



Toronto 2015 BUDGET

OPERATING PROGRAM SUMMARY



Yonge-Dundas Square

2015 OPERATING BUDGET OVERVIEW

Yonge-Dundas Square is a public square that accommodates approximately 300 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. Some days are also set aside for the public to enjoy the square as a piazza.

2015 Budget Highlights

The total cost to deliver this service to Toronto residents in 2015 is \$2.266 million as shown below.

| (in \$000's) | 2014 Budget | 2015 Budget | Change | |
|-------------------------|----------------|----------------|------------|-------------|
| | | | \$ | % |
| Gross Expenditures | 2,215.6 | 2,265.6 | 50.0 | 2.3% |
| Gross Revenues | 1,822.6 | 1,872.6 | 50.0 | 2.7% |
| Net Expenditures | 392.9 | 392.9 | 0.0 | 0.0% |

Yonge-Dundas Square is adjusting its sundry revenue to offset the net pressures of \$0.050 million due to inflation, increased labour costs and expenditure adjustments to reflect actual spending. 2015 Net Operating Budget is unchanged from 2014.

Contents

Overview

| | |
|--|-----|
| I: 2015–2017 Service Overview and Plan | 5 |
| II: 2015 Budget by Service | N/A |
| III: Issues for Discussion | 12 |

Appendices:

| | |
|--|-----|
| 1. 2014 Performance | 15 |
| 2. 2015 Operating Budget by Expenditure Category | 16 |
| 3. 2015 Organization Chart | 17 |
| 4. Summary of 2015 Service Changes | N/A |
| 5. Summary of 2015 New & Enhanced Service Changes | N/A |
| 6. Inflows/Outflows to / from Reserves & Reserve Funds | 18 |
| 7. 2015 User Fee Rate Changes | N/A |

Fast Facts

- Accommodates about 300 events (capacity) per year, reflecting the current business strategy.
- Regular events include Lunchtime Live!, City Cinema, and Indie Fridays.
- Community events include NXNE, BuskerFest, Matsuri Japanese Festival and WorldPride Toronto 2014.
- The number of attendees and users of the Square is projected to be 1.060 million in 2015.

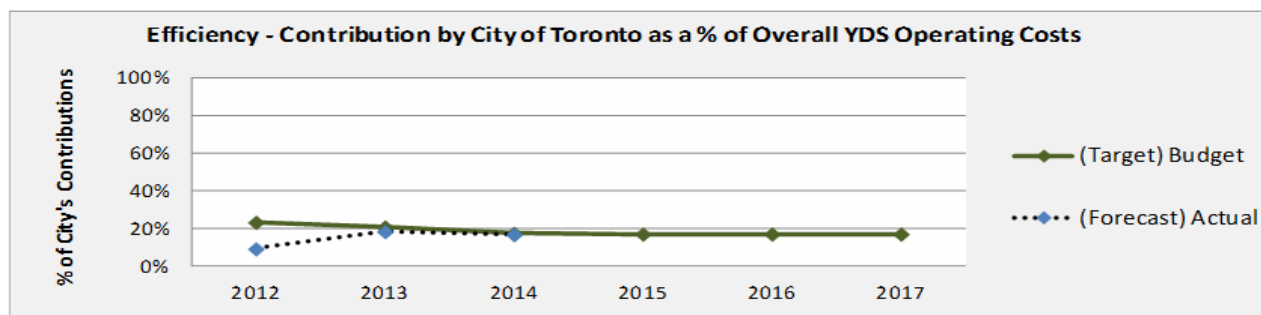
Trends

- Funding support from the City as a percentage of the Program's operations remain steady with a small decline from the years 2013 to 2014, from 18% to 17%.
- Actual revenue is highly variable. Due to uncertainties at the Square (unauthorized use, media reports of dangerous activity and rising competition), the revenue is budgeted conservatively.

The Yonge-Dundas Square has consistently met its net budget target at 0% or below. In 2014, YDS projects \$0.361 million net or 8% below its target and expects the pattern to continue in the future years.

