

Analyst Briefing Notes

Economic Development and Parks Committee

January 16, 2006

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Contacts: Judy Skinner, Manager, Financial Planning Division
Tel: (416) 397-4219

Dennis Carter, Senior Financial Planning Analyst
Tel: (416) 397-4298

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PART I: 2006 OPERATING BUDGET OVERVIEW

Table 1: 2006 Proposed Budget

	2005		2006 Proposed Operating Budget			Change 2006 Proposed from 2005 Budget		FY Incremental Outlook	
	2005 Approved Budget	2005 Proj Act.	2006 Proposed Base	2006 New Council Priorities	2006 Proposed Op. Bud.	\$	%	2007	2008
(In \$000s)	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	12,618.1	12,548.1	12,609.7	3,250.0	15,859.7	3,241.6	25.7	(3,302.0)	
REVENUE	3,666.2	3,596.2	3,456.2	1,750.0	5,206.2	1,540.0	42.0	(1,800.0)	
NET EXP.	8,951.9	8,951.9	9,153.5	1,500.0	10,653.5	1,701.6	19.0	(1,502.0)	0.0
Approved Positions	146.7	146.7	147.0	1.0	148.0	1.3	0.9	(1.5)	
TARGET			9,130.9						
\$ Over / (Under) Program Target			22.6						
% Over / (Under) Program Target			0.2%						

Executive Summary

- The 2005 projected year-end net expenditure of \$8.952 million is at the 2005 Approved Budget.
- Culture's 2006 Proposed Budget of \$10.654 million net is comprised of \$9.154 million net for Base funding and \$1.500 million net for New Council Priority services and is 19.0% higher than the 2005 Approved Budget.
- The 2006 Proposed Base Budget is \$0.023 million or 0.2% over the Base Budget Target.
- \$3.250 million gross and \$1.500 million net, for Year of Creativity, has been removed from the base budget and reclassified as a New Council Priority service for which funding is proposed to implement the second year of this 2 year special initiative. \$0.150 million is proposed as a partial funding offset from the Tourism Toronto Savings of \$531,000 (see page 10 – 12).
- The 2007 incremental decrease of \$1.502 million net arises from the reduction of \$0.002 million the Waste Diversion Initiative and the \$1.500 million reduction arising from the completion of Year of Creativity.

Recommendations

It is recommended that:

- (1) the Culture 2006 Proposed Operating Budget of \$15.860 million gross and \$10.654 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Art Services	1,732.1	1,362.1
Cultural Development	8,528.0	5,126.6
Heritage Services	5,599.6	4,164.8
	<hr/>	<hr/>
Total Program Budget	<u>15,859.7</u>	<u>10,653.5</u>

- (2) the Year of Creativity initiative with a 2006 cost of \$3.250 million gross and \$1.500 million net, be approved subject to securing \$1.750 million in revenue from Provincial, Federal and other sources;
- (3) \$0.150 million of savings from the elimination of the contribution to Tourism Toronto be reallocated to partially offset the City's net \$1.5 million cost for year 2 of the Year of Creativity, and
- (4) the Deputy City Manager and Chief Financial Officer, City Solicitor, and Deputy City Manager responsible for Culture are requested to report to Budget Advisory Committee during the 2006 Operating Budget review process on the use of the Harbourfront Reserve Fund for Music Garden programming.

PART II: BASE BUDGET

Section A: 2005 Budget Variance Analysis**Table 2: 2005 Budget Variance Review**

	2004 Actuals	2005 Approved Budget	2005 Projected Actuals *	2005 Approved vs Projected Actuals Variance Over / (Under)	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	13,185.7	12,618.1	12,548.1	70.0	0.6
REVENUES	4,239.6	3,666.2	3,596.2	70.0	1.9
NET EXP.	8,946.1	8,951.9	8,951.9	0.0	0.0
Approved Positions	154.7	146.7	146.7	0.0	0.0

*Projected Actual expenditures to year-end based on 3rd Quarter Variance Report

2005 Experience

Culture's Third Quarter projected actual to year-end is \$8.952 million net and is at the 2005 Approved Budget. The \$0.070 million projected shortfall in revenue will be offset by a \$0.070 million reduction in projected expenditures.

