

# Analyst Briefing Notes

## Budget Committee

(February 10, 2009)

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**PART I: 2009 OPERATING BUDGET****Executive Summary**

- Heritage Toronto celebrates, advocates for, and promotes a greater appreciation of the City of Toronto's rich cultural, architectural, archaeological and natural heritage. Through partnerships with local community groups and volunteers, Heritage Toronto provides city-wide programs and services, such as free neighbourhood walking tours, the annual Heritage Toronto Awards, the William Kilbourn Memorial Lecture, a heritage plaques and markers program and participation in Doors Open Toronto. Heritage Toronto's efforts are also supported by the community through donations from individuals, foundations and corporations.
- Challenges for Heritage Toronto over the next 3 years include:
  - Engaging the community in increasing its participation and awareness of heritage issues;
  - Building and maintaining strong working relationships between the Heritage Toronto staff, and new and existing donors and sponsors;
  - Balancing the increased expectations for advocacy versus the limited availability of staffing and financial resources;
  - Continuing to advocate for heritage preservation in Toronto
- To address these challenges, Heritage Toronto has established the following service objectives and priority actions:
  - To increase the visibility of the agency;
  - To expand and diversify programming;
  - To expand its fundraising and sponsorship base; and
  - To seek and take advantage of creative solutions in delivering programs.

These are to be achieved through initiatives like the Heritage Promotion Campaign, broadcasting Walking Tours through podcasts, an online outreach program, offering lecture series during the winter/fall months, and continuing to install plaques and markers targeting the under-represented areas in Toronto's history and heritage.

- Heritage Toronto projects 2008 year-end net expenditures of \$0.390 million, which is at the 2008 Approved Operating Budget level, resulting in a \$0 net variance. The Program experienced lower than expected donations from individuals for 2008 and adjusted discretionary expenses to meet the 2008 Approved Net Budget.

Table 1: 2009 Recommended Budget

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/ Enhanced	2009 Operating Budget			2010	2011
	(In \$000s)								
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	694.0	610.7	694.0	20.0	714.0	20.0	2.9	0.0	9.0
<b>REVENUE</b>	304.0	220.7	309.0	20.0	329.0	25.0	8.2	10.0	19.0
<b>NET EXP.</b>	390.0	390.0	385.0	0.0	385.0	(5.0)	(1.3)	(10.0)	(10.0)
<b>Approved Positions</b>	6.0	6.0	6.0	0.0	6.0	0.0	0.0	6.0	6.0
<b>TARGET</b>			<b>390.0</b>		<b>390.0</b>				
<b>\$ Over / (Under) Program Target</b>			<b>(5.0)</b>		<b>(5.0)</b>				
<b>% Over / (Under) Program Target</b>			<b>-1.3%</b>		<b>-1.3%</b>				

- The 2009 Recommended Operating Budget for Heritage Toronto is comprised of base funding of \$0.694 million gross and \$0.385 million net and funding for new/ enhanced service priorities of \$0.020 million gross and \$0 net. The 2009 net budget of \$0.385 million is 1.3% below the program target of \$0.390 million.
- The recommended new/ enhanced service priority action represents a one-time expenditure of \$0.020 million for heritage plaques in the South Riverdale Community, secured by a developer contribution through a Section 37 (Planning Act) agreement.
- The 2009 Recommended Operating Budget represents a \$0.005 million or 1.3% net decrease over the 2008 Approved Net Operating Budget. This reduction is attributed to the incremental revenues generated by the Communications Coordinator position approved during the 2007 Operating Budget process.

The Communications Coordinator position was initially approved with the expectation that the position would become self-supporting and that the 2009 Operating Budget net expenditure would be reduced by \$0.050 million, reverting back to the 2006 Approved Budget spending of \$0.340 million net. However, Heritage Toronto now anticipates that this position will only generate \$0.005 million in 2009 and \$0.01 million in 2010 and 2011, respectively. The Program expects to cover the remaining cost of the position by 2014.

- The 2010 and 2011 Outlook maintains the projected 2009 level of service by offsetting cost of living adjustment (COLA) increases for salaries and benefits with increased user fees, donations and corporate sponsorships. 2010 gross expenditures will be reduced by the reversal of the one-time expenditure from the Section 37 funding.
- In accordance with its established practice, Heritage Toronto will absorb the COLA costs on salaries and wages as determined by its Board. The Program will also absorb economic factor increases to meet the 2009 target of a 0% increase over the 2008 Approved Operating Budget.