In 2012, YDS experienced higher than normal levels of revenues thus leading to favourable actual net expenditure. In 2013, the 10th year anniversary event at YDS contributed to the increase in revenue and in 2014, YDS built upon the momentum in rising revenue to meet its target.

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



Our Service Deliverables for 2015

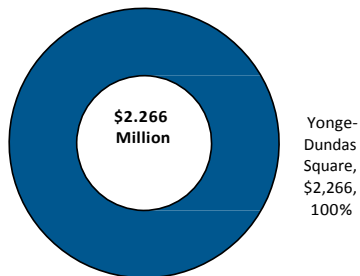
The goal of Yonge-Dundas Square is to provide the downtown area with a range of business and cultural events and provide maintenance on the Square as required. The 2015 Operating Budget supports:

- Approximately 300 events in 2015
 - 88% are scheduled 3rd party public events year-round including community and private sector events, City events, and major cultural events.
 - 12% are self-programmed events during the spring, summer and fall.
- Maintenance of the Square by setting aside days for the Square to be a piazza. The Board of Management's business strategy sets a goal of holding approximately 300 events (capacity), and thereafter, allowing for "fountain days" and downtime for maintenance of the Square during peak and non-peak seasons.
- Services including staging, lighting, audio systems, and security that support successful events.

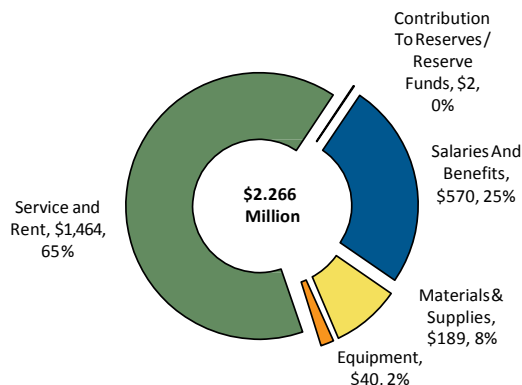
2015 Operating Budget Expenses & Funding

Where the money goes:

2015 Budget by Service \$2.3 Million

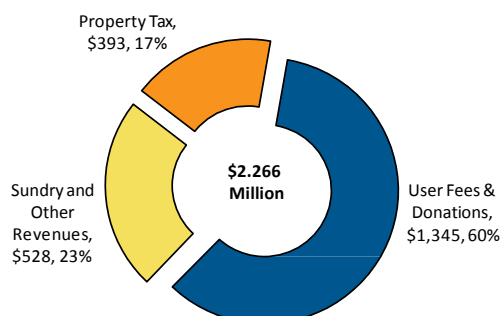


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



Our Key Challenges & Priority Actions

Competition from other Civic Squares

- ✓ In October 2013, City Council considered a report recommending increased strategic alignment between the Program and other Public Squares.
- ✓ The report was referred to the General Manager, Economic Development and Culture, for consideration.
- ✓ In the interim, the Program continues to maintain its primary revenue sources (permit fees, service charges, and sponsorships) while exploring alternate revenue streams.
- ✓ There are no new planned user fees for 2015.

Unpermitted Use of the Square

- ✓ Yonge-Dundas Square continues to monitor unauthorized plans to use the Square to prevent and mitigate issues proactively.
- ✓ In 2015, the Program will also be upgrading its surveillance system and increasing contracted security services.

2015 Operating Budget Highlights

- The 2015 Operating Budget of \$2.266 million gross and \$0.393 million net provides funding to:
 - ✓ 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.

Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2015 Operating Budget for Yonge-Dundas Square of \$2.266 million gross, \$0.393 million net for the following services:

| | Gross | Net |
|-----------------------------|-----------------|-----------------|
| <u>Service:</u> | <u>(\$000s)</u> | <u>(\$000s)</u> |
| Yonge-Dundas Square: | 2,265.6 | 392.9 |
| Total Program Budget | 2,265.6 | 392.9 |

2. City Council approve the 2015 Service Levels for Yonge-Dundas Square as outlined on page 6 of this report, and associated staff complement of 6.5 positions;
3. City Council request the General Manager of Economic Development and Culture to report back in response to "Governance and Policy Framework for Toronto's Public Squares" (EX34.6) to the Executive Committee by June 2015.