Impact of 2005 Operating Variance on 2006 Proposed Budget

Culture's 2005 Operating Variance has no impact on the 2006 Proposed Operating Budget.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

(In \$000s)	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change 2006 Proposed Base v. 2005 Approved Budget		FY Incremental Outlook	
				\$	%	2007	2008
GROSS EXP.	12,618.1	15,909.7	12,609.7	(8.4)	(0.1)	(52.0)	
REVENUE	3,666.2	5,206.2	3,456.2	(210.0)	(5.7)	(50.0)	
NET EXP.	8,951.9	10,703.5	9,153.5	201.6	2.3	(2.0)	0.0
Approved Positions	146.7	149.0	147.0	0.3	0.2	(0.5)	
NET TARGET			9,130.9				
\$ Over / (Under) Program Target			22.6				
% Over / (Under) Program Target			0.2%				

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$9.154 million net represents a 2.3% increase above Culture’s 2005 Approved Base Budget.
- Culture’s 2006 Proposed Base Budget is \$0.023 million or 0.2% over its 2% target of \$9.131 million.
- \$3.250 million gross and \$1.500 million net, for Year of Creativity, has been removed from the base budget since special project funds are not part of the base budget (see page 9).
- The request to increase the Base Budget by \$0.050 million for unachievable gapping is not proposed. The request to increase the Base by \$0.035 million to improve maintenance and janitorial services is proposed, requiring a service level agreement between Culture and Parks, Forestry and Recreation including an interdivisional charge/recovery to support the agreement.
- \$0.50 million gross and zero increase for Relocation of the Guild Collection and .5 positions and \$0.050 gross and net and 0.3 positions for Waste Diversion are proposed, for a total of \$0.100 million gross and \$0.050 million net and 0.8 positions.

2006 Key Cost Drivers

- Prior year impacts, particularly the impact of one-time increases in 2005 produce an incremental reduction of net expenditures of \$0.050 million.
- Cost-of-living adjustments (COLA) for 2006 are non-discretionary expenditures that result in increased net of \$0.173 million. Other compensation adjustments in 2006 increased net by \$0.249 million.
- Inflationary increases of \$0.108 million are included in the 2006 Proposed Base Budget.
- An increase of \$0.015 million for the relocation of Carriages in the Coach House of Colborne Lodge is proposed as part of the major capital restoration.

**Table 4: Summary of Proposed Base Budget Changes
From 2005 Approved Budget**

	Summary of 2006 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2007	2008
(\$000's)		\$	\$	\$	\$	\$
2005 Approved Operating Budget	158.7	13,570.9	3,758.5	9,812.4	0.0	0.0
In-year approvals and technical adjustments	(12.0)	(952.8)	(92.3)	(860.5)		
2005 Approved Operating Budget	146.7	12,618.1	3,666.2	8,951.9	0.0	0.0
Annualizations	0.5	2,464.9	1,545.0	919.9		
Economic factors		432.2	(147.3)	579.5		
Adjusted Base Budget	147.2	15,515.2	5,063.9	10,451.3	0.0	0.0
Other base changes	0.8	394.5	142.3	252.2	(2.0)	
Base revenue changes						
2006 Base Budget Request	148.0	15,909.7	5,206.2	10,703.5	(2.0)	0.0
Recommended Base Adjustments:						
Other base changes						
Remove Year of Creativity from Base	(1.0)	(3,250.0)	(1,750.0)	(1,500.0)		
Reverse Unachievable Gapping		(50.0)		(50.0)		
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Proposed Base Adjustments	(1.0)	(3,300.0)	(1,750.0)	(1,550.0)	0.0	0.0
2006 Proposed Base Budget	147.0	12,609.7	3,456.2	9,153.5	(2.0)	0.0
2006 Program Operating Target	N/A	N/A	N/A	9,130.9		
% Over (Under) Program Target	N/A	N/A	N/A	0.2		
% Over (Under) 2005 Approved Budget	0.2	(0.1)	(5.7)	2.3		

Note: The 2005 in-year Technical Adjustments included the transfer of the Heritage Preservation group to Planning, which is included here as a transfer of \$1.111 million gross and \$0.100 million net, and 12 positions in “In-year approvals and technical adjustments”.

