

Toronto 2017 BUDGET



OPERATING PROGRAM SUMMARY



Yonge-Dundas Square

2017 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. 28 days are also set aside for the public to enjoy the square as a piazza.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$2.352 million gross and \$0.377 million net as shown below:

(in \$000's)	2016 Budget	2017 Budget	Change	
			\$	%
Gross Expenditures	2,332.4	2,352.3	19.9	0.9%
Revenues	1,945.2	1,975.1	30.0	1.5%
Net Expenditures	387.3	377.2	(10.1)	(2.6%)

Yonge-Dundas Square is able to reduce its 2017 Operating Budget by 2.6% as it will generate additional revenue while keeping the service delivery levels unaffected for this year.

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Fast Facts

- Yonge-Dundas Square accommodates about 245 events per year, reflecting the Square's current business strategy.
- Regular events include Lunchtime Live! City Cinema, Fountain Day!, and Indie Fridays.
- Community events include NXNE, Manifesto, Pride 2016, and Multicultural Canada Day.
- The number of attendees and users of the Square is projected to be 1.100 million in 2017 (10% increase from projected 2016 attendees of 1.000 million).

Trends

- Funding support from the City as a percentage of the Agency's operations remains steady with a 1% increase from 15% in 2015 to 16% in 2016. The contribution percentage is anticipated to reduce each year by 1% to 15% in 2017, 14% in 2018, and 13% in 2019.
- Actual 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.
- The event mix constitutes a greater proportion of larger events in comparison to smaller events, in an effort to generate additional net surplus for the agency.

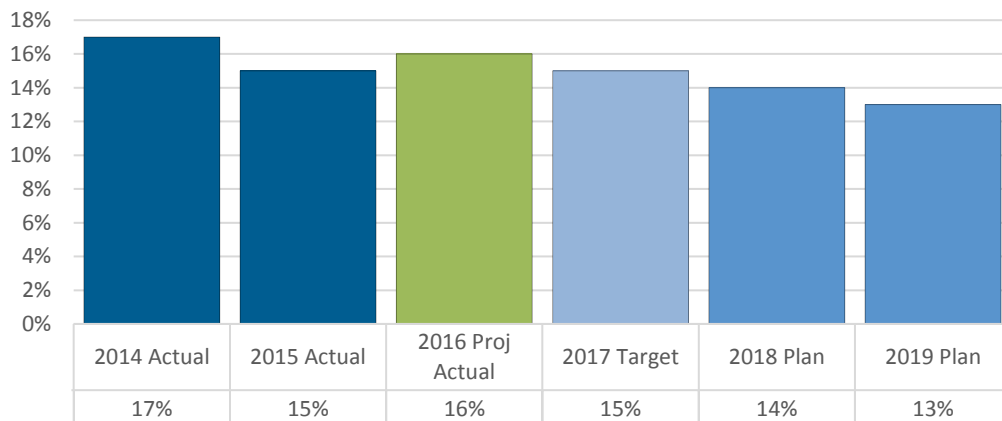
Key Service Deliverables for 2017

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 2017 Operating Budget will enable Yonge Dundas Square to:

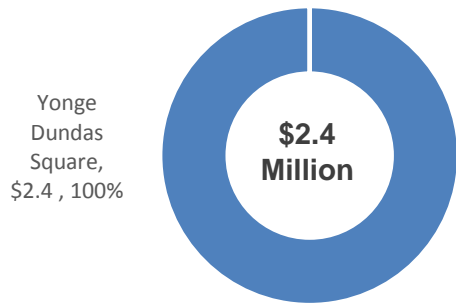
- Support approximately 235 events in 2017 which include a mix of third party public events, community and private sector events, City events, and major cultural events.
- Operate near capacity, with a near 100% rate of venue usage in high-season.
- Continue to set aside days for public use of the Square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