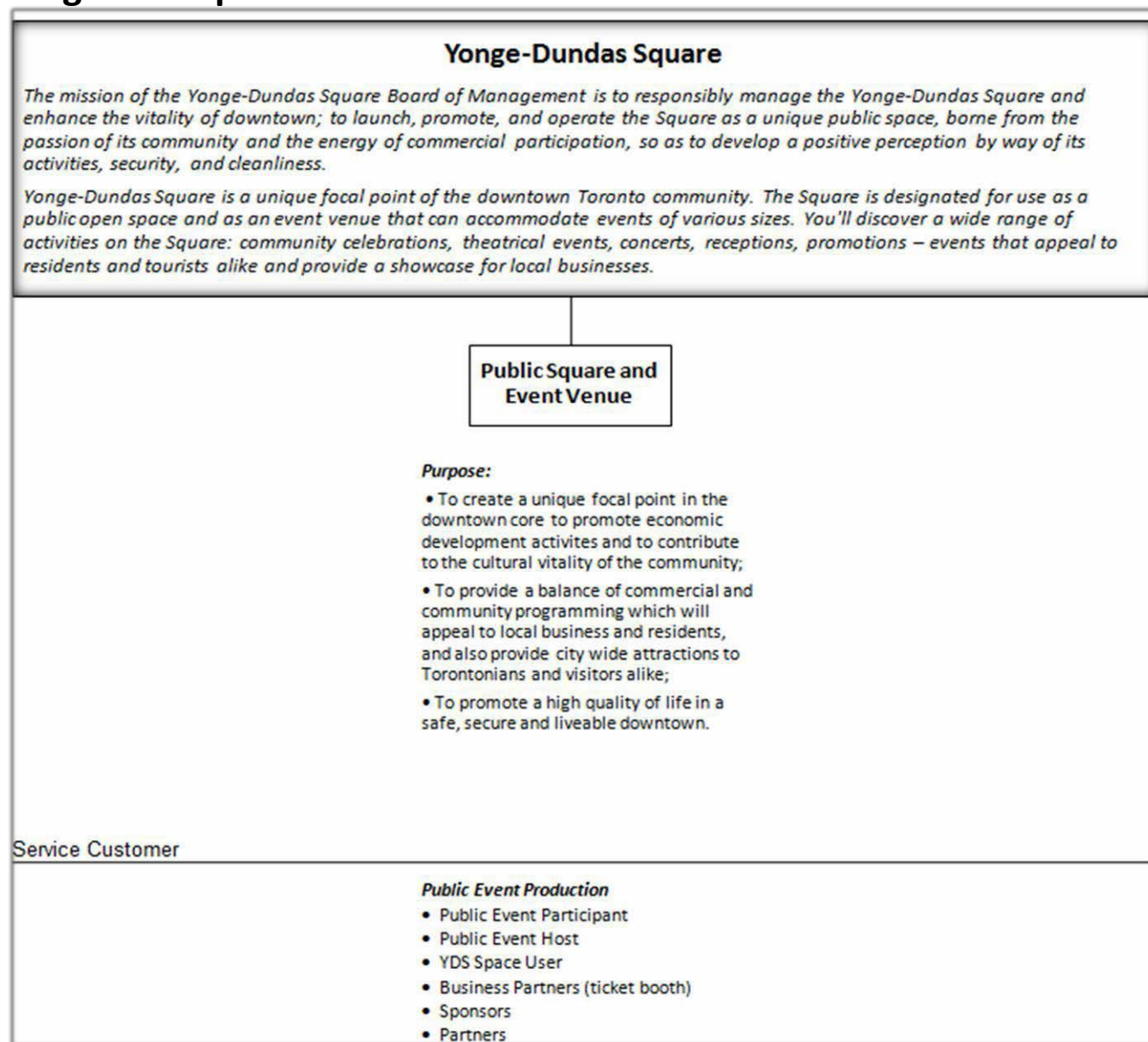


Part I:

2015 – 2017

Service Overview and
Plan

Program Map



2015 Service Levels**Yonge-Dundas Square**

| Activity | Status | Approved Service Levels | | | Approved |
|--------------------------|----------|---|------|------|---|
| | | 2012 | 2013 | 2014 | 2015 |
| 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 |

The 2015 Service Levels are consistent with the Approved 2014 Service Levels.

