CREATE TO

REPORT FOR ACTION

CreateTO 2024 Operating Budget

Date: September 21, 2023
To: The Board of Directors of CreateTO
From: Chief Executive Officer
Wards: All

SUMMARY

As part of the 2024 Budget process management has prepared its operating budget for review and approval by the Board of Directors.

The resources supported by the 2024 CreateTO Operating Budget will be deployed to help address some of the city's most pressing challenges, from building affordable homes and inclusive communities, to creating cultural and employment opportunities, driving economic prosperity and achieving climate goals. In addition, CreateTO will continue to support, advise and enable Divisions, Agencies and Corporations (DAC's) of the City to address existing and enhanced real estate capital needs in order to drive program goals through the more effective and efficient use of City-owned real estate.

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board of Directors of CreateTO approve CreateTO's 2024 Operating Budget and direct the Chief Executive Officer to submit the budget to the City of Toronto as part of the 2024 budget process.

FINANCIAL IMPACT

CreateTO is a self-sustaining agency and submits a net zero budget to the City of Toronto.

The 2024 expenditure budget of $18.46 million represents an increase of $0.52 million gross, $0 net. $0.33 million of this increase is due to the annual impact of the 2023 budget transfer in relation to the transition of the City-wide real estate (CWRE) program office to CreateTO.

Table 1: 2024 Budget Compared to 2023 Budget

(in Millions)	2024 Budget	2023 Budget	Change
	$	$	$
Revenue			
Advisory & operations management[1]	6.95	6.72	0.23
Portland management[2]	5.71	5.52	0.19
City project management[3]	4.58	4.81	(0.23)
Other revenue[4]	1.22	0.89	0.33
	18.46	17.94	0.52
Expenditures			
Salaries and benefits[5]	16.35	15.46	0.89
Professional fees[6]	0.35	0.54	(0.19)
Marketing & promotion[7]	0.25	0.33	(0.08)
Office services & other	1.11	1.11	-
Project investigative costs[8]	0.40	0.50	(0.10)
	18,46	17,94	0.52
Net Budget	0	0	-
Staff Complement	84	84	-

1. Advisory and operations management revenue reflects fees earned to explore, address, and solution real estate requests from divisions, agencies, corporations, City Council and City leadership. This work can range from project investigative work on potential development opportunities, providing advice related to portfolio strategies developed in-house for specific asset classes, to developing new strategies to address the short and long-term real estate needs of DACs to support service delivery.

2. Port Lands management revenue reflects fees earned to lead day-to day property management and asset management functions in the Port Lands on behalf of Toronto Port Lands Company (TPLC) and fees earned to advance various waterfront initiatives and projects on behalf of the Waterfront Secretariat.

3. City project management revenue reflects fees earned to advance capital real estate projects on behalf of the City. Similar to 2023, the 2024 revenue is primarily requested from the Housing Secretariat and the Corporate Real Estate Management (CREM) division. These requests are subject to Council approval through the 2024 capital budget process.

4. Other revenue reflects budget transfers which have a net zero impact to CreateTO. Budget transfers come with corresponding revenue and expenses and reflect the consolidation of real estate functions at CreateTO. The 2023 and 2024 budget figures include a pending in-year budget transfer of 3 full time positions (Oct 2023), to transition the City-wide real estate (CWRE) program office to CreateTO. This represents an increase in $0.26 million for 2023 and $0.59 million for 2024.

5. Salary and benefits have increased by $0.89 million gross. The increase is due to cost of living (COLA) increases, the annual impact of parental leaves, filling 2023 vacancies, and the annual impact of 2023 budget transfers[4]. See table 2 below for details regarding key items contributing to this increase.

Table 2: Key items contributing to the Human Resources increase over the 2023 budget

Annual impact of parental leaves	$0.18M
Impact of 2023 vacancies	$0.13M
COLA @1.75% per City guidance	$0.26M
Year over Year Increase	**$0.57M**
Annual Impact of 2023 budget transfers	$0.32M
Total Increase	**$0.89M**

6. Professional fees have decreased by $0.19 million due to one-time strategic and HR initiatives in 2023.

7. Marketing and promotion have decreased by $0.08 million due to one-time website redesign costs in 2023.

8. Project investigative costs represent funding required to support initial feasibility analysis prior to bringing projects/strategies to council for approval. The 2024 amount has been reduced to reflect lower historical spend.

DECISION HISTORY

Budgets for CreateTO are required to be submitted on an annual basis to the Board of Directors, and ultimately to City Council for approval.
https://www.toronto.ca/legdocs/municode/toronto-code-215.pdf

COMMENTS

In 2024, CreateTO will continue to identify, evaluate, and provide strategic real estate solutions to meet the needs of the City of Toronto. The resources supported by the 2024 CreateTO Operating Budget will be deployed to execute on the following priorities:

1. Provide real estate advisory services to City Divisions, Agencies and Corporations (DAC's) to help DAC's address their capital real estate needs in order to expand, enhance and improve programs and services to the residents of Toronto. The goal of CreateTO is to optimize the use of City-owned real estate so that City DAC's can deliver more and higher quality services within the existing resources of the City of Toronto.

2. Deliver Council directed policy goals:

- Housing: CreateTO will continue to advance solutions that meet the vital housing needs of Torontonians by working with our City partners to bring forward a wide range of solutions from missing middle opportunities to tall tower sites, while continuing to identify opportunities to enable the delivery of more affordable housing across the city, including new rent-controlled and rent-geared-to-income homes.
- Environmental Sustainability: CreateTO will continue to advance the City's sustainability objectives on a number of fronts, including; the delivery of low carbon thermal energy across the Bloor-Kipling (Six Points) site, remediation of contaminated lands to prepare underutilized sites for sustainable development, and piloting sustainable construction methods through the use of mass timber at 1113-1117 Dundas Street West.
- Economic Development: CreateTO will continue to advance key projects such as the development of the Basin Media Hub – a major new film and television production facility that is expected to generate $280 million in economic activity and create 750 direct jobs on-site as well as 880 indirect jobs – while seeking out opportunities to use the City's real estate assets to facilitate economic growth through the redevelopment of sites like 610 Bay Street, home to the former Toronto Coach Terminal.
- Equity and Inclusion: CreateTO is committed to Equity and Inclusion in the workplace and in our project delivery. The agency's community engagement practices strive to identify and give voice to equity-deserving groups who are often underrepresented in engagement processes. Wherever possible, we include requirements for community benefits frameworks in our projects. Additionally, recent training for all staff has included an intensive five-week series focused on oppression, privilege, and systemic racism and discrimination.
- Truth and Reconciliation: At CreateTO we are committed to meaningful engagement with First Nations, Inuit and Métis peoples. While we recognize that we are early on our path of continuous learning, engagement, and reconciliation, Indigenous sharing circles have been incorporated on several projects, including Leslie Lookout Park and 1631 Queen St. East; Indigenous art is being incorporated in the new Etobicoke Civic Centre; and our staff have participated in Indigenous cultural awareness learning.
- Cultural Vitality: CreateTO will continue working with our stakeholders and partners to collaborate on projects that contribute to the cultural vibrancy of the surrounding community and the broader city at large like the St. Lawrence Centre for the Arts and the Parkdale Hub, a transformational city-building initiative that will deliver wide-ranging cultural, social, and economic benefits.

3. Support Port Lands development: CreateTO will continue to advance the long-term vision for a sustainable new community in the heart of Toronto by acting as a responsible steward of City assets in the Port Lands, supporting the ongoing flood protection work by Waterfront Toronto and supporting further development of the film industry in the Port Lands.

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SIGNATURE

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