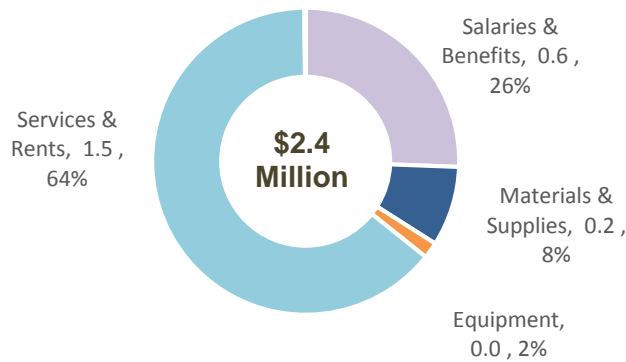


Where the money goes:

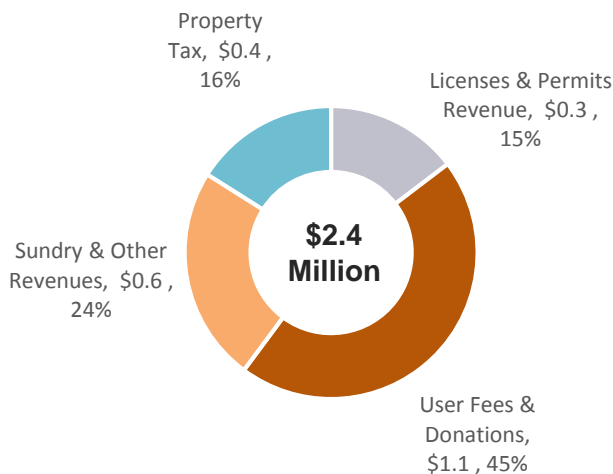
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Competition from other Civic Squares:** It continues to be a challenge for Yonge-Dundas Square to compete for revenues with other civic squares (Nathan Phillips Square and David Pecaut Square) which operate in the same market under different business models and fee structures.
 - ✓ YDS committed to a strategic planning process at the end of 2015 involving a review of the above-mentioned public spaces and define a renewed vision for the Square involving stakeholder input and policy review of YDS usage guideline to ensure alignment with the Square's mandate.
 - ✓ Yonge-Dundas Square has decided to remain competitive by keeping its permit fee rates fixed for the past several years and will continue to do so for 2017, 2018 and 2019.

2017 Operating Budget Highlights

- The 2017 Operating Budget of \$2.352 million in gross expenditures and \$0.377 million net provides funding for
 - Program specific expenditures such as Yonge-Dundas Square programming costs, holiday décor, and marketing/advertising.
 - Administration expenditures including permanent staffing costs, rent, accounting fees, and office expenses.
 - Contracted services such as custodial and security costs.
- This represents a decrease of 2.6% to the 2016 Approved Net Budget through measures taken based on the following:
 - Yonge-Dundas Square has achieved its budget target of -2.6% of the 2016 Approved Operating Budget by generating additional advertising services of \$0.010 million using existing infrastructure without impacting existing service levels.
- No change in staff complement from 2016 to 2017.

Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2017 Operating Budget for Yonge-Dundas Square of \$2.352 million gross, \$0.377 million net for the following services:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Yonge Dundas Square	2,352.3	377.2
Total Program Budget	<u>2,352.3</u>	<u>377.2</u>

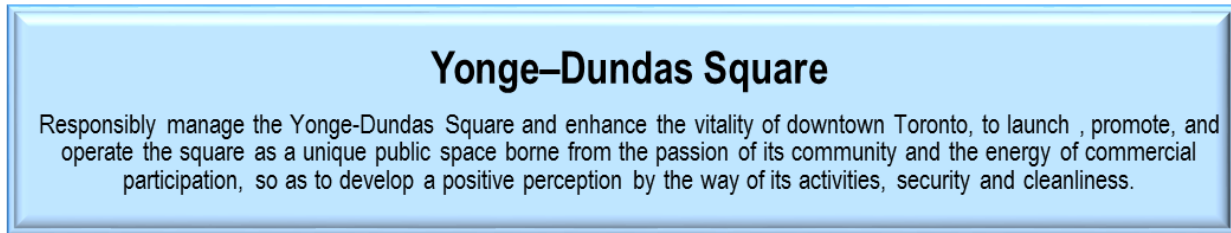
2. City Council approve the 2017 service levels for Yonge-Dundas Square as outlined on page 14 of this report, and associated staff complement of 6.5 positions.