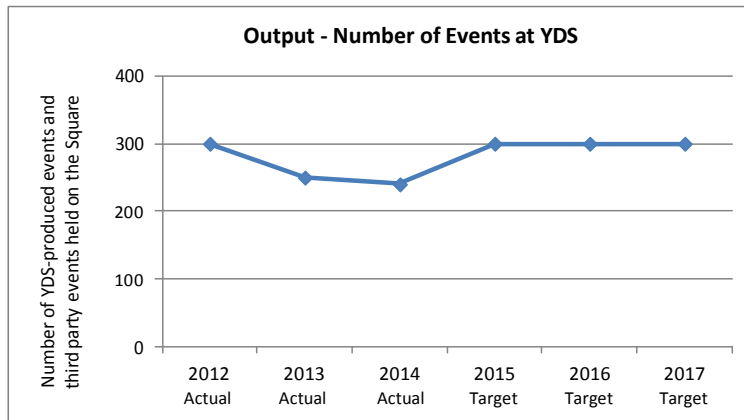
2015 Service Deliverables

The 2015 Operating Budget of \$2.266 million gross and \$0.393 million net for Yonge-Dundas Square will fund:

- Approximately 300 events in 2015.
 - Approximately 264, or 88% of events are scheduled as 3rd party public events year-round including community and private sector events, City events, and major cultural and community events such as NXNE, BuskerFest, Matsuri Japanese Festival and WorldPride Toronto 2014.
 - The other 36, or 12% of events are self-programmed events during the spring, summer and fall.
- Maintenance of the Square and setting aside days for the square to be a piazza. The Board of Management's business strategy sets a goal of holding approximately 300 events (capacity) in 2010 and thereafter, to allow for "fountain days" and downtime for maintenance of the Square during peak and non-peak seasons. Yonge-Dundas Square's business is seasonal and client activity is slow from January to mid-March but heavy from May to October.
- Services including staging, lighting, audio systems, and security that support successful events.

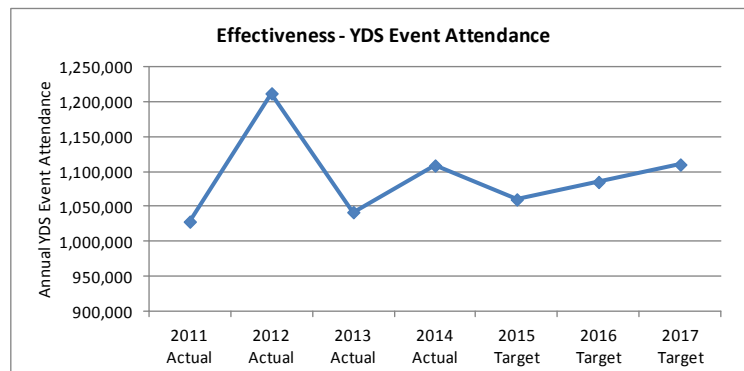
Service Performance

Output – Number of Events at YDS



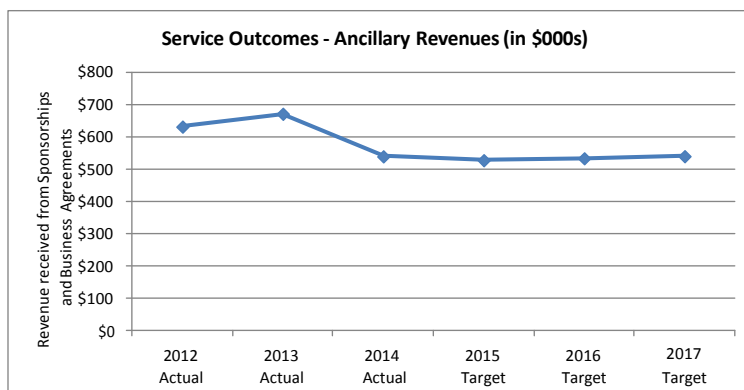
- The number of events held on the Square includes self-produced programmed events and third party events such as community events, private sector events, City events and major cultural festivals.
- In 2013 and 2014, rising levels of competition and unforeseen winter storms negatively affected the number of events held at YDS.
- The Board's mandate is to hold 300 events (capacity) in 2015 and forward.