Section C: 2006 Base Budget Issues

Key Issues and Recommendations

- Culture requested \$0.035 million for 2006 with incremental cost of 0.017 million in 2007 to add one position for maintenance and janitorial services in museum sites in the former North York. Since Culture was part of Parks and Recreation in the former North York, Parks Forestry and Recreation has continued to maintain the heritage facilities since amalgamation because Culture staff would have had to travel across the City to perform this work. The level of service has diminished, and regular service has been replaced with a schedule of cleaning only when Parks, Forestry and Recreation staff is available. Culture and PF&R staff are directed to complete a review of the current agreement and identify the long term action required to address the diminished service. An increase of \$0.035 million is proposed and the funds will flow to PF&R (IDC/IDR) with the service level set by an agreement between Culture and Parks, Forestry and Recreation. This will be offset corporately by the Interdepartmental Revenues will be added to the Parks, Forestry & Recreation Operating Budget for a net zero corporate impact.

3-Year Operating Budget Overview

The transfer of Heritage Preservation from Culture to City Planning during 2005, has resulted in \$1.012 million reduction to the Culture operating budget and the transfer of 12 positions. The 2005 Approved Budget and the 2006 Proposed Operating Budget reflect that change.

The Year of Creativity, "TO LIVE WITH CULTURE", was a new initiative approved in 2005 with a commitment from Council to continue in 2006. The New & Enhanced Proposed Budget includes a recommendation for \$3.250 million gross, \$1.500 million net for the Year of Creativity with offsets of a \$0.250 million federal grant, a \$0.500 million provincial grant, and other revenue of \$1.000 million.

Other strategic directions for 2006 include completion of phase 2 of the feasibility study for Humanitas, a new cultural attraction on the waterfront and finalization of the lease with a private-sector partner for the redevelopment of the Guild Inn.

Culture will continue to promote a healthy environment for community arts as well as promote and facilitate a citywide community arts network. Heritage programs will continue to be revitalized to meet emerging community needs in terms of access to collections, research and community based programs. Culture will continue to broker partnerships among various sectors including internal and external partners, businesses, and agencies, building on the successes achieved.

With inflationary and salary increases projected over the next three years Culture will continue to have difficulty meeting the emerging needs such as museum programs that address access, equity, and diversity issues and stay within the 0% targets. There is little flexibility to respond to emerging needs and Council priorities. Culture is making every effort to identify and complete public/private partnerships that have the potential to have large financial, cultural and social impact on the City.

Service Levels, Delivery, or Gap Issues

- Culture is having difficulty in completing the analysis of cultural facility needs across the city. One staff position is requested to implement Culture Plan directions on cultural facility analysis across the city and to enable adaptive reuse of City-owned heritage properties (see New Requests page 14). Culture staff is in the process of completing a five-year Capital Plan including the analysis of cultural facilities and identification of the state of good repair backlog.
- The coming re-organization of the Economic Development, Culture and Tourism Divisions will offer an opportunity to develop links and synergies which can result in more effective services to stakeholders and well some efficiencies to help address Culture's service gap issues..

Issues Referred to 2006 Operating Budget Process

None

Outstanding Issues from 2005 and Prior Years**Year of Creativity**

As part of the 2005 Operating Budget consideration, Council adopted the following recommendation:

- (3) the Year of Creativity program with a 2005 cost of \$0.885 million gross and \$0.635 million net, offset by a portion of the recommended \$1.0 million reduction in the payment to Tourism Toronto, be approved subject to a funding commitment of \$0.835 million in 2006;

The Year of Creativity was launched in September, 2005 and is discussed in Part III, New Council Priorities, page 12.