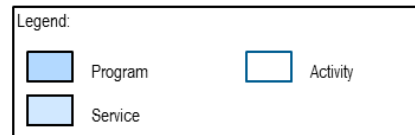
Part 1:

2017-2019 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
2017 Operating Budget and Plan by Service

(In \$000s)	2016		2017 Operating Budget			2017 vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget			2018 Plan	2019 Plan		
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Yonge Dundas Square											
Gross Expenditures	2,332.4	2,727.8	2,352.3		2,352.3	19.9	0.9%	23.7	1.0%	24.7	1.0%
Revenue	1,945.2	2,346.6	1,975.1		1,975.1	30.0	1.5%	23.7	1.2%	24.7	1.2%
Net Expenditures	387.3	381.2	377.2		377.2	(10.1)	(2.6%)				
Approved Positions	6.5	6.5	6.5		6.5						

The Yonge Dundas Square's (YDS) 2017 Operating Budget is \$2.352 million gross and \$0.377 million net. This represents a 2.6% decrease to the 2016 Approved Net Operating Budget which in line with the budget target as set out in the 2017 Operating Budget Directions approved by Council.

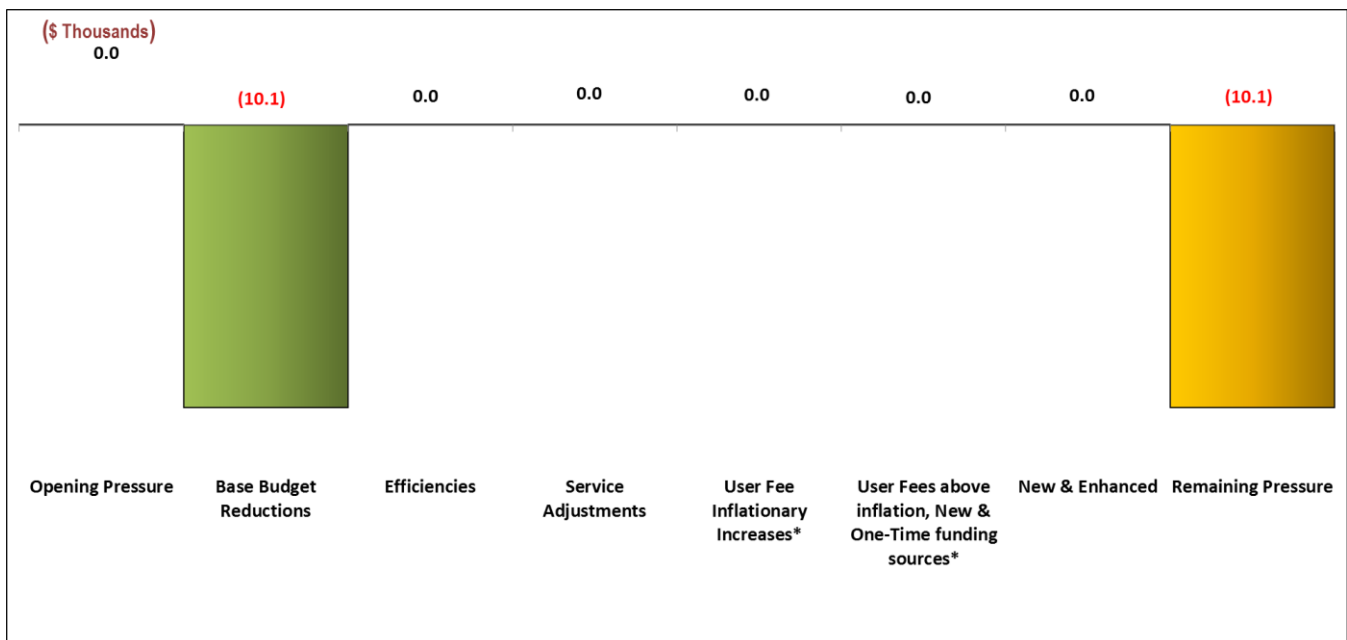
- Base pressures are mainly attributable to salaries and benefits and economic factors.
- To help mitigate the above pressures, YDS is able to achieve additional revenue by providing additional advertising services using existing infrastructure without negatively impacting existing service levels.
- Approval of the 2017 Operating Budget will result in YDS maintaining its current staff complement of 6.5 positions with no changes.
- The 2018 and 2019 Plan increases are attributable to salaries and benefits and inflationary cost increases.

