



WATERFRONToronto

# Parks Operations and Maintenance Funding Strategy

June 12<sup>th</sup>, 2008

Board of Directors Meeting

# The Impetus

As a public agency, do we;

- Pay for building parks and turn over all maintenance responsibility to the City, or,
- Build an integrated approach to operations and maintenance in our park designs and budgets to ensure the long term viability of our assets and alignment with our Sustainability mandate.



# The Parks Operations and Maintenance Funding Strategy

## Phase One

- In March 2007, Waterfront Toronto, with the City of Toronto Waterfront Secretariat, issued an RFP for a Waterfront Parks Operations and Maintenance Funding Strategy.
- The proponent was tasked to develop a “rule of thumb” for estimating the annual cost of parks O&M, identify revenue sources separate from the City’s general revenues, and describe the characteristics of an entity that could be used to collect revenues and devote them to their intended task.

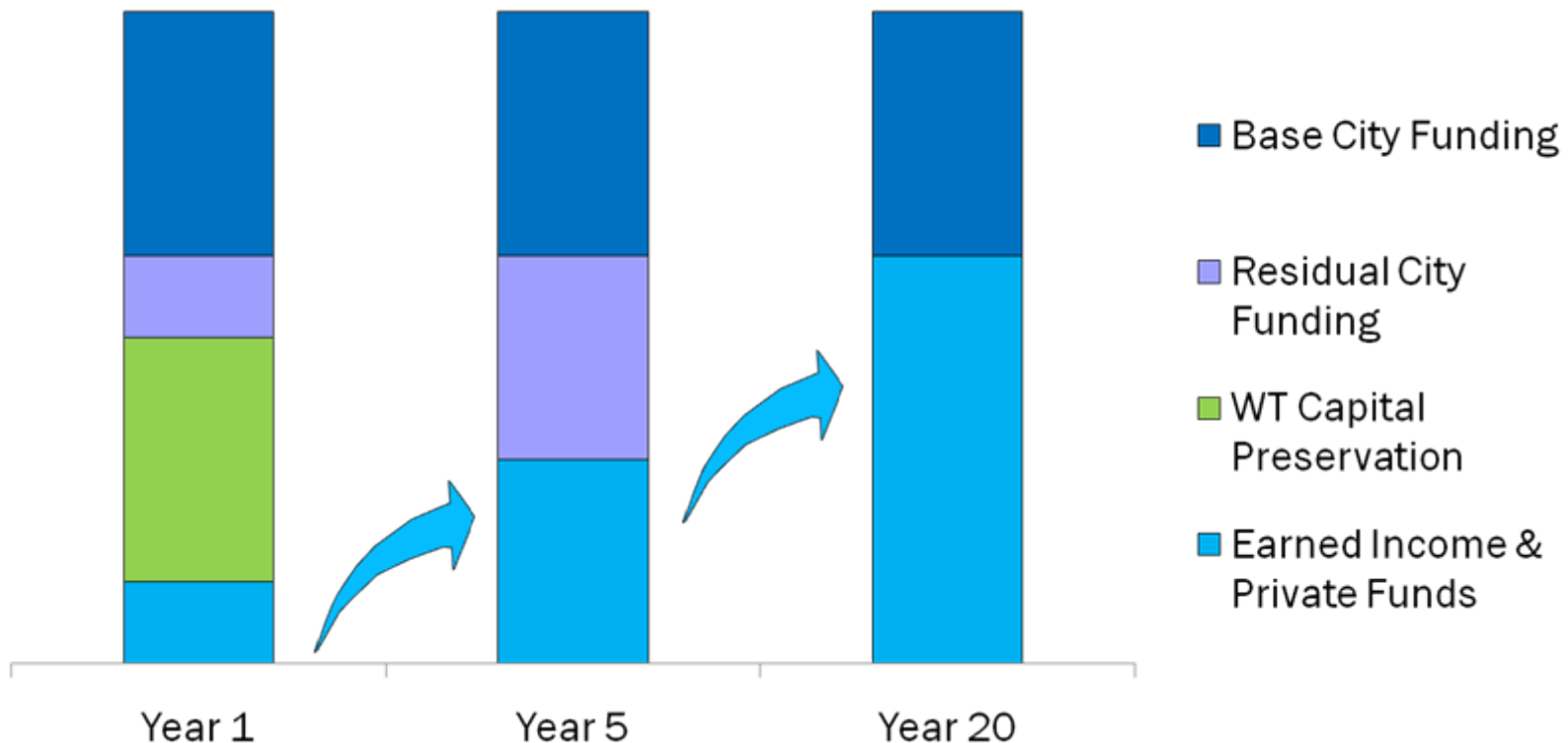
## Results

- On a “present value” basis, O&M costs for the first 20 to 30 years of a park’s existence may equal or exceed the initial capital investment.
- Utilizing a percentage of capital methodology, HR&A recommended assuming that total O&M costs will range from 7-10% of the capital cost, per year including;
  - routine maintenance 4-5%,
  - park programming 1-2% and
  - capital preservation replacement 2-3%.