Appendix A

Summary of Service Level Adjustments

PART III: NEW COUNCIL PRIORITIES

Section D: 2006 Proposed New Council Priorities

Table 5: Summary of 2006 Proposed New Council Priorities (\$000)

Council Priority	Description	Total 2006 New Requests		2006 Not Proposed		2006 Proposed Council Priorities		Proposed New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.	Gross Exp.	Net Exp.	Gross Exp.	Net Exp.		2007	2008
		\$	\$	\$	\$	\$	\$		#	\$
Council Priorities:										
3	Year of Creativity "To Live with Culture"	3,250.0	1,500.0			3,250.0	1,500.0	1.0	(1,500.0)	
	Sub-Total Council Priorities	3,250.0	1,500.0			3,250.0	1,500.0	1.0	(1,500.0)	
New Requests Referred to 2006 Operating Budget:										
	Sub-Total Referred									
New Program Requests:										
1	Culture Affairs Officer-Facilities	56.3	56.3	56.3	56.3					
	Disabilities Equipment-Phase 2	20.0	20.0	20.0	20.0					
4	Music Garden Program	25.0	12.5	25.0	12.5					
	Sub-Total New Program Requests	101.3	88.8	101.3	88.8					
Total New Council Priorities		3,351.3	1,588.8	101.3	88.8	3,250.0	1,500.0	1.0	(1,500.0)	
Council Priority										
1 - Improve Public Service				6 - Ensure housing is affordable						
2 - Make Progress on the Waterfront				7 - Get the powers and funding needed for Toronto to succeed						
3 - Improve Business Climate				8 - Improve the planning process						
4 - Make Toronto a clean and beautiful city				9 - Increase public involvement in civic affairs						
5 - Strengthen our at-risk neighbourhoods				10 - N/A						

Key Issues and Recommendations

Reductions to Tourism Toronto funding to Fund Economic Development, Culture and Tourism Priorities

City Council, at its meeting of June 14, 15, and 16, 2005 directed staff to develop a renewed partnership arrangement with Tourism Toronto and established a working group comprised of Councillors, City staff and Tourism Toronto representatives. The working group, through a process of advance consultation and strategic policy direction setting, met from August to October 2005 to develop a renewed partnership arrangement. Council approved the content of a new agreement between the City and Tourism Toronto at its meeting of December 5 - 7, 2005.

Tourism Toronto provides “destination marketing services”, for the City of Toronto, to promote and attract meetings, convention and leisure visitors to the City of Toronto. The services provided include: advertising, promotion and media relations; internet marketing; meeting, convention, and trade show marketing sales and servicing; visitor information; and market research.

The new agreement marks a fundamental change as Tourism Toronto moves from being a recipient of City funds to being an investor in important City of Toronto tourism development projects. These projects, included in Council’s Tourism Action Plan 2003 - 2008, have not been implemented due to City budget pressures.

The 3-year agreement eliminates the City’s annual contribution to Tourism Toronto, and will result in annual savings of \$531,000 in 2006, 2007 and 2008. It is proposed that the savings be applied to fund 2006 initiatives that support the City’s economic development and tourism objectives. The proposal includes funding for one initiative in Tourism - Major Events (\$0.100 million); one initiative in Economic Development - Enhance the International Profile (\$0.210 million), and partial funding for one initiative in Culture - “Live with Culture” (\$0.150 million).

The chart below summarizes the use of the \$0.531 million savings to offset initiatives within Culture, Economic Development and Tourism Divisions that support the City’s economic development and tourism objectives.

**Table 6: Proposed Use of Tourism Toronto Savings
(2006 to 2008)**

		(\$000s)		
Program	Project	2006	2007	2008
Tourism	Base Service Reduction	41.0	41.0	41.0
Tourism	Premier Ranked Program	30.0		
Tourism	Major One Time Event Support	100.0	100.0	100.0
Tourism	Tourism Product Incubator		150.0	150.0
Economic Development	International Profile	210.0	240.0	240.0
Culture	Live with Culture	150.0		
Total		531.0	531.0	531.0

Initiatives in the Culture Program, funded from Tourism Toronto savings:

- **Year of Creativity**

The Year of Creativity was identified in the Cultural Plan as an initiative for 2006 to celebrate and build upon the accomplishments resulting from the completion of \$1 billion of cultural capital infrastructure in the City including: the Four Seasons Centre for the Performing Arts, the additions to the Royal Ontario Museum, the Ontario College of Art and Design, and the Art Gallery of Ontario. The Year of Creativity program will require \$1.5 million net in 2006. The project received funding of \$0.635 million net City funding in 2005.