The following graphs summarize the operating budget pressures for this Program. Yonge-Dundas Square has achieved its budget target of -2.6% of the 2016 Approved Operating Budget by generating additional advertising services using existing infrastructure without impacting existing service levels.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	Budget		Total	
	Yonge Dundas Square			
	\$	Position	\$	Position
Gross Expenditure Changes				
Salaries and Benefits				
Cost of Living Adjustment	6.0		6.0	
Progression Pay	12.7		12.7	
Benefits Adjustment	1.0		1.0	
Economic Factors				
Corporate	5.2		5.2	
Other Base Changes				
Advertising	2.4		2.4	
Contracted Services	(5.0)		(5.0)	
Other Expenses	(2.4)		(2.4)	
Total Gross Expenditure Changes	19.9		19.9	
Revenue Changes				
User Fees	10.0		10.0	
Sundry and Other	9.9		9.9	
Total Revenue Changes	19.9		19.9	
Net Expenditure Changes				

Key cost drivers for Yonge Dundas Square (YDS) are discussed below:

- Other Base Changes:
 - Increase in Advertising expenditures due to economic factors/contractual agreements for YDS programming (artists and licenses) of \$0.002 million.
 - Decrease in Contracted Service expense primarily due to savings in staging costs of \$0.005 million
 - Net decrease in Other Expenses due to a reduction in event support costs offset by increases in administrative expenses relating to rent and accounting fees totaling \$0.002 million
- Revenue Changes:
 - Modest increase anticipated for event revenues (1%) driven by volume for \$0.010 million.
 - Increase in Sundry and Other revenues reflects experience in recent years resulting in increased revenues of \$0.010 million.
 - There are no planned permit fee increases for Yonge-Dundas Square in 2017. Due to the continued competition with other City squares such as Nathan Philip Square and David Pecaut Square, Yonge-Dundas Square has decided to remain competitive by keeping its permit fee rates fixed for the past several years.

In order to achieve the budget reduction target, the 2017 service changes for Yonge Dundas Square (YDS) consists of base revenue changes of \$0.010 million as detailed below.

**Table 3
Actions to Achieve Budget Reduction Target
2017 Service Change Summary**

Description (\$000s)	Service Changes		Total Service Changes			Incremental Change			
	Yonge Dundas		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:									
Base Revenue Changes									
New, Ongoing advertising signage revenue		(10.1)		(10.1)					
Base Revenue Change		(10.1)		(10.1)					
Sub-Total		(10.1)		(10.1)					
Total Changes		(10.1)		(10.1)					

Base Revenue Changes (Additional revenues of \$0.010 million net)

New, Ongoing Advertising Signage Revenue

- Yonge Dundas Square extended a signage contract providing advertising services with an existing client for a one year period as an interim measure until a new contract is negotiated. The contract will be serviced using existing infrastructure which precludes any negative impact to existing service levels and enables Yonge Dundas Square to achieve its -2.6% budget target.

Approval of the 2017 Operating Budget for Yonge-Dundas Square will result in no net incremental costs in 2018 and 2019 while maintaining the 2017 service levels as discussed below:

**Table 5
2018 and 2019 Plan by Program**

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salaries and Benefits										
Progression Pay	13.2		13.2			13.7		13.7		
COLA and Fringe Benefits	10.5		10.5			11.0		11.0		
Revenue (specify)										
Fees and service charges		10.0	(10.0)				10.0	(10.0)		
Sundry Revenue		13.7	(13.7)				14.7	(14.7)		
Sub-Total	23.7	23.7				24.7	24.7			
Total Incremental Impact	23.7	23.7				24.7	24.7			

Future year incremental costs are primarily attributable to the following:

Known Impacts:

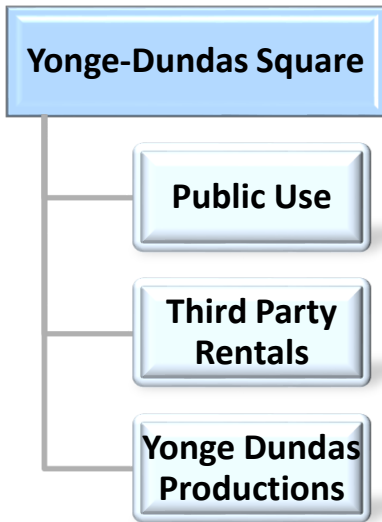
- Future year incremental costs are primarily attributable to salary and benefit increases (no change in complement) and a conservative estimate for anticipated additional fees/service charges and sundry revenues arising from various events and service contracts.



Part 2:

2017 Operating Budget by Service

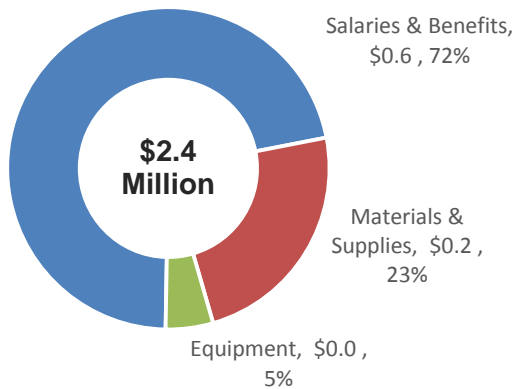
Yonge Dundas Square



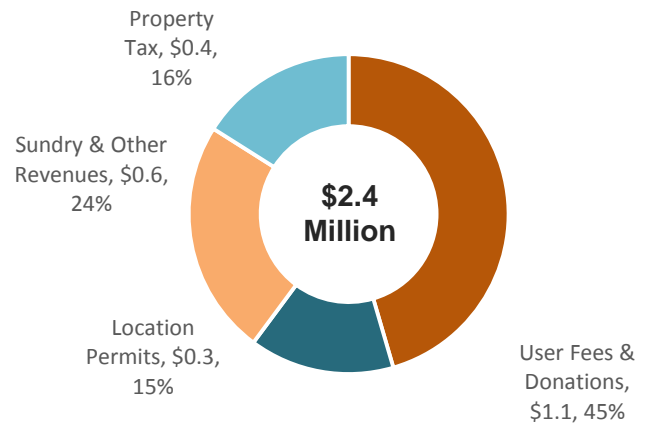
What We Do

- 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.

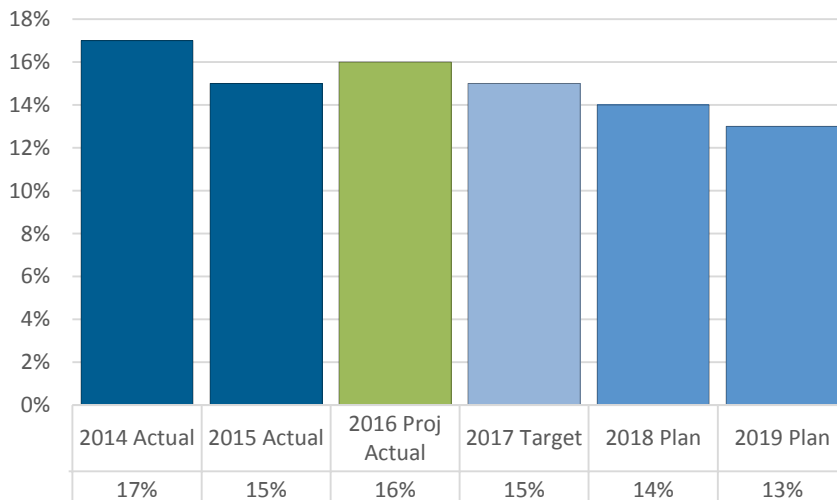
2017 Service Budget by Category of Expense (\$Ms)



Service by Funding Source (\$Ms)