- The 2009 Recommended Operating Budget allows Heritage Toronto to continue achieving its mandate and purpose set out by City Council, providing funding for heritage education, plaque and awards programs, and providing a venue for public involvement and fundraising. As well, the Program will deliver new heritage plaques in the South Riverdale neighbourhood through the developer contribution funding from the Section 37 agreement.

**Recommendations**

The City Manager and Acting Chief Financial Officer recommend that:

1. the 2009 Recommended Operating Budget for Heritage Toronto of \$0.714 million gross and \$0.385 million net be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Heritage Toronto	714.0	385.0
Total Program Budget	<u>714.0</u>	<u>385.0</u>

**PART II: 3-YEAR SERVICE OVERVIEW AND PLAN**

- Heritage Toronto celebrates and raises awareness of Toronto's architectural, archaeological, natural and cultural heritage through numerous activities by:
  - Delivery of volunteer-led walks around the City;
  - Installing of heritage plaques and markers to commemorate buildings and events important to Toronto's history and heritage: including the Christie Pits riots, Johnny Lombardi, and the Federation of the Jewish Philanthropies;
  - Providing opportunities for the public to dialogue on heritage issues on the newly-redeveloped website;
  - Presenting the Kilbourn Lecture as well as a successful lecture partnership with the Toronto Public Library;
  - Sponsoring the annual Heritage Toronto awards; and
  - Dispensing advice on heritage issues from a community perspective to the City, civic organizations and members of the public.
- The Program delivers its activities as one service as shown in the program map below:

**Program Map****Service Challenges and Opportunities**

- Heritage Toronto faces a number of challenges over the next 3 years in promoting the value and integrity of Toronto's heritage:
  - Engaging the community to increase participation in and awareness of heritage issues;
  - Building and maintaining strong working relationships between the Heritage Toronto staff, and new and existing donors and sponsors;

- Balancing the increased expectations for advocacy with the limited availability of staffing and financial resources;
- Continue advocating for heritage preservation in Toronto;
- Increasing operating costs within a financially constrained environment; and
- Developing new and relevant heritage programming.

### **Service Objectives**

The service objectives set by Heritage Toronto will address the challenges and opportunities outlined above:

- Heritage Toronto is committed to the development of a shared sense of place and memory among the citizens of Toronto, through community involvement. Development of a new website will be a new tool for bringing together the community, as well as further increasing the profile of the agency and heritage issues. The target for 2009 is 60,000 new visitors.
- Walking Tours are an excellent way of educating Torontonians. By developing the walks as podcasts to be made available on the Heritage Toronto website, this will enable the walks to be broadcasted to a wider audience at a lower per capita cost. The content will be developed in-house by volunteers and the Program will receive sponsorship funding to cover production costs.
- Heritage Toronto also plans to offer a lecture series so that the dissemination of heritage information is available to Torontonians all year round. The cost of the initiative will be covered by donations and sponsorships for the required space.
- Plaques and markers from all corners of the City have always provided excellent information about existing buildings and well known sites, people and events. Heritage Toronto will continue to put a strong effort into identifying potential plaque projects about those who are often overlooked when looking at Toronto's history and heritage – First Nations, Women and Multi-Cultural subjects. The cost of casting the plaques will be paid by community sponsorships and donations.

### **Priority Actions**

The 2009 Recommended Operating Budget provides \$0.694 million gross funding for services and activities that allow Heritage Toronto to continue achieving its mandate and purpose as set out by City Council:

- Promoting and educating the public regarding heritage issues (\$0.155 million);
- Organizing and carrying out fundraising drives for the purpose of heritage research, education and the delivery of community-based heritage products and services (\$0.100 million);
- Establishing and managing publicity and public programs, including awards programs (\$0.284 million);

- Serving as a liaison with the heritage community and promoting public awareness of the City's heritage resources (\$0.155 million);
- Serving as a focal point for volunteer sector groups; and
- Assisting and advising in the development of the Heritage Master Plan.

The 2009 Recommended New/ Enhanced service priority funding of \$0.020 million gross and \$0 net provides the Program with funding for heritage plaques within the South Riverdale neighbourhood. The contribution was secured through a Section 37 developer agreement.