Effectiveness – YDS Event Attendance



- In 2012, it was an exceptional year for Yonge-Dundas Square with higher than normal traffic in visitor count on the Square.
- In 2013, event attendance has normalized to its regular levels and it is expected that the count will reach 1,110,000 by 2017.
- YDS event attendance: 2014 Actual (1,108,562), 2015 Target (1,060,000), 2016 Target (1,085,000), 2017 Target (1,110,000).

Service Outcomes – Ancillary Revenues



- YDS continues to generate steady levels of ancillary revenue. The years 2012 and 2013 have demonstrated an exceptional performance.
- Ancillary revenue includes sponsorships, signage agreements, kiosk rent, and partnership/supplier agreements. YDS secured new sponsorship agreements and yielded higher kiosk activities.
- YDS Ancillary Revenues: 2014 Actual (\$549,333), 2015 Target (\$528,000), 2016 Target (\$534,000), 2017 Target (\$540,000).

Page 2 includes Yonge-Dundas Square's Efficiency Measure - Contribution by City of Toronto as a % of Overall YDS Operating Costs.

Table 1
2015 Operating Budget and Plan by Service

| (In \$000s) | 2014 | | 2015 Operating Budget | | | 2015 vs. 2014 Budget Approved Changes | | Incremental Change 2016 and 2017 Plan | | | |
|-------------------------------|-----------------|--------------|-----------------------|-------------------|--------------|---------------------------------------|------|---------------------------------------|-------------|------------|-------------|
| | Approved Budget | Actual | 2015 Base | 2015 New/Enhanced | 2015 Budget | | | 2016 | | 2017 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| By Service | | | | | | | | | | | |
| Yonge-Dundas Square | | | | | | | | | | | |
| Gross Expenditures | 2,215.6 | 2,284.3 | 2,265.6 | | 2,265.6 | 50.0 | 2.3% | 5.9 | 0.3% | 6.4 | 0.3% |
| Revenue | 1,822.6 | 1,895.0 | 1,872.6 | | 1,872.6 | 50.0 | 2.7% | 5.9 | 0.3% | 6.4 | 0.3% |
| Total Net Expenditures | 392.9 | 389.3 | 392.9 | | 392.9 | | | 0.0 | 0.0% | 0.0 | 0.0% |
| Approved Positions | 6.5 | 6.5 | 6.5 | | 6.5 | | | | | | |

The 2015 Operating Budget for Yonge-Dundas Square is \$2.266 million gross and \$0.393 million net, or 0% over the 2014 Approved Net Budget due to the following:

- Increases in gross expenditures include Inflationary adjustments, labour costs, security costs and banking charges.
- Pressures on gross expenditures are offset by increased sundry revenue due to new sponsorships, signage agreements and tour bus kiosk.

The 2015 Operating Budget will result in Yonge-Dundas Square maintain its total staff complement at 6.5 positions, as highlighted in the table below:

Table 2
2015 Total Staff Complement

| Changes | 2015 Budget | Plan | |
|--|-------------|------------|------------|
| | Total | 2016 | 2017 |
| 2014 Approved Complement | 6.5 | 6.5 | 6.5 |
| In-year Adjustments | | | |
| Adjusted 2014 Staff Complement | 6.5 | 6.5 | 6.5 |
| Change in Staff Complement | | | |
| Prior Year Impact | | | |
| Operating Impacts of Completed Capital Project | | | |
| Capital Project Delivery | | | |
| Base Changes | | | |
| Service Changes | | | |
| New / Enhanced Service Priorities | | | |
| Total | 6.5 | 6.5 | 6.5 |
| Position Change Over Prior Year | | | |
| % Change Over Prior Year | | | |

The Program's total staff complement will remain the same for the next three years.