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



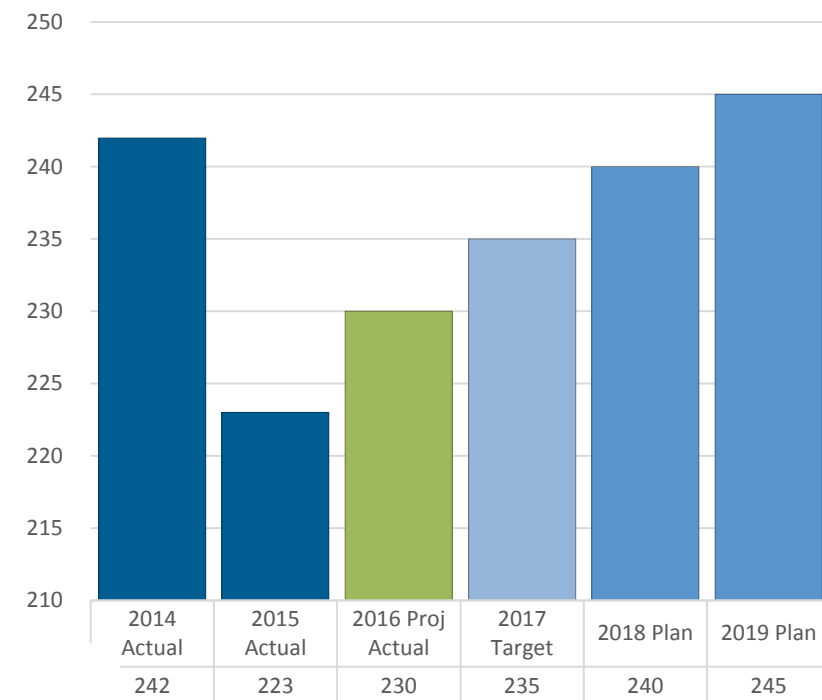
- Yonge-Dundas Square has consistently maintained or reduced its net budget thereby reducing City's contributions. This trend is expected to continue in the years 2017 and forward.

2017 Service Levels Yonge-Dundas Square

	Status	2014	2015	2016	2017
Public Use	Approved	Square accessible for public use on a daily basis 100% of the time		Square accessible for public use on a daily basis 100% of the time	
Third Party Rental	Approved	88% utilization		88% utilization	
Yonge Dundas Productions	Approved	12% utilization		12% utilization	

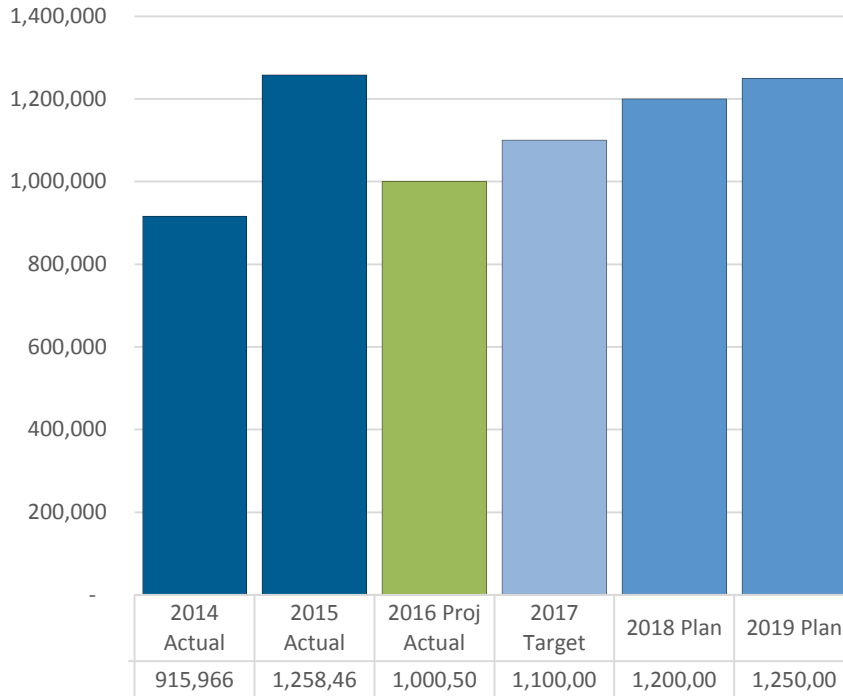
Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels.

