was a significant public uptake of this work with online event registrations oversubscribed within a day of launch.
- Despite the demonstrated need, Heritage Toronto will have to scale back digital work as staff pivot back to producing in-person programs.

How Well We Are Doing

Service	Service Measure	2018 Actual	2019 Actual	2020 Target	2020 Projection	2021 Target	2022 Target	Status
Outcome Measures								
Heritage Promotion and Education	Public walking tours	61	66	64	0	64	64	●
	Awards attendees	500	500	500	0	500	500	●
	Digital Walking Tours/Exhibits	0	1	1	11	1	0	●
	Digital Live Streams and Articles	0	0	0	16	0	0	●
	Emerging Historians Contracts	8	18	18	16	18	20	●
Service Level Measures								
Heritage Promotion and Education	Number of historical plaques installed	58	68	62	58	58	62	●
Heritage Promotion and Education	Host Emerging Historians	28	30	30	0	30	30	●
Heritage Promotion and Education	Unique Page Views of digital programs	N/A	2,187	N/A	13,000	15,000	17,000	●
Heritage Fundraising and Partnerships	% of total operations funding in grants from federal/provincial governments and private foundations	9%	13%	9%	10.5%	2%	9%	●
Heritage Fundraising and Partnerships	% of increase from sponsorship revenues	(6%)	(4%)	3%	(66%)	234%	10%	●
Heritage Fundraising and Partnerships	Number of community partnerships	54	58	58	0	58	58	●
Other Measures								
Heritage Fundraising and Partnerships	Average Annual Donation	\$83	\$88	\$90	\$159	\$175	\$200	●

COVID-19 IMPACT AND RECOVERY

2020 Impact	2021 Impact and Recovery
<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • COVID-19 has resulted in the following unbudgeted costs for Heritage Toronto of \$0.071 million net: <ul style="list-style-type: none"> ○ \$0.260 million in revenue losses from lost sponsorships, lower donations and the cancelled Heritage Toronto awards event ○ The lost revenues are partially offset by limiting all non-discretionary expenditures as well as Salary and Benefit savings from layoffs resulting in savings of \$0.190 million. 	<p>Financial Impact (Operating)</p> <ul style="list-style-type: none"> • COVID-19 is projected to partially impact Heritage Toronto's operations in 2021 with \$0.021 million net impact: <ul style="list-style-type: none"> ○ \$0.021 million in revenue losses is projected as it will take time for Heritage Toronto to locate Sponsors ○ \$0.021 million in increased expenditures for Heritage Toronto to operate tours safely in 2021. ○ \$0.021 million in savings from non-discretionary expenditures.
<p>Service Level Changes</p> <ul style="list-style-type: none"> • While Heritage Toronto's physical operations were heavily impacted by COVID-19, they were able to pivot their operations in 2020 to focus on digital programming and content. This allowed them to provide a modified version of their services. 	<p>Service Level Changes</p> <ul style="list-style-type: none"> • Heritage Toronto projects to resume walking/bus tours and the Heritage Toronto Awards as they did pre-COVID-19 except with slight modifications to how they are operated. While a large portion of resources were focused on digital content, these resources will be diverted back to in-person programming. However, Heritage Toronto will continue to review Service Levels to reflect changes to its operations to navigate a new reality post-COVID-19.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- The Plaques program maintained a reasonable level of service as operations were not heavily affected by the pandemic.
- Plaques focused on a diversity of subjects with an emphasis on Indigenous history, including its first ever self-funded plaque featuring Chief Wabakinine of the Mississaugas created in consultation with the Mississaugas of the Credit First Nation.
- Creation of new digital content - including livestreams, digital walking tours and published articles - increased public participation by 10x previous levels.
- Given the difficulties of social distancing and remote programming, substantive efforts were made to engage directly with communities to develop our 2020 digital tours in partnership with people who have lived-experiences. Successes include the Indigenous Roots and Little Jamaica tours, both developed by Emerging Historians from the Indigenous and Black community respectively.
- Emerging Historians were prioritized. This program was funded by donors to support Toronto's youth in building professional networks, developing skills sought after by employers, and gaining meaningful, paid work experience.