The 2015 Operating Budget includes base expenditure pressures of \$0.050 million net, primarily attributable to salary and non-salary inflationary increases which have been partially offset by \$0.050 million net in base revenue adjustments as detailed below:

Table 3
Key Cost Drivers

| (In \$000s) | Total 2015 Base Budget |
|---|------------------------------|
| Gross Expenditure Changes | |
| Prior Year Impacts | |
| N/A | |
| Operating Impacts of Capital | |
| N/A | |
| Economic Factors | |
| Inflationary Adjustments | 6.2 |
| COLA and Progression Pay | |
| Salaries, Benefits, COLA and other wage adjustments | 27.6 |
| Other Base Changes | |
| Banking charges | 6.1 |
| Security | 10.0 |
| Total Gross Expenditure Changes | 50.0 |
| Revenue Changes | |
| Sundry revenue adjustment | 50.0 |
| Total Revenue Changes | 50.0 |
| Net Expenditure Changes | (0.0) |

Key cost drivers for Yonge-Dundas Square are as follows:

- COLA and Progression Pay include \$0.021 million salaries increase (2.25% COLA and 2.65% Merit), and \$0.007 million increase in fringe benefits.
- Security costs are expected to increase by \$0.010 million. This reflects the ongoing concern with regards to the unpermitted use of the Square as well as newly tendered service agreements.
- Increases in the Sundry Revenue include: \$0.025 million in sponsorship, \$0.010 million in signage agreements and \$0.015 million for tour bus kiosk leased to City Sightseeing Toronto.

The 2015 Operating Budget will result in a 2016 incremental net cost of \$0.006 million and a 2017 incremental net cost of \$0.006 million to maintain the 2015 level of service as discussed in the below:

Table 6
2016 and 2017 Plan by Program

| Description (\$000s) | 2016 - Incremental Increase | | | | | 2017 - Incremental Increase | | | | |
|---------------------------------|-----------------------------|---------|-------------|----------|-------------|-----------------------------|---------|-------------|----------|-------------|
| | Gross Expense | Revenue | Net Expense | % Change | # Positions | Gross Expense | Revenue | Net Expense | % Change | # Positions |
| Known Impacts: | | | | | | | | | | |
| N/A | | | | | | | | | | |
| Sub-Total | | | | | | | | | | |
| Anticipated Impacts: | | | | | | | | | | |
| Hydro | 5.0 | | 5.0 | 8.0% | | 5.4 | | 5.4 | 8.0% | |
| Water | 0.9 | | 0.9 | 8.0% | | 0.9 | | 0.9 | 8.0% | |
| Postage | 0.1 | | 0.1 | 3.2% | | 0.1 | | 0.1 | 3.2% | |
| Sundry Revenue | | 5.9 | (5.9) | 0.3% | | | 6.4 | (6.4) | 0.3% | |
| Sub-Total | 5.9 | 5.9 | | | | 6.4 | 6.4 | | | |
| Total Incremental Impact | 5.9 | 5.9 | | | | 6.4 | 6.4 | | | |

Future year incremental costs are primarily attributable to the following:

Anticipated Impacts

- Drivers of the gross expenditure increases are inflationary adjustments being applied to hydro, water and postage in 2016 and 2017.
- Based on the 2014 actual projection, sundry revenue is expected to increase by \$0.006 million in both years 2016 and 2017.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2015 Budget

Revenue Sources - User Fees and Sundry Revenue

- There are no planned user fee increases for Yonge-Dundas Square in years 2015, 2016 and 2017. 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.
- In 2015, Yonge-Dundas Square's sponsorships are expected to be \$0.245 million, or 11% of total revenues for the Program. This represents 11.4% increase from the 2014 level which reflects additional sponsorships secured through events. It will be important for Yonge-Dundas Square to be able to renew their multi-year sponsorship agreements as required to support this important revenue stream in the future.
- Overall sundry revenue is expected to increase by approximately 1.1% year after year in 2016 and 2017 in response to the increased pressures on expenditures.

