

2022 Budget Notes

Heritage Toronto

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Description

Heritage Toronto builds a better city by bringing people together to explore Toronto's shared past and peoples' lived experiences. It delivers 80+ public programs annually including: walking, bus and cycling tours; heritage plaques, digital programs and exhibitions the Heritage Toronto Awards, and the Emerging Historian program.

Why We Do It

Heritage is a positive force for social inclusion, economic development and sustainability. 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.

What Service We Provide

Heritage Promotion and Education

Who We Serve: City Council, Residents and Tourists, Community Organizations, Students and Educational Institutions, Media, Local Business, Local Communities

What We Deliver: 80+ annual public programs

How Much Resources (gross 2022 operating budget): \$1.032 Million

Heritage Fundraising and Partnerships

Who We Serve: Community Organizations, Educational Institutions, Other Charities, Philanthropists, Corporations, Industry and Business, City Divisions, Other Levels of Government

What We Deliver: Partnerships with hundreds of community groups, businesses, donors and volunteers across the City

How Much Resources (gross 2022 operating budget): \$0.217 Million

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.

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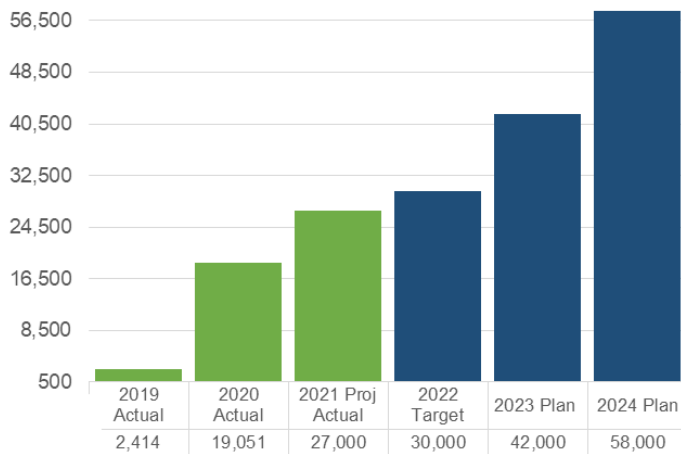
Budget at a Glance

2022 OPERATING BUDGET			
\$Million	2022	2023	2024
Revenues	\$0.738	\$0.671	\$0.608
Gross Expenditures	\$1.249	\$1.188	\$1.126
Net Expenditures	\$0.511	\$0.517	\$0.518
Approved Positions	10.5	10.5	9.5

Heritage Toronto does not have a 10-year Capital Plan

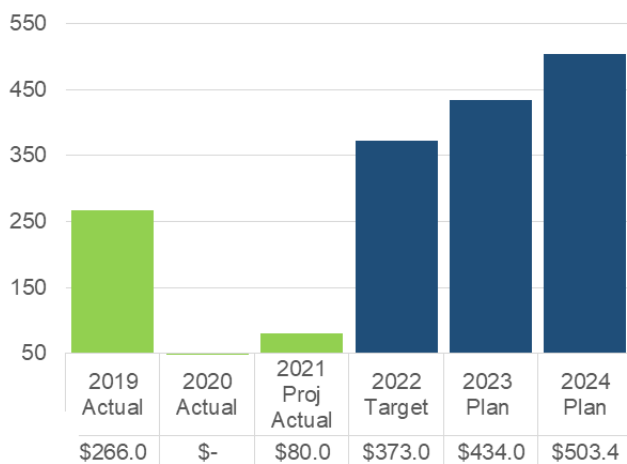
How Well We Are Doing – Behind the Numbers

Accesible Digital Programming



- When in-person programming had to be cancelled, remaining staff pivoted to digital programming, including virtual tours and plaque unveilings, and filled a public need for accessible service to students, seniors with restricted mobility, and as a platform for community discussions on issues of social justice, racism, and access to public health, all which benefit from historical context.
- There is an opportunity to maintain this public service cost effectively when existing staff must pivot back to produce in-person programming and revenues. The high public use in 2021 is based on new content produced in 2020. Public service targets in 2022 cannot be achieved without an investment in continuing to create new content which serve new audiences. Without the resources to maintain digital investments public service cannot be maintained and modernization efforts will have been ineffectual.