Number of Events at YDS



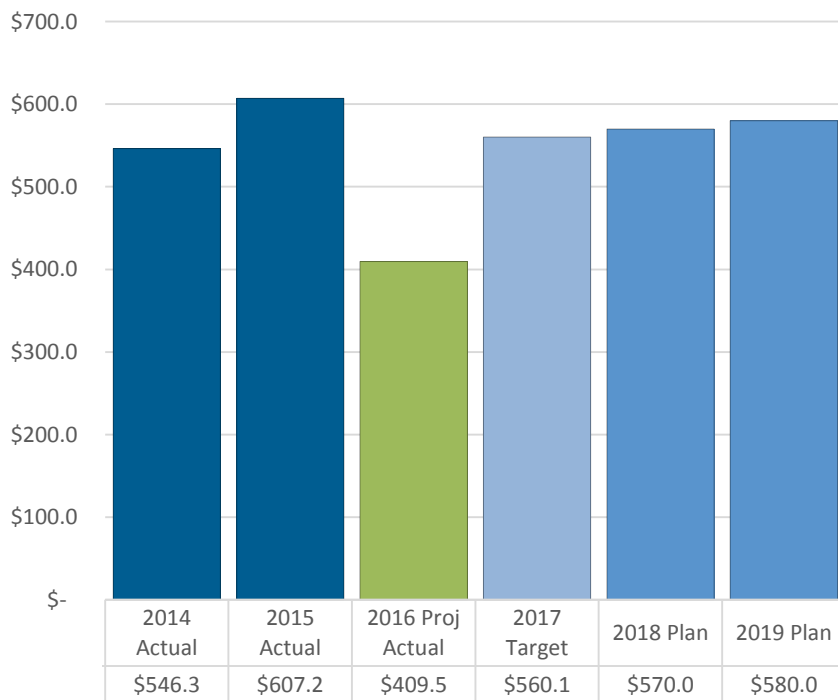
- The number of events held on the Square includes self-produced programmed events and third party events such as community events, private sector events, City events and major cultural festivals.
- The Board's mandate is to operate near capacity (275-300 events) and focus on larger production events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

Ancillary Revenues (Thousands)



- Ancillary revenue includes sponsorships, signage agreements, kiosk rent, and partnership/supplier agreements.
- While ancillary revenues are 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 in 2017 and the future.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- At its meeting on July 12, 2016, the "2017 Budget Process: Budget Directions and Schedule" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf>

- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- Yonge-Dundas Square (YDS) has signed a one year signage contract to provide advertising services using existing infrastructure which precludes any negative impact to existing service levels. This has enabled YDS to achieve the budget target of -2.6% of the 2016 Approved Net Operating Budget.

Issues Impacting Future Years

Renewed Vision for Yonge Dundas Square

- YDS committed to a strategic planning process at the end of 2015, in part, to define a renewed vision for the Square. The multi-phase process included stakeholder input and an internal scan in early 2016, followed by a Board and staff working session at the end of April 2016. A key part of this planning process also involved a policy review of the YDS usage guidelines.
- Key issues were identified and opportunities were discussed at the working session after which a summary report was subsequently distributed to the Board and staff. Topics discussed include potential aesthetic improvements to the Square and attracting winter activity. A revised YDS Business Plan will be developed by YDS in 2017 following the Board's consideration of this document. As such, the assessment is in at an early stage and the impact on future year budgets will be determined during the course of the assessment.
- In order to ensure that activities taking place on the Square are in-line with the mandate of the Square, YDS staff are planning to engage area and community stakeholders in an assessment of the type of activities taking place on the Square and their impact on the perception of the Square. Staff will report back to the Board as this work progresses.

Competition from Other Squares

- Yonge-Dundas Square (YDS) operates in the same market as other civic squares such as David Pecaut Square and Nathan Phillips Square. It continues to be a challenge for Yonge-Dundas Square to compete for revenues with other civic squares that operate under different business models and fee structures.
- There are no planned user fee increases for Yonge-Dundas Square in years 2017, 2018 and 2019. Due to the strong competition with other squares such as the Nathan Philip Square, Yonge-Dundas Square has decided to remain competitive by fixing its current user fee rates.