Key Challenges and Risks

- Cancellation of public programs and economic impact of the pandemic has resulted in a 66% decrease in corporate sponsorship in 2020. Significant risk that corporate partners will not be able to return as sponsors at the same amount as before, or at all, as they attempt to recover from their 2020 losses.
- Delayed launch of "Sounds like Toronto", a virtual educational exhibit on Toronto's music history.
- Delayed work on a 2nd Historical Plaque District and Digital Tour.
- Heritage Toronto currently has no programmers on staff and is two months behind on work necessary for a 2021 walking/bus tour program.
- Heritage Toronto will need to relocate from St. Lawrence Hall as its tenancy is not being extended and this is going to significantly impact the customer service it provides to walk-in members of the public, particularly tourists.

Priority Actions

- Restore staffing levels to enable delivery of 2021 programs.
- Restore walking/bus tour services and associated revenues.
- Restore Heritage Toronto Awards services and associated revenues.
- Launch "Sounds like Toronto" which includes educational and marketing materials developed in collaboration with Toronto universities with a focus on social justice and inclusion within Toronto's music community.
- Identify resources to produce ongoing digital and social media content.
- Invest in a one-year contract to assist with fundraising recovery, rebuilding and initiating new corporate partnerships and launching a renewed individual giving program.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2021 Operating Budget for Heritage Toronto of \$1.011 million gross, \$0.560 million revenue and \$0.451 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Heritage Fundraising & Partnership Development	279.6	262.4	17.2
Heritage Promotion & Education	731.7	297.4	434.3
Total Program Budget	1,011.3	559.8	451.5

2. City Council approve the 2021 staff complement for Heritage Toronto of 8.55 operating positions.

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2021 OPERATING BUDGET

2021 OPERATING BUDGET OVERVIEW

Table 1: 2021 Operating Budget by Service

(In \$000s)	2019 Actual	2020 Budget	2020 Projection	2021 Base Budget	2021 New / Enhanced	2021 Budget	Change v. 2020 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Heritage Fundraising & Partnership Development	132.4	282.5	87.1	262.4		262.4	175.3	201.3%
Heritage Promotion & Education	657.7	426.2	361.0	297.4		297.4	(63.6)	(17.6%)
Total Revenues	790.1	708.7	448.1	559.8		559.8	111.7	24.9%
Expenditures								
Heritage Fundraising & Partnership Development	221.8	213.4	206.6	279.6		279.6	73.0	35.3%
Heritage Promotion & Education	969.7	926.4	743.0	731.7		731.7	(11.3)	N/A
Total Gross Expenditures	1,191.5	1,139.8	949.6	1,011.3		1,011.3	61.7	6.5%
Net Expenditures	401.5	431.1	501.5	451.5		451.5	(80.0)	(10.0%)
Approved Positions	8.5	9.5	9.5	8.6		8.6	(0.9)	(10.0%)

*2020 Projection based on Q3 Variance Report

COSTS TO MAINTAIN EXISTING SERVICES

Total 2021 Base Budget expenditures of \$1.011 million gross reflecting an increase of \$0.061 million in spending above 2020 projected year-end actuals, predominantly arising from:

- Salaries and Benefits increases as Heritage Toronto projects full staffing levels as well as an additional .3 position to assist with ensuring public safety during walking/bus tours.
- Materials and Supplies increases due to the need for audio equipment for tours to allow for the service to resume in a safe manner allowing distancing between tourists.

Given the financial impacts of COVID-19 on 2020 actuals, a further comparison of the 2021 Recommended Budget (excluding 2021 COVID-19 impacts) to the 2020 Council approved Budget is provided below:

- **2021 Base Budget of \$0.452 million in net expenditures reflects a \$0.038 million net decrease from the 2020 Council approved Budget, when excluding \$0.058 million in estimated COVID-19 financial impacts.**

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Heritage Toronto's 2020 Operating Budget do not have any significant equity impacts.

