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Town of Aurora

General Committee Report

No. CMS23-031

Subject: Aurora Town Square Update

Prepared by: Phil Rose, Manager of Cultural Services

Department: Community Services

Date: July 4, 2023

Recommendation

1. That Report No. CMS23-031 be received; and
2. That the recommended operating plan financial strategy for Town Square be included in the proposed 2024 Budget for Council's review and approval; and
3. That Council approve in advance of the 2024 operating budget a new full-time IT Support/Technical Production position in support of Town Square's operations to be funded through operational budget savings to be achieved through a planned reduction to the Aurora Public Library's ongoing funding requirements.

Executive Summary

This report provides an update on Aurora Town Square, including the 2024-2026 operating budget, financial strategy, and staffing considerations.

- With the opening of Town Square in 2024, expenses will increase as the facility becomes operational
- Town Square's total annual incremental net operating requirements are estimated to be \$1,070,000
- There has been an incremental approach to the onboarding of staff to limit salary and benefit expenses during the start-up period

Background

The original Town Square business plan and financial strategy were approved in March 2019. The financial strategy estimated that the net annual operating costs for Town Square would be \$720,000. The strategy proposed a phasing in of the operating budget impact over three years (2019, 2020 and 2021) to ensure that the \$720,000 was fully funded prior to the opening of Town Square.

Incremental Net Operating Costs for Town Square

Fiscal Year	Phased in Amount
2019	240,000 or 0.5% tax levy impact
2020	240,000/0.5%
2021	240,000/0.5%
Total	720,000

The business plan and financial strategy also assumed that Town Square would operate under a Municipal Services Board (MSB) Model, whereby Council would delegate authority to an independent board to operate Town Square. All existing Town funding for the Aurora Cultural Centre (ACC), Aurora Museum & Archives (AMA), and Facility Maintenance (for Library and 22 Church) was to be pooled, and it was assumed that the independent board would receive revenue from rentals, program registration, sponsorship, ticket sales, staff recoveries, and more.

Following an in-depth governance review, the MSB Model was eventually abandoned in favour of the Not-for-Profit/Municipal Hybrid Model, which was approved in June 2020. Under this model, the ACC would continue to provide cultural services to the community under a Provision of Cultural Services Agreement and Lease Agreement with the Town, while the AMA would continue to provide heritage and museum services, and the Library would offer a range of experiential programs focused on learning, literary arts, and more.

In addition to transitioning to the Hybrid Model, key components were added to Town Square following approval of the original business plan and financial strategy, including:

- Bridge
- Water feature
- Skating loop

- Library improvements:
 1. New façade and elevator
 2. Two program rooms
 3. Boardroom
 - Reading garden
 - Corridor

These additions enlarged Town Square by over 10,000 sq. ft. The adoption of the Hybrid Model, as well as the expansion of Town Square's physical footprint, compounded by COVID-19 and inflation, led to a reassessment of Town Square's operating budget.

In March 2022, Council approved the conversion of the Manager of Aurora Town Square and Marketing Creative Specialist contract positions to permanent positions. In June 2022, Council also approved the recruitment of a fulltime Facility Crew Lead, full-time Customer Service Representative, and the allocation of Town Square operating funding for a Technical Production position role.

Analysis

With the opening of Town Square in 2024, expenses will increase as the facility becomes operational

Expenses for salaries and benefits, marketing and communications, programming, and maintenance will increase once the facility launches in early 2024. The intent is to introduce a series of programs and performances immediately upon opening and to gradually scale up over the first three years, so that by 2026 the Town will be approaching its peak programming and rental capacity. By 2026, staff project the Town will host between 15 and 20 performances in the Performance Hall, run approximately 80 educational programs and administer over 100 rental bookings annually for the various spaces that comprise ATS. These projections do not include the programs and performances provided by the ACC or other community groups.

In planning for the first year of operations, the following decisions and assumptions have been made based on the adoption and implementation of the Hybrid Model:

- The Town will assume responsibility for facility maintenance, IT delivery, customer service, bookings and rentals, box office administration, program registration, café and concession services, and some programming, including community events.
- To support the ACC, the Town will provide many of the services listed above at no charge, such as facility maintenance, including room setup or take down, and

IT delivery. The Town will recover some expenses associated with the box office and usage of the Town's program registration software.

- The ACC will continue to provide base programming focused on performing arts, visual/fine arts, crafts, arts education, camps and community events.
- The ACC may expand their existing services to include Front of House and Technical Production for all of Town Square.
- The ACC will become the main programmer of the Performance Hall and Visual Arts Studio and will continue to have access to their traditional spaces in the Church Street School, including the galleries, art activity room, and Brevik Hall.
- Access to a greater variety of custom-built spaces for performances and programs will increase the ACC's revenue potential.

Town Square's total annual incremental net operating requirements are estimated to be \$1,070,000

When creating the revised Town Square operating budget, a number of factors contributed to the increased annual incremental net operating requirements, including the following:

- The original net annual operating costs of \$720,000 were not subject to an inflationary increase since their inclusion in the operating budget in 2019. As a result, this amount has foregone approximately \$75,500 in inflationary increases from 2019 to 2023.
- As detailed above, the 2019 financial strategy did not account for the 10,000+ sq. ft. (or 12% more space) subsequently added to the project that contributed to higher annual facility maintenance costs of approximately \$160,000, not including the additional staff salaries required to operate the expanded facility.
- The adoption of the Hybrid Model meant that the Town's projected income would be lower by approximately \$245,000 as revenue will now be shared by the Town and ACC.