In-person Programming Revenue (\$000s)



- The majority of Heritage Toronto revenues, sponsorships and tickets, are raised through in-person programming which had to be cancelled in 2019/2020 resulting in a 40% loss of revenue. 2021 saw a modest rebuilding with 19 in-person tours (previously 60) and the relaunch of the Heritage Toronto Awards as a digital event (no ticket revenue).
- The 2022 Operating Budget for Heritage Toronto is based on a substantial recovery of in-person programming/projects, and associated revenues, with the assumption that Heritage Toronto is operating with restored full-time staffing levels.

How Well We Are Doing

Service	Measure	2019 Actual	2020 Actual	2021 Target	2021 Projection	Status	2022 Target	2023 Target
Outcome Measures								
Heritage Promotion and Education	In-person Tours	66	0	64	25	●	55	75
Heritage Promotion and Education	Awards Attendees	500	0	500	0	●	500	500
Heritage Promotion and Education	Digital Exhibits and Articles	1	11	1	11	●	13	17
Heritage Promotion and Education	Virtual Tours and Livestreams	0	16	4	15	●	11	30
Heritage Promotion and Education	Heritage Plaques Installed	68	58	58	60	●	60	60
Service Level Measures								
Heritage Promotion and Education	Emerging Historian Contracts	18	16	18	22	●	25	30
Heritage Promotion and Education	Unique Page Views of digital programs	2,187	19,051	15,000	31,000	●	31,000	42,000
Heritage Fundraising and Partnerships	Number of Community Partnerships	58	0	58	39	●	60	60
Other Measures								
Heritage Fundraising and Partnerships	Total budget from fed/prov gov't and private foundations	13%	10.5%	2%	(9.4%)	●	1%	5%
Heritage Fundraising and Partnerships	Increase in sponsorship revenue	(4%)	(66%)	234%	49%	●	150%	17%
Heritage Fundraising and Partnerships	Average Annual Donation	\$88	\$159	\$175	\$175	●	\$175	\$200

COVID-19 IMPACT AND RECOVERY

2022 Impact and Recovery

Operating Budget Impact

- COVID-19 is projected to partially impact Heritage Toronto's operations in 2022 with \$0.084 million net impact:
 - \$0.036 million in revenue losses are projected as services are not expected to run at full capacity due to public health measures.
 - \$0.048 million in increased expenditures for Heritage Toronto to operate tours and other in-person events safely in 2022.

Service Level Changes

- 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. Heritage Toronto will be pivoting resources from digital programming in 2022 to support the rebuilding of in-person programming. However, Service Levels will continue to be reviewed to navigate a new reality post-COVID-19.
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EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- Protected the Plaque program and maintained its position as the most active in North America. 25% of new plaques in 2021 focused on Black, Indigenous, and People of Colour (BIPOC) subjects.
- Relunched the Tours Program (cancelled in 2020) offering 25 in-person events, along with a significantly expanded digital component further to continuing public health guidelines. Upon request, supported the City's ShowLoveTO extending the Tour season by two months and deploying Emerging Historians in support of 10 additional Tours.
- Relunched the Heritage Toronto Awards (cancelled in 2020)
- Expanded the donor funded Emerging Historians program providing paid employment and training to 22 young people building their careers
- Met the increased public demand digital programming with a 100% increase in unique page views. Overall website performance is strong with a 45% increase in users, 45% increase in sessions, and 57% increase in page views.

Key Challenges and Risks

- Rebuilding capacity. For the majority of the pandemic, agency staffing was reduced in order to manage expenditures as Heritage Toronto was not eligible for federal support. This is in contrast to its sister heritage charities, as they are not an agency of the City of Toronto.
- As an agency, Heritage Toronto does not benefit from City-wide contracts/programs and has little negotiating leverage given its small size. Infrastructure costs are escalating – for example, its health and benefits costs have been raised by 33% in 2022.
- In recognition of its small size, the City has always provided IT support to the agency throughout its history. Although Agency staff have been able to work remotely on personal equipment, a return to office will necessitate modernizing its City equipment including WIFI access and camera enabled computers to support video conferencing and digital programming.
- Pre-pandemic, the tour program was provided to 3,000-3,500 city residents attendees generating significant sponsorship revenue. The tour program will be revamped with a maximum public attendance of 380 with admission fees.
- Sponsorship revenues are in need of being restored beyond one-time sponsorships that have been secured.