2021 OPERATING BUDGET KEY DRIVERS

The 2021 Operating Base Budget for Heritage Toronto is \$0.061 million gross or 6.5% higher than the 2020 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget.

Table 2a: 2021 Key Drivers – Base Budget

Key Cost Drivers	2019 Actuals	2020 Budget	2020 Projection	2021 Base Budget	Change Vs. 2020 Projection	
					\$	%
Expenditures						
1 Salaries and Benefits	643.7	688.6	622.5	657.1	34.6	5.6%
2 COVID-19 Impact				12.0	12.0	
3 Materials & Supplies	92.6	54.6	35.5	57.5	22.0	62.1%
4 Equipment						
5 Service and Rent	453.7	395.0	290.0	283.1	(6.9)	-2.4%
6 Contribution To Reserves	1.6	1.6	1.6	1.6	(0.0)	-1.3%
Total Expenditures	1,191.5	1,139.8	949.6	1,011.3	61.7	6.5%
Revenues						
1 Federal Subsidies	134.8	96.9	96.9	4.4	(92.4)	-95.4%
2 User Fees & Donations	598.9	589.4	329.8	551.4	221.6	67.2%
3 Draw from Reserve Funds	33.4	17.5	17.5		(17.5)	-100.0%
4 Other Revenues (Inc. IDR's)	23.0	5.0	4.0	4.0		
Total Revenues	790.1	708.7	448.1	559.8	111.7	24.9%
Net Expenditures	401.5	431.1	501.5	451.5	(50.0)	-10.0%
Approved Positions	8.5	9.5	9.5	8.6	(0.9)	-10.0%

Salaries & Benefits:

The increase in Salary & Benefits is driven by resumption of the Heritage Toronto walking/bus tours as this service was halted during COVID-19. Heritage Toronto hopes to operate the tours in 2021 and to do so safely they're requiring an additional position to assist.

Materials and Supplies:

Increases in Materials and Supplies are expected as walking/bus tours are expected to resume requiring additional expenditure in materials needed to operate the tours.

Service and Rent:

The decreases in Service and Rent is as a result of the completion of heritage plaques for 2019. The offsetting Section 37 fund revenues for these plaques are also removed from the contribution from reserves.

Federal Subsidies:

Over the course of the past two years, Heritage Toronto has been receiving federal subsidies for its creation of "Sounds Like Toronto", a virtual educational exhibit on Toronto's music history. The funding for this project is expected to end in 2020.

User Fees & Donations:

Heritage Toronto struggled with sourcing additional donors and sponsors in 2020 given the financial impact of COVID-19. The cancellation of the Heritage Toronto Awards event was also a significant impact to Heritage Toronto revenues as it is the largest event of the year for Heritage Toronto. With the hopes that tours and the awards resuming in 2021 Heritage Toronto projects an increase in revenues received from User Fees & Donations.

2022 & 2023 OUTLOOKS**Table 3: 2022 and 2023 Outlooks**

(\$000s)	2020 Projection	2021 Budget	2022 Outlook	2023 Outlook
Revenues	448.1	559.8	587.6	606.0
Gross Expenditures	949.6	1,011.3	1,018.4	1,036.8
Net Expenditures	501.5	451.5	430.8	430.8
Approved Positions	9.5	8.6	8.3	8.3

Key drivers

The 2022 Outlook with total gross expenditures of \$1.018 million reflects an anticipated \$0.007 million or 0.70 per cent increase in gross expenditures above the 2021 Operating Budget; the 2023 Outlooks expects a further increase of \$0.018 million or 1.81 per cent above 2022 gross expenditures.

These changes arise from the following:

- Inflationary increases to Salaries and Benefits.

Revenues are expected to increase as a result of increased donations and sponsorship revenues in 2022 and in 2023.