Competition from Other Civic Squares

- Yonge-Dundas Square 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 the Program to compete for revenues with other civic squares that operate under different business models and fee structures.
- Analysis of comparing cost structures between other civic squares is underway. This analysis will provide insight to the Yonge-Dundas Square management team on other civic squares' operational cost structure and potentially apply other civic squares' processes to Yonge-Dundas Square if deemed appropriate and beneficial.
- 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.
- On October 8, 2013, City Council considered a report, "Governance and Policy Framework for Toronto's Public Squares" (EX34.6) recommending that Yonge-Dundas Square's Board of Management work with the General Manager of Economic Development and Culture to optimize events across Yonge-Dundas Square and the City's other Civic Squares.
 - The report was referred to the General Manager, Economic Development and Culture, for consideration.
 - The General Manager was also directed to meet with staff and Councillors and report back in the spring of 2014 on ways to encourage better use of the City's Public Squares.
 - This report has not yet moved forward.
- It is recommended that the General Manager of Economic Development and Culture to report back in response to "Governance and Policy Framework for Toronto's Public Squares" (EX34.6) to the Executive Committee by June 2015.



Appendices:

Appendix 1

2014 Service Performance

2014 Key Service Accomplishments

In 2014, Yonge-Dundas Square accomplished the following:

- ✓ Yonge-Dundas Square has successfully met the City's mandate of 0% net budget increase, by yielding a actual 0.9% reduction over the net budget for 2014.
- ✓ Successfully maintained consistent growth in its ancillary revenues, outpacing the increased expenditures.
- ✓ Yonge-Dundas Square is well-established as a primary venue for major international festivals as well as multicultural community festivals despite strong competition from other Squares.
- ✓ Continued to operate at a 100% utilization rate during the peak-season.

2014 Financial Performance

2014 Budget Variance Analysis

| (\$000s) | 2012 Actuals | 2013 Actuals | 2014 Approved Budget | 2014 Actuals | 2014 Approved Budget vs. Actual Variance | |
|--------------------|-----------------|-----------------|----------------------------|-----------------|---|--------|
| | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 2,332.2 | 2,305.9 | 2,215.6 | 2,284.3 | 68.7 | 3.1% |
| Revenues | 2,109.6 | 1,875.8 | 1,822.6 | 1,895.0 | 72.4 | 4.0% |
| Net Expenditures | 222.6 | 430.1 | 392.9 | 389.3 | (3.6) | (0.9%) |
| Approved Positions | 6.0 | 6.5 | 6.5 | 6.5 | | |

2014 Experience

Yonge-Dundas Square reported net variance of \$0.004 million or 0.9% below the 2014 Approved Budget for the year ended December 31, 2014.

- ✓ The Square experienced higher than expected revenues from event support services with major events and festivals, partially offset by increased event support costs.
- ✓ The Square also received higher ancillary revenues through sponsorships, signage agreements and tour bus kiosk.

Impact of 2014 Operative Variance on the 2015 Budget

- ✓ The trend in increased ancillary revenues is expected to continue through 2015, namely: sponsorships, signage agreements and tour bus kiosk. Increased demands in these channels are reflected in the 2015 Operating Budget.

Appendix 2

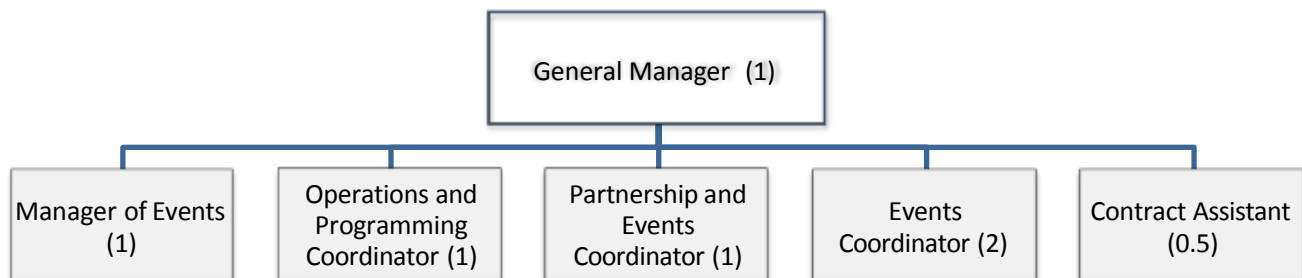
2015 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