## PART III: 2008 BUDGET VARIANCE ANALYSIS

**Table 2: 2008 Budget Variance Review**

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	573.3	694.0	610.7	(83.3)	(12.0)
<b>REVENUES</b>	203.5	304.0	220.7	(83.3)	(27.4)
<b>NET EXP.</b>	369.8	390.0	390.0	0.0	0.0
<b>Approved Positions</b>	6.0	6.0	6.0	0.0	0.0

Source: \* Projected Actuals based on the Sept. 30, 2008 Operating Variance Report

### 2008 Experience

- Heritage Toronto's year-end projection of \$0.611 million gross and \$0.390 million net is at its 2008 Approved Budget level. Expenditures and revenues are forecast at \$0.083 million under budget, resulting in a \$0 net variance. The Program experienced lower than expected donations from individuals for 2008 and adjusted discretionary expenses to meet the 2008 Approved Net Budget.

### Impact of 2008 Operating Variance on the 2009 Recommended Budget

- There are no impacts from the 2008 Operating Variance on the 2009 Recommended Operating Budget. The Program's experience with the lower than budgeted revenue for 2008 is not expected to be repeated in 2009. The Program will continue to monitor revenue and expenditure levels to meet its 2009 Recommended Operating Budget target.

## PART IV: 2009 RECOMMENDED BASE BUDGET

**Table 3: 2009 Recommended Base Budget**

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
			\$	%	2010	2011
	\$	\$			\$	\$
<b>GROSS EXP.</b>	694.0	694.0	0.0	0.0	0.0	9.0
<b>REVENUE</b>	304.0	309.0	5.0	1.6	10.0	19.0
<b>NET EXP.</b>	390.0	385.0	(5.0)	(1.3)	(10.0)	(10.0)
<b>Approved Positions</b>	6.0	6.0	0.0	0.0	6.0	6.0
<b>NET TARGET</b>		<b>390.0</b>				
<b>\$ Over / (Under) Program Target</b>		<b>(5.0)</b>				
<b>% Over / (Under) Program Target</b>		<b>-1.3%</b>				

### 2009 Recommended Base Budget

- The 2009 Recommended Base Budget of \$0.694 million gross and \$0.385 million net represents a \$0.005 million reduction from the 2008 Approved Operating Budget. The 2009 Recommended Base Budget maintains the service levels delivered in 2008 and is 1.3% below the 2009 program target, the 2008 Approved Operating Budget level.
- The additional \$0.005 million in revenues recommended for the 2009 base budget reflects the incremental revenues generated from fundraising by the Communications Coordinator position.
- The Program's staff complement of 6 approved positions remains unchanged from 2008.

### 2009 Key Cost Drivers and Reduction Strategies

- The Communications Coordinator position was approved in the 2007 operating budget process based on the expectation that the position would become self-supporting by 2009 through increased revenues of \$0.05 million. Heritage Toronto now anticipates that this position will generate additional revenues of \$0.005 million in 2009, \$0.01 million each in 2010 and 2011 and will become self-sustaining by 2014.
- In accordance with its established practice, Heritage Toronto will absorb the COLA costs on salaries and wages as determined by its Board.
- Heritage Toronto will not incur merit and step increases in 2009 and will absorb economic factor increases within the approved budget level, resulting in no changes to the gross expenditure level over 2008.

**2010 and 2011 Outlook: Net Incremental Impact**

- The 2010 and 2011 Outlooks maintain the 2009 recommended level of service by offsetting cost of living adjustment increases for salaries and benefits with increased user fees, donations and corporate sponsorships. 2010 expenditures will be reduced by the reversal of the one-time expenditure from the Section 37 agreement.

# **PART V: RECOMMENDED NEW SERVICE PRIORITY ACTIONS**

**Table 4**  
**2009 New / Enhanced Service Priority Actions: Summary**  
**(In \$000s)**

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
<b>Enhanced Services:</b>					
(a) <b>Enhanced Services - Council Approved</b> Heritage Plaques for South Riverdale Community from a Sec 37 agreement	20.0	0.0	0.0	0.0	0.0
(b) <b>Enhanced Services - Program Initiated</b>	-	-			
<b>Sub-Total Enhanced Services</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>New Services:</b>					
(a) <b>New Services - Council Approved</b>					
(b) <b>New Services - Program Initiated</b>					
<b>Sub-Total New Services</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total New/Enhanced Services</b>	<b>20.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## **2009 Recommended New / Enhanced Service Priority Actions**

### **Enhanced Service Priority Actions – Council Approved**

The Recommended Enhanced Service priorities, totalling \$0.020 million gross and \$0 net, provides for a one-time expenditure for heritage plaques in the South Riverdale community. A cash contribution of \$0.020 million to Heritage Toronto was secured through a Section 37 (Planning Act) agreement arising from a development at 201 Carlaw Avenue. The Section 37 agreement specifies that the funding be given to Heritage Toronto for a Historical plaque fund for heritage plaques for the South Riverdale community. The sites and content for the heritage plaques will be chosen in consultation with the Riverdale Historical Society. The contribution has been received by the City and is currently held in the Section 37 Reserve Fund.