APPENDICES

Appendix 1

COVID-19 Financial Impact - Operating

COVID-19 Impacts	(\$000s)					
	2020			2021		
	Revenues	Gross	Net	Revenues	Gross	Net
Revenue Loss						
User Fees & Donations	(260.6)		260.6	(37.0)		37.0
Sub-Total	(260.6)		260.6	(37.0)		37.0
Expenditure Increase						
Salaries and Benefits					8.7	8.7
Other Expenses					12.0	12.0
Sub-Total					20.7	20.7
Savings due to Underspending						
Other Expenses		(122.4)	(122.4)		(37.0)	(37.0)
Sub-Total		(122.4)	(122.4)		(37.0)	(37.0)
Savings due to Management Actions						
Salaries and Benefits		(67.8)	(67.8)			
Sub-Total		(67.8)	(67.8)			
Total COVID-19 Impact	(260.6)	(190.2)	70.4	(37.0)	(16.3)	20.7

Appendix 2

2021 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2018	2019	2020	2020	2021	2021 Change from 2020 Projected Actual	
	Actual**	Actual**	Budget	Projection*	Budget	\$	%
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies	46.8	134.8	96.9	96.9	4.4	(92.4)	(95.4%)
Other Subsidies							
User Fees & Donations	493.6	598.9	589.4	329.8	551.4	221.6	67.2%
Licences & Permits Revenue							
Transfers From Capital							
Contribution From Reserves/Reserve Funds	147.8	33.4	17.5	17.5		(17.5)	(100.0%)
Sundry and Other Revenues	3.7	23.0	5.0	4.0	4.0		
Inter-Divisional Recoveries							
Total Revenues	691.9	790.1	708.7	448.1	559.8	111.7	24.9%
Salaries and Benefits	574.1	643.7	688.6	622.5	657.1	34.6	5.6%
Materials & Supplies	70.1	92.6	54.6	35.5	57.5	22.0	62.1%
Equipment							
Service and Rent	360.3	453.7	395.0	290.0	295.1	5.1	1.8%
Contribution To Capital							
Contribution To Reserves/Reserve Funds	1.4	1.6	1.6	1.6	1.6	(0.0)	(1.3%)
Other Expenditures	109.0						
Inter-Divisional Charges							
Total Gross Expenditures	1,114.9	1,191.5	1,139.8	949.6	1,011.3	61.7	6.5%
Net Expenditures	423.0	401.5	431.1	501.5	451.5	(50.0)	(10.0%)
Approved Positions	7.5	8.5	9.5	9.5	8.6	(0.9)	(10.0%)

* Year-End Projection Based on Q3 2020 Variance Report

** Prior Year Budget and Actuals adjusted retroactively to remove interdepartmental charges and recoveries

Appendix 3

Summary of 2021 Service Changes

N/A

Appendix 4

Summary of 2021 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2021 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

**2021 Capital Budget;
2022 - 2030 Capital Plan Including Carry Forward Funding**

N/A

Appendix 6a

2021 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 6b

2022 - 2030 Capital Plan

N/A

Appendix 7

Reporting on Major Capital Projects: Status Update

N/A

Appendix 8

Summary of Capital Needs Constraints

(In \$ Millions)

N/A

Appendix 9

2021 User Fee Changes

(Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds 2021 Operating Budget

Corporate Reserve / Reserve Funds

Insurance Reserve (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2020 *	Withdrawals (-) / Contributions (+)		
		\$	2021 \$	2022 \$	2023 \$
Beginning Balance		18,083.0	30,142.0	14,678.0	18.0
Insurance Reserve	XR1010				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
<i>Annual Contribution</i>		1.6	1.6	1.6	1.6
Total Reserve / Reserve Fund Draws / Contributions		18,084.6	30,143.6	14,679.6	19.6
Other Program / Agency Net Withdrawals & Contributions		12,057.4	(15,465.6)	(14,661.6)	2,553.4
Balance at Year-End		30,142.0	14,678.0	18.0	2,573.0

* Based on 9-month 2020 Reserve Fund Variance Report

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.

Voluntary Separation Program – On July 28th, 2020, City Council approved the implementation of a Voluntary Separation Program for staff who are eligible to retire with an unreduced pension providing a lump sum payment of up to three months' salary to eligible employees, subject to the terms of the program guidelines, funded through savings generated from a combination of permanently eliminating vacated positions and/or holding the positions vacant for a minimum of six months.