Taking these factors into consideration, the additional operating pressures equal close to \$500,000, however, staff believe this can be reduced to \$350,000 by operating Town Square in a lean and efficient manner. As shown in Attachment 1, the total annual incremental net operating requirements are estimated to be \$1,070,000 by 2026. Once the already earmarked amount of \$720,000 within the approved operating budget is considered, staff recommend that the remaining new pressure of \$350,000 be addressed through a similar multiyear funding strategy to what was used previously (i.e., phased into the operating budget over a three-year period). Under the proposed funding strategy, this pressure would be fully funded by the tax levy by 2026; in the

interim any shortfalls will be funded from past unused ATS funding that is being held within the tax rate stabilization reserve.

There has been an incremental approach to the onboarding of staff to limit salary and benefit expenses during the start-up period

To minimize salary expenses during Town Square’s start-up period, staff have been strategic in determining which positions are needed immediately and which ones can be onboarded as demand for space and programming increases. By 2026, the proposed Town Square staffing complement is presented in Table 1.

**Aurora Town Square Staffing
Table 1**

FTE	Position
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Already Approved

1	Manager
1	Marketing & Communications Specialist
1	Customer Service Representative
1	Crew Leader
1	Technical Production Specialist

Proposed *NEW* Positions

1	IT Support/Technical Production (2023)
1	Customer Service Representative (2024)
2	Facility Maintenance staff (2024)
2	Facility Operators (2024)
	PT Customer Service Representative (2024)

In addition to the staff listed above, there are 2.5 existing FTEs funded from the AMA budget that will also contribute to Town Square programming, including the Cultural Development Coordinator, Collection & Exhibitions Coordinator, and Museum Assistant.

Seasonal staff, such as program instructors and camp assistants, will be recruited as needed.

To be ready for opening in early 2024, staff are recommending that the following additional positions be brought forward as part of the 2024 budget process:

- 1 FT Customer Service Representative

- 2 FT Maintenance Staff
- 2 FT Facility Operators
- PT Customer Service Representatives

Additionally, staff recommend that Council approve the proposed IT Support/Technical Production position which will be responsible for IT support, A/V and technical production responsibilities at Town Square in advance of the 2024 operating budget approval. If approved, this position will be funded through operational budget savings to be achieved through a planned reduction to the Aurora Public Library's ongoing funding requirements. Staff recommend that the recruitment for this position begin immediately.

Advisory Committee Review

On June 13, 2023, staff presented to the Finance Advisory Committee regarding the 2024-2026 Town Square operating budget and their comments have been incorporated into this report.

Legal Considerations

None.

Financial Implications

Aurora Town's Square's projected net operating requirements up to 2026 are presented in Attachment 1. Staff recommend that the identified \$350,000 incremental operating pressure be phased in over a three-year time period commencing in 2024. In the interim any shortfalls will be funded from past unused ATS funding that is being held within the tax rate stabilization reserve. Staff's final recommended funding strategy for this pressure will be included the 2024 proposed operating budget which will be presented to Council for its review and approval in the fall.

All proposed new staffing for ATS will be included in the Town's upcoming multi-year budget. It is recommended that the proposed IT Support/Technical Production position receive early approval in 2023 which will allow for the recruitment of this position. All proposed new staffing for the ATS has been considered within the noted net \$350,000 pressure.

Communications Considerations

The Town will inform residents about the information in this report by posting it to the Town's website. Additionally, the Communications division will promote any new open positions approved by Council through the Town's regular communications channels.

Climate Change Considerations

The recommendations from this report do not impact greenhouse gas emissions or impact climate change adaptation.

Link to Strategic Plan

Aurora Town Square supports the following Strategic Plan goals and key objectives:

Supporting an exceptional quality of life for all in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- Invest in sustainable infrastructure
- Celebrating and promoting our culture
- Encourage an active and healthy lifestyle
- Strengthening the fabric of our community

Enabling a diverse, creative, and resilient economy in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- Promoting economic opportunities that facilitate the growth of Aurora as a desirable place to do business

Alternative(s) to the Recommendation

1. Council may provide further direction.

Conclusions

The report provides an update on Town Square's operating budget for 2024-2026 and recommends that the operating plan financial strategy laid in the report, including staff identified for 2024 recruitment, be advanced to the upcoming budget process. The report also seeks approval for the re-allocation of Aurora Public Library operating

funding to support the recruitment of IT Support/Technical Production staff for Town Square.

Attachments

1. 2026 Town Square Operating Budget

Previous Reports

CMS19-009, Library Square Proposed Operating Plan, March 21, 2019

FS19-012, Library Square – Financial Strategy, March 21, 2019

CMS20-008, Library Square Governance Review, March 3, 2020

CMS20-012, Library Square Governance Review, June 16, 2020

CMS20-026, Library Square Governance Review, November 3, 2020

CMS21-022, Library Square Governance Update, June 15, 2021

CMS21-029, Aurora Town Square Governance Update, September 21, 2021

CMS22-010, Aurora Town Square Governance – Town Staffing Update 1 – March 1, 2022

CMS22-029, Aurora Town Square Governance – Town Staffing Update 2, June 21, 2022

Finance Advisory Committee Memo, Aurora Town Square Budget Update, June 13, 2023

Pre-submission Review

The report was reviewed by the CAO and Director of Community Services on June 20, 2023.

Approvals

Approved by Robin McDougall, Director, Community Services

Approved by Doug Nadorozny, Chief Administrative Officer