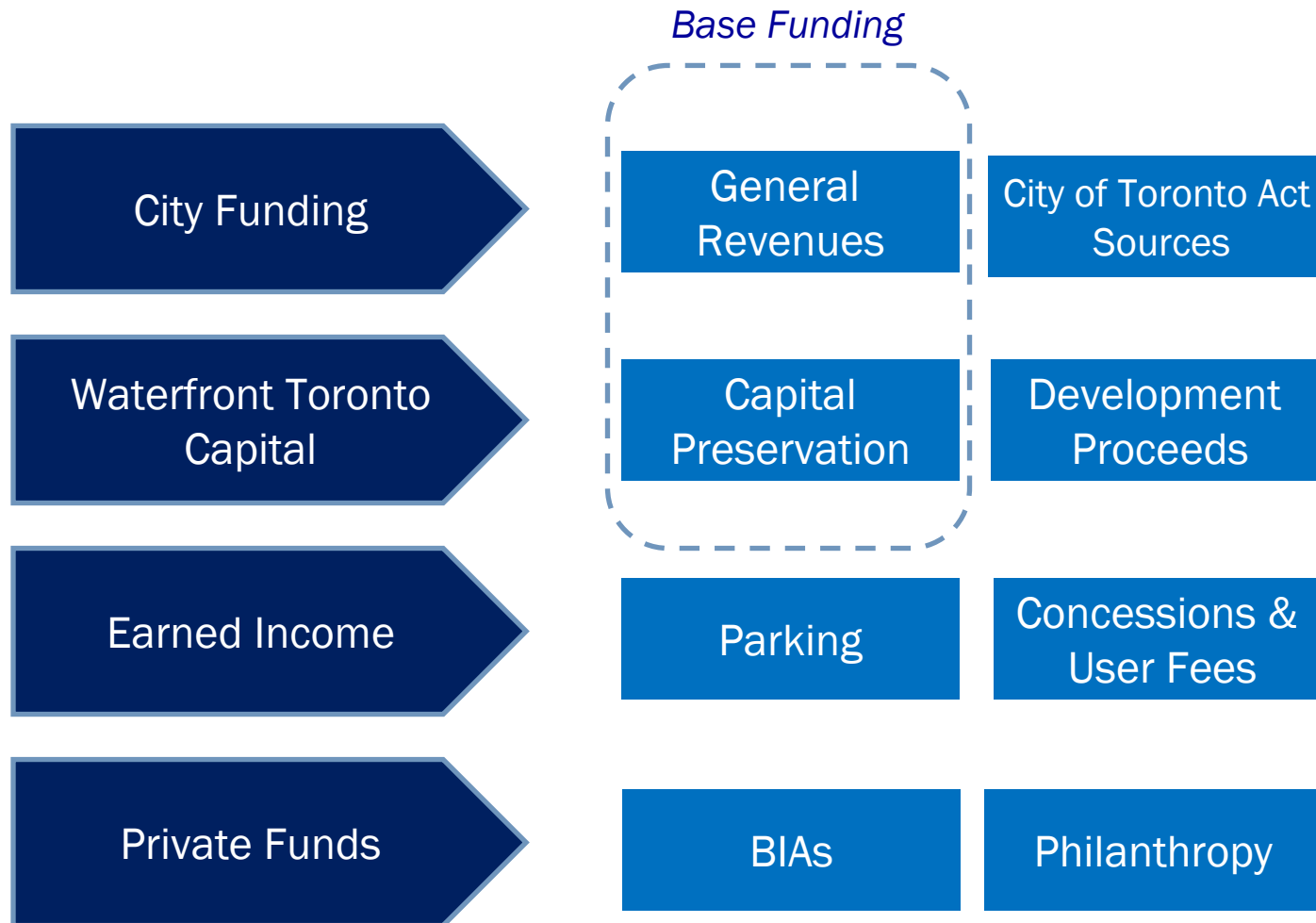
## Public funding provides a stable base

Philanthropy, sponsorship, BIA's and on-site earned income will take time to develop and ramp up.

- Base City Funding remains constant
- Earned Income and Private Funds expand to replace WT and Residual City Funding



# Sources of potential revenue studied



# Our Strategy

## Operations and Maintenance Plan Components

- Base funding from the City of Toronto
- Base funding from Waterfront Toronto in the form of “capital preservation”
- Create an arms-length Waterfront Parks Foundation
- Create an umbrella Conservancy
- Create BIA’s early in the new waterfront neighbourhoods
- Integrate O&M considerations into the parks planning process for new parks and undertake a business planning process that will identify and maximize on-site earned income.

# Synergies

- Linkage with a Philanthropy and Sponsorship strategy in the form of legacy funding - “One Ask”.
- Avoids competition for philanthropic dollars.
  - For example, 15 cents from every dollar donated could be put towards operations and maintenance, with the remaining 85 cents going towards capital.

## Next Steps

- Approval from our funding partners to include operations and maintenance funding in the form of “capital preservation” for parks in the Long Term Plan.
- This will constitute 3% of the capital budget over a period of five years, for a total of 15% of each park’s Capital budget.