Priority Actions

- Rebuilding public programs to generate revenues and ensure the financial sustainability of the agency. In addition to new tours, Heritage Toronto will continue to work with community groups and private corporations to procure funding.
- Going forward with the equity program which targets full-time employment for young members of the BIPOC community and funds community partnerships to produce more diverse programming across the City. Heritage Toronto has secured corporate sponsorship for this initiative and is seeking to fill the Manager of Community Engagement role so work can begin in the equity program.
- Relaunching Special Projects which were frozen in 2020/2021. These projects include a new LGBTQ2+ Plaque District and the creation of a public online site of all Plaques searchable by community and subject headings.
- Preserving online public access to heritage and engaging communities across Toronto. Heritage Toronto will be executing digital strategies through competitive research, messaging and audience identification; analyzing the appropriate digital data/metrics, insights and best practices to ensure assessment of performance; and leveraging digital marketing skills to optimize digital media content, including using Search Engine Optimization and earned media content to increase traffic.

RECOMMENDATIONS

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

1. City Council approve the 2022 Operating Budget for Heritage Toronto of \$1.250 million gross, \$0.738 million revenue and \$0.511 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
Heritage Promotion & Education	1,032.2	305.3	726.9
Heritage Fundraising & Partnership Development	217.5	433.1	(215.6)
Total Program Budget	1,249.6	738.4	511.2

2. City Council approve the 2022 staff complement for Heritage Toronto of 10.5 operating positions.

2022 OPERATING BUDGET

2022 OPERATING BUDGET OVERVIEW

Table 1: 2022 Operating Budget by Service

(In \$000s)	2020 Actual	2021 Budget	2021 Projection*	2022 Base Budget	2022 New / Enhanced	2022 Budget	Change v. 2021 Projection	
By Service	\$	\$	\$	\$	\$	\$	\$	%
Revenues								
Heritage Promotion & Education	284.1	306.5	229.3	305.3		305.3	76.0	33.2%
Heritage Fundraising & Partnership D	181.9	262.4	380.3	433.1		433.1	52.8	13.9%
Total Revenues	466.0	568.9	609.6	738.4		738.4	128.9	21.1%
Expenditures								
Heritage Promotion & Education	731.3	740.1	839.9	1,032.2		1,032.2	192.3	22.9%
Heritage Fundraising & Partnership D	165.8	278.7	220.4	217.5		217.5	(2.9)	(1.3%)
Total Gross Expenditures	897.1	1,018.9	1,060.3	1,249.6		1,249.6	189.4	17.9%
Net Expenditures	431.1	450.0	450.7	511.2		511.2	60.5	13.4%
Approved Positions**	9.5	8.6	N/A	10.5		10.5	N/A	N/A

*Projection based on 9 Month Variance

**YoY comparison based on approved positions

COSTS TO MAINTAIN EXISTING SERVICES

Total 2022 Base Budget expenditures of \$1.250 million gross reflecting an increase of \$0.189 million in spending above 2021 projected year-end actuals, predominantly arising from:

- Salaries and Benefits as well as Service and Rent increases as Heritage Toronto projects programming to continue to recover and services to resume.
- Increased COVID-19 pressures to existing services which reflect reopening and recovering.

Given the financial impacts of COVID-19 on 2021 actuals, a further comparison of the 2022 Base Budget (excluding 2022 COVID-19 impacts) to the 2021 Council approved Budget (excluding 2021 COVID-19 impact) is provided below:

- 2022 Base Budget of \$0.511 million in net expenditures reflects a \$0.035 million net increase from the 2021 Council approved Budget, when excluding \$0.084 million in estimated COVID-19 financial impacts.**

EQUITY IMPACTS OF BUDGET CHANGES

Low Positive Impact: The Community Partnerships and Diversified programming budget proposal's overall equity impact is low positive. Indigenous, Black and equity deserving groups will be positively impacted as the initiative will create development opportunities, expand service demographics, and initiate and steward new community partnerships. Youth from BIPOC and equity deserving groups represent the highest rates of unemployment in Canada, increasingly so during the course of the COVID-19 pandemic. Additionally, the Culture and Recreation sector is one of the three sectors which has experienced the most job losses across Canada (Toronto Star, December 7, 2021). Heritage Toronto has received annual full third-party funding to hire a full-time Equity Coordinator and up to six independent contracts from Toronto's BIPOC community over the next three years. The Equity Coordinator and independent contractors will be under 30 years of age and will be hired based on intersectionality of lived experience. This initiative will establish five new community partnerships to promote ongoing collaboration. It will execute a pan organizational review of current core programs with a projected audience of 2,000 to improve current demographics from the current 9% of participants who identify as part of the BIPOC or other race-based equity deserving communities. Additionally, the Equity Coordinator will curate an annual public program with a projected audience of 500, which celebrates the heritage of their community and addresses a community need.