The two year plan for Year of Creativity programming included:

- 2005 Launch and 2006 Finale Celebrations – the launch event occurred in September 2005 and included an event at Nathan Phillips Square to coincide with the 40th anniversary of City Hall. The finale event is planned for the end of 2006.
- Creation of an Information Portal/Creativity Calendar – a web based portal is planned to provide information relating to Year of Creativity events, including a creativity calendar with dates and times for exhibitions, festivals, attractions and performance events.
- Access To Culture Events – Signature events are planned to provide low cost arts and culture experiences in public spaces across the City.
- Marketing Campaign – a communication and marketing strategy will raise public awareness for the Year of Creativity.

The 2006 Proposed Budget for New & Enhanced Services includes \$3.250 million gross, \$1.500 million net funding for the Year of Creativity with recoveries comprised of a \$0.250 million Federal grant, a \$0.500 million Provincial grant, and other revenue of \$1.000 million. The funding in 2005 was part of a broader Economic Development Culture and Tourism initiative of tourism destination activities. The 2005 allocation for the Year of Creativity was \$0.0635 net which was offset from the \$1.0 million reduction in the funding to Tourism Toronto approved in 2005. The 2006 net funding of \$1.5 million is partially offset by \$0.150 million in savings to be realized from the \$0.531 million reduction in Tourism Toronto's payment bringing the 2006 cost to \$1.350 million net.

Initiatives in the Tourism Program, funded from Tourism Toronto savings:

- **Tourism - Major Event Support - World AIDS Conference/Dragonboat Worlds in 2006**

Council directions contained in the Tourism Action Plan (adopted by City Council on June 22, 2003) include increasing the awareness of the value of tourism to the community, implementing a strategy to pursue major events, and assisting in the development of a tourism event strategy. It is intended that the \$0.100 million allocation for Major Event Support will be a continuing focus of tourism development.

In August 2006, Toronto will be hosting two major international events. The World AIDS Conference, a prestigious medical, scientific and social conference that has 20,000 delegates and generates approximately \$40.0 million in direct expenditures. The 2006 IDBF (Dragon Boat) Club Crew World Championships to be held on the new \$23 million Watercourse, on the Waterfront, will bring 3,000 participants from over 25 countries for a week. The \$0.100 million gross and net increase proposed for 2006 will fund the City's participation in these 2 events.

- **Tourism - Premier Ranked Destination Framework (Base Budget)**

The Premier Ranked Destination Framework initiative was developed by the Province to inventory and assess an area's tourist attractions and identify opportunities for investment and development. The Province is encouraging all municipalities to implement the framework, thereby building a consistent picture of tourism assets and development opportunities across Ontario. The project was not started in 2005 as had been anticipated. The approved budget will not be spent in 2005, and the expenditures will be required in 2006.

A \$0.100 million gross and \$0.030 million net increase is proposed, conditional on securing funding from the Ministry of Tourism & Recreation and HRSDC.

- **Tourism - Tourism Product Incubator and Niche Market Development**

\$0.300 million was requested to support the development of new tourism experiences and marketing to targeted "niche markets" (e.g. gay & lesbian, youth). The City's role will be to identify opportunities and build business cases in partnership with the community, support development of alliances and their programs during a defined "incubation" phase, and co-fund niche marketing programs supplementing the general mass marketing undertaken by Tourism Toronto. This program incubates new experiences from within the community, both increasing the markets and success of local business and developing "only in Toronto" experiences. The premier Ranked Tourism Destination Framework project will provide the foundation for the program in 2006 and \$0.150 million will be allocated in 2007 and in 2008 to allow this initiative to move forward.