| Category of Expense (\$000's) | 2012 | 2013 | 2014 | 2014 | 2015 | 2015 Change from | | Plan | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------|----------------|----------------|
| | Actual | Actual | Budget | Actual | Budget | 2014 Approved | | 2016 | 2017 |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 495.0 | 552.1 | 542.3 | 507.6 | 570.0 | 27.6 | 5.1% | 570.0 | 570.0 |
| Materials and Supplies | 309.6 | 151.8 | 184.1 | 174.3 | 189.5 | 5.4 | 2.9% | 195.3 | 201.6 |
| Equipment | | 8.9 | 40.0 | 28.3 | 40.0 | | | 40.0 | 40.0 |
| Services & Rents | 1,525.3 | 1,594.7 | 1,446.8 | 1,571.7 | 1,463.7 | 17.0 | 1.2% | 1,463.8 | 1,463.9 |
| Contributions to Capital | | | | | | | | | |
| Contributions to Reserve/Res Funds | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | | | 2.4 | 2.4 |
| Other Expenditures | | | | | | | | | |
| Interdivisional Charges | | | | | | | | | |
| Total Gross Expenditures | 2,332.3 | 2,310.0 | 2,215.6 | 2,284.3 | 2,265.6 | 50.0 | 2.3% | 2,271.5 | 2,277.9 |
| Interdivisional Recoveries | | | | | | | | | |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 1,382.5 | 1,313.3 | 1,345.0 | 1,348.7 | 1,345.0 | | | 1,345.0 | 1,345.0 |
| Transfers from Capital Fund | | | | | | | | | |
| Contribution from Reserve Funds | | | | | | | | | |
| Contribution from Reserve | | | | | | | | | |
| Sundry Revenues | 478.9 | 562.5 | 477.6 | 546.3 | 527.6 | 50.0 | 10.5% | 533.6 | 540.0 |
| Required Adjustments | | | | | | | | | |
| Total Revenues | 1,861.4 | 1,875.8 | 1,822.6 | 1,895.0 | 1,872.6 | 50.0 | 2.7% | 1,878.6 | 1,885.0 |
| Total Net Expenditures | 470.9 | 434.2 | 392.9 | 389.3 | 392.9 | 0.0 | 0.0% | 392.9 | 392.9 |
| Approved Positions | 6.0 | 6.5 | 6.5 | 6.5 | 6.5 | | | 6.5 | 6.5 |

Appendix 3

2015 Organization Chart



2015 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

Table 1

Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (\$000s) | Reserve / Reserve Fund Number | Projected Balance as of Dec. 31, 2014 \$ | Withdrawals (-) / Contributions (+) | | |
|---|-------------------------------|---|-------------------------------------|------------------|------------------|
| | | | 2015 \$ | 2016 \$ | 2017 \$ |
| Projected Beginning Balance | | 21,307.7 | 21,307.7 | 962.3 | (8,707.9) |
| Insurance Reserve Fund | XR1010 | | | | |
| <i>Proposed Withdrawals (-)</i> | | | | | |
| <i>Contributions (+)</i> | | | 2.4 | 2.4 | 2.4 |
| Total Reserve / Reserve Fund Draws / Contributions | | 21,307.7 | 2.4 | 2.4 | 2.4 |
| Other Program / Agency Net Withdrawals & Contributions | | | (20,347.8) | (9,672.6) | 1,323.0 |
| Balance at Year-End | | 21,307.7 | 962.3 | (8,707.9) | (7,382.5) |