2022 OPERATING BUDGET KEY DRIVERS

The 2022 Operating Budget for Heritage Toronto is \$0.189 million gross or 17.9% higher than the 2021 Projected Actuals. Table 2a below summarizes the changes by revenue and expenditure category for the 2022 Operating Budget.

Table 2a: 2022 Operating Budget by Revenue / Expenditure Category

Category (In \$000s)	2019 Actual	2020 Actual	2021 Budget	2021 Projection*	2022 Budget	2022 Change from 2021 Projection	
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies					1.5	1.5	
Federal Subsidies	134.8	87.6	4.4	19.8	19.9	0.1	0.4%
Other Subsidies		3.1					
User Fees & Donations	598.9	357.0	551.4	586.8	714.0	127.3	21.7%
Licences & Permits Revenue							
Transfers From Capital							
Contribution From Reserves/Reserve Funds	33.4	15.3	9.1				
Sundry and Other Revenues	23.0	3.0	4.0	3.0	3.0	0.0	0.0%
Inter-Divisional Recoveries							
Total Revenues	790.1	466.0	568.9	609.6	738.4	128.9	21.1%
Salaries and Benefits	643.7	596.4	657.1	574.8	747.3	172.5	30.0%
Materials & Supplies	92.6	26.4	57.5	27.0	0.0	(27.0)	(100.0%)
Equipment							
Service and Rent	453.7	272.7	304.2	458.5	502.4	43.8	9.6%
Contribution To Reserves/Reserve Funds	1.6	1.6					
Other Expenditures							
Inter-Divisional Charges							
Total Gross Expenditures	1,191.6	897.1	1,018.9	1,060.3	1,249.6	189.4	17.9%
Net Expenditures	401.5	431.1	450.0	450.7	511.2	60.5	13.4%

*Projection based on 9 Month Variance

Key Base Drivers:**Salaries & Benefits:**

The increase in salaries & benefits is driven by the continued need for an additional position for walking/bus tours to ensure public safety during COVID-19. Heritage Toronto has also introduced a new equity and partnership position which is fully funded from sponsorship revenues.

Materials and Supplies:

The decrease in Materials and Supplies is due to a reduction in supply purchases based on programming need.

Service and Rent:

The increase in service and rent is due to returning programming and costs to be incurred for community partnerships funded from sponsorship revenues.

User Fees and Donations:

The increase in user fees & donations is attributable to sponsorship funds secured for equity community partnerships. There are also volume based increases expected to tour revenues as well as donations as Heritage Toronto projects more in-person programming than in the last two years.

2023 & 2024 OUTLOOKS**Table 3: 2023 and 2024 Outlooks**

(\$000s)	2021 Projection	2022 Budget	2023 Outlook	2024 Outlook
Revenues	609.6	738.4	670.5	608.3
Gross Expenditures	1,060.3	1,249.6	1,188.1	1,126.2
Net Expenditures	450.7	511.2	517.6	517.9
Approved Positions	N/A	10.5	10.5	9.5

Key drivers

The 2023 Outlook with total gross expenditures of \$1.188 million reflects an anticipated \$0.061 million or 4.88 per cent decrease in gross expenditures below the 2022 Operating Budget; The 2024 Outlooks expects a further decrease of \$0.062 million or 5.20 per cent above 2023 gross expenditures.

These changes arise from the following:

- Reduced COVID-19 related expenditures in 2023 and 2024.
- The creation of equitable community partnerships and diversified two year programming expenditures and revenues will be realized in 2022 and 2023.

APPENDICES

Appendix 1

COVID-19 Impact and Recovery

In \$ Thousands				
COVID-19 Impacts	2021 Net	2022		
		Revenues	Gross	Net
Revenue Loss				
Tour and Awards Revenue	37.0	(36.4)		36.4
Sub-Total	37.0	(36.4)		36.4
Expenditure Increase				
Salaries & Benefits	20.7		47.9	47.9
Sub-Total	20.7		47.9	47.9
Total COVID-19 Impact	57.7	(36.4)	47.9	84.3

Appendix 2

2022 Balancing Actions

N/A

Appendix 3

Summary of 2022 Service Changes

N/A

Appendix 4

Summary of 2022 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 5

Summary of 2022 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 6

2022 Capital Budget; 2023 - 2031 Capital Plan Including Carry Forward Funding

N/A

Appendix 6a

2022 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 6b

2023 - 2031 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

2022 User Fee Changes

(Excludes User Fees Adjusted for Inflation)

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

2022 Operating Budget

N/A

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

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).