**PART VI: ISSUES FOR DISCUSSION****2009 Budget Issues****2009 Recommended Operating Budget vs. Guideline**

The 2009 Recommended Operating Budget of \$0.385 million net is \$0.005 million or 1.3% below the 2009 program target which was the 2008 Approved Operating Budget. This reduction is attributed to increased corporate sponsorships generated by the Communications Coordinator position approved during the 2007 operating budget.

The Communications Coordinator position was planned to be self-supporting through increased revenues of \$0.050 million which would have had the effect of reducing the 2009 Operating Budget net expenditure to \$0.340 million. However, Heritage Toronto now anticipates that this position will only generate incremental revenues of \$0.005 million in 2009, requiring 5 additional years for the position to become self-supporting in 2014.

In accordance with established practice, Heritage Toronto will absorb the COLA from its salaries and wages and will not be requesting any additional funds from the City with respect to the 2009 collective bargaining settlement. Heritage Toronto will not incur any merit and step increases in 2009 and will absorb economic factor increases within the approved budget level, holding the 2009 gross expenditure total at the 2008 level. Any further reductions to expenditures would negatively impact service levels.

## Appendix A

## 2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
<b>2008 Council Approved Operating Budget</b>	<b>6.0</b>	<b>693.8</b>	<b>304.0</b>	<b>389.8</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments		0.2		0.2		
Corporate adjustments						
<b>2008 Approved Operating Budget</b>	<b>6.0</b>	<b>694.0</b>	<b>304.0</b>	<b>390.0</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts						
Zero base items						
Economic factors						
<b>Adjusted Base Budget</b>	<b>6.0</b>	<b>694.0</b>	<b>304.0</b>	<b>390.0</b>	<b>0.0</b>	<b>0.0</b>
Other base changes						
Base revenue changes			5.0	(5.0)	(10.0)	(10.0)
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
<b>Total Recommended Base Adjustments</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>	<b>(5.0)</b>	<b>(10.0)</b>	<b>(10.0)</b>
<b>2009 Recommended Base Budget</b>	<b>6.0</b>	<b>694.0</b>	<b>309.0</b>	<b>385.0</b>	<b>(10.0)</b>	<b>(10.0)</b>
<b>2009 Program Operating Target</b>				<b>390.0</b>		
<b>% Over (Under) Program Target</b>				<b>-1.3%</b>		
<b>% Over (Under) 2008 Appvd. Budget</b>				<b>-1.3%</b>		

**Appendix C**

**Summary of 2009 Recommended New/Enhanced  
Service Priority Actions**

## Appendix D

### Program Summary by Expenditure Category

(in \$000's)

	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	483.0	440.0	483.0	0.0	0.0%	497.0	512.0
Materials and Supplies	77.0	90.0	77.0	0.0	0.0%	79.0	80.0
Equipment							
Services & Rents	133.0	79.7	133.0	0.0	0.0%	137.0	140.0
Contributions to Capital							
Contributions to Reserve/Res Funds	1.0	1.0	1.0	0.0	0.0%	1.0	1.0
Other Expenditures			20.0	20.0	100.0%	0.0	0.0
Interdivisional Charges							
<b>TOTAL GROSS EXPENDITURES</b>	694.0	610.7	714.0	20.0	2.9%	714.0	733.0
Interdivisional Recoveries							
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations	184.0	113.0	184.0	0.0	0.0%	199.0	213.0
Transfers from Capital Fund							
Contribution from Reserve Funds			20.0	20.0	100.0%	0.0	0.0
Contribution from Reserve							
Sundry Revenues	120.0	107.7	125.0	5.0	4.2%	140.0	155.0
<b>TOTAL REVENUE</b>	304.0	220.7	329.0	25.0	8.2%	339.0	368.0
<b>TOTAL NET EXPENDITURES</b>	390.0	390.0	385.0	(5.0)	(5.3%)	375.0	365.0
<b>APPROVED POSITIONS</b>	6.0	6.0	6.0	0.0	0.0%	6.0	6.0



## Appendix E

### Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	28,050.4	1.0	1.0	1.0
Section 37 Reserve Fund	XR3026	37,849.3	(20.0)	0.0	0.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(19.0)</b>	<b>1.0</b>	<b>1.0</b>