- Analysis that compares cost structures between the 3 civic squares is underway. This analysis will provide insight to the Yonge-Dundas Square management team on other civic square operational cost structures to support YDS's future financial planning.
 - For additional information regarding City Council's request to the Economic Development and Culture division for an analysis of civic square operational cost structures, please refer to the attached link for the report titled "2016 Capital and Operating Budgets" (EX 12.2, item 125) at its meeting on February 17, 2016:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>
- Yonge-Dundas Square continues to maintain its primary revenue sources (permit fees, service charges, and sponsorships) through maintaining the Square as an attractive venue for events, and negotiating sponsorships with private sector partners and community groups. The Board of Management is also mandated to explore alternate revenue streams to support its various service objectives.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Yonge-Dundas Square accomplished the following:

- ✓ In 2016 the Board of Management increased self-generated revenue levels through the successful hosting of large cultural events.
- ✓ Operated the Square as a primary venue for large scale festivals and events while maintaining availability for multicultural community festivals and celebrations.
- ✓ Continued to operate almost at capacity, with a near 90% rate of venue usage in high-season.
- ✓ Concluded a one-year extension of a signage advertising agreement with an existing sponsor.

Appendix 2

2017 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected Actual *	Budget	from 2016 Budget	%	2018	2019
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	523.7	559.8	582.3	561.4	602.0	19.7	3.4%	625.7	650.4
Materials and Supplies	167.9	218.9	192.9	226.2	198.1	5.2	2.7%	198.1	198.1
Equipment	14.2		40.0		40.0			40.0	40.0
Services & Rents	1,614.1	1,768.1	1,514.4	1,937.5	1,509.5	(5.0)	(0.3%)	1,509.5	1,509.5
Contributions to Capital							-		
Contributions to Reserve/Res Funds	2.4	2.8	2.8	2.8	2.8	(0.0)	(1.0%)	2.8	2.8
Other Expenditures							-		
Interdivisional Charges							-		
Total Gross Expenditures	2,322.3	2,549.6	2,332.4	2,727.8	2,352.3	19.9	0.9%	2,376.0	2,400.7
Interdivisional Recoveries							-		
Provincial Subsidies							-		
Federal Subsidies							-		
Other Subsidies							-		
User Fees & Donations	1,348.7	1,680.1	1,405.0	2,019.0	1,415.0	10.0	0.7%	1,425.0	1,435.0
Transfers from Capital Fund							-		
Contribution from Reserve/Reserve Funds							-		
Sundry Revenues	546.3	607.2	540.2	327.6	560.1	19.9	3.7%	573.9	588.6
Total Revenues	1,895.0	2,287.2	1,945.2	2,346.6	1,975.1	29.9	1.5%	1,998.9	2,023.6
Total Net Expenditures	427.3	262.3	387.2	381.2	377.2	(10.0)	(2.6%)	377.2	377.2
Approved Positions	6.5	6.5	6.5	6.5	6.5			6.5	6.5

* Based on the 2016 9-month Operating Variance Report

Yonge-Dundas Square is currently projecting an overall favourable net expenditure variance for the year of \$0.006 million due to increased revenues from an increased number and larger scale of events on the Square, offset by event-support costs, higher hydro rates, and stakeholder consultation costs.

For additional information regarding the 2016 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, 2016" (BU 26.4) considered by City Council at its meeting on December 13, 2016.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Operating Budget

- There are no impacts from the 2016 Operating Variance on the 2017 Operating Budget.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	5.0			6.0
Temporary			0.5		0.5
Total	1.0	5.0	0.5		6.5

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, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		19,645.5	19,645.5	19,648.3	19,651.1
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			2.8	2.8	2.8
Total Reserve / Reserve Fund Draws / Contributions		19,645.5	19,648.3	19,651.1	19,653.9
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	19,648.3	19,651.1	19,653.9

* Based on 9-month 2016 Reserve Fund Variance Report