
BRIEFING NOTE – Application of OMERS Savings to the Toronto Zoo’s Capital and Operating Budgets

Issue:

The Budget Advisory Committee, at its meeting on July 4, 2005, referred the Toronto Zoo’s request to apply its accrued OMERS savings to its 2006 and future Capital and Operating Budgets to its wrap up meeting on November 17, 2005.

Background:

During the OMERS contribution holiday, all City agencies were required to set aside their savings so that excess funds could be applied to corporate priorities, such as capital financing. In 2005, the City invoiced the Zoo for the total balance of its OMERS savings, \$3.321 million.

The Toronto Zoo is requesting that, rather than return the funds to the City, the \$3.321 million that it presently holds be used to reduce the pressures on its Capital Works Program and its Operating Budget.

Key Points:

The Toronto Zoo is looking to allocate the savings of \$3.321 million as follows:

- \$2.0 million for its 2006 and 2007 Capital Budgets to allow the Zoo to begin construction of the initial Tundra phase of the North Zoo Site Redevelopment Project;
- \$0.785 million to fund the Job Evaluation component of its 2005-2009 collective agreement;
- \$0.400 million to replenish the Animal Transaction Reserve Fund; and
- \$0.136 million to increase the Zoo Stabilization Reserve Fund.

Discussion:

- The Zoo’s request would preclude the City from applying these savings to capital financing.
- The application of the \$2.0 million would allow the Zoo to complete the Tundra and Detailed Design phases of the North Zoo Site Redevelopment Project, without committing the Program to the rest of the Project.
 - Completing “The Tundra” exhibit would allow for the first major opening in four years, thereby stimulating visitor interest.
 - The Zoo’s request would provide sufficient lead time to evaluate potential external funding sources and to initiate fundraising efforts for future phases of the project.
 - The application of the \$2.0 million would entail a recasting the 5-Year Capital Plan (see pg. 2). While the re-phased Plan would address some of the Zoo’s service improvements and state-of-good repair issues, others would need to be deferred in order to remain within the City’s prescribed annual debt targets.

- Since collective agreement requirements are funded by the City, applying the \$0.785 million to the Zoo's job evaluation obligation will reduce the pressure on the Zoo's 2006 and future years operating budgets.
- As a result of increasing funding requirements for animal transactions in recent years, the Animal Transaction Reserve Fund is expected to be fully depleted by the end of 2005. The transfer of \$0.400 million to the reserve will provide sufficient funds for future animal acquisitions.
- The infusion of \$0.136 million into the Zoo Stabilization Reserve Fund will allow the Program to apply funds as required for special projects as well as to fund unforeseen deficits arising from operations.

TORONTO ZOO					
2006-2010 CAPITAL WORK PROGRAM - DEBT REPHASING					
	2006	2007	2008	2009	2010
Revised 5-Year Plan (New Debt)	5,500	6,190	5,500	5,500	5,500
Proposed Adjustments:					
Building & Services	(1,464)	(1,934)	(1,932)	1,343	145
Exhibit Refurbishment	(500)	(500)	(497)	193	
Grounds & Visitors		31	(263)		(145)
Information Systems		(405)	(420)		
Food Services	154	(395)	241	-	-
Kids Zoo Barn	(238)				
Animal Health Centre			(392)	(1,536)	
North Zoo Site (New Debt)	2,048	5,203	3,263		
Net New Debt (pre-OMERS Allocation)	5,500	8,190	5,500	5,500	5,500
OMERS Allocation		(2,000)			
Proposed New Debt	5,500	6,190	5,500	5,500	5,500

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