- **Tourism - Other Base Changes**

\$0.041 million is proposed to be allocated from the Tourism Toronto savings to achieve the 2% Base Budget Target. A \$0.041 million gross and net decrease to the Base Budget is proposed.

Initiatives in the Economic Development Program, funded from Tourism Toronto savings:

- **Economic Development - Enhanced International Profile**

The International Profile and Branding project is a program to enhance Toronto's image and reinforce a Toronto business identity in the local, national and international markets by providing current business information and promoting the competitive advantages of Toronto. In 2005 the proposed \$1.498 million program was reduced to \$0.160 million to allow Economic Development to implement a limited program.

In the reallocation of savings from the Tourism Toronto contribution reduction in the 2005 Council Approved Operating Budget (see page 19), an allocation of \$0.160 million was planned for 2006. An additional \$0.210 million is proposed for 2006, bringing total 2006 funding to \$0.370 million, with an increase of \$0.030 in 2007, to be funded from the \$0.531 million savings from the eliminated contribution to Tourism Toronto. The Enhanced International Profile initiative is projected to require a total of \$1.065 million in the 2007 Budget to be funded from the savings in contribution to Tourism Toronto realized in 2005 and 2006 (\$1.531 million) if approved.

The following are New Program Requests from Culture which are not proposed:

- **Culture Affairs Officer - Facilities**

\$0.056 million is requested in 2006 with an annualization of \$0.019 million in 2007, for one staff position to implement Culture Plan directions on cultural facility analysis across the city and for the adaptive reuse of City-owned heritage properties. The Culture Plan calls for the City to find ways to address cultural facility needs across the city. An in depth analysis is required to find ways to address this issue at a reasonable cost to the City. Adaptive reuse, led by community partners, is required to deal with this liability and make these productive properties at little cost to the City. This initiative is not proposed due to affordability.

- **Ontarians with Disabilities Act Implementation - Phase 2**

\$0.020 million of one-time funding was requested for phase 2 of the implementation of its Access and Equity strategy to broaden public access to services and programs offered at the City's art centres and museums. Additional equipment and accessories for Ontarians with disabilities will be purchased to enhance access for all people with disabilities. This initiative is not recommended due to affordability. It is suggested that implementation of these changes be phased over a longer period and/or be funded from the reallocation of existing resources.

- **Music Garden Program**

The Culture Division has been requested to provide funding to match a private sector grant to support the continuation of the current level of The Toronto Music Garden programming. Music programming is offered on-site during the summer months, along with guided and self-guided tours by Harbourfront Centre.

At its October 2000 meeting, Council established the Harbourfront Reserve Fund from proceeds of the sale of lands related to the Harbourfront Implementation Agreement to be used for development of the Harbourfront Parklands and to support special programming at the Toronto Music Garden from this Reserve Fund. Since 2001, \$50,000 annually has been applied to the summer Music Garden program. With the build out of the waterfront parks, the reserve fund is almost depleted. Parks, Forestry and Recreation plans to keep \$500,000 to provide approximately \$25,000 annually in interest for the Music Garden programming. As this is only one-half of the current funding, James Fleck, Chair of the Harbourfront Foundation and a major private sector benefactor of the Music Garden, has offered to raise \$12,500 annually if the City will match this amount to provide the \$50,000. This request has been assigned to the Culture Division.

A review of the Harbourfront Implementation Agreement by City staff and the related use of the Harbourfront Parklands Reserve Fund indicates that the intention of the original agreement was to apply the funds to Park Development capital projects. Although the report creating the Harbourfront Reserve Fund, in 2000, outlined programming as a funding purpose of the Harbourfront Reserve Fund further review of the agreement is required.

The Deputy City Manager and Chief Financial Officer, City Solicitor, and Deputy City Manager responsible for Culture are requested to report to Budget Advisory Committee during the 2006 Operating Budget review process on the use of the Harbourfront Reserve Fund for Music Garden programming.

New Requests Referred to 2006 Operating Budget Process

None

Appendix B

Summary of Council Priority Services and New Service Requests

Appendix C

Summary of Tourism Toronto Savings : 2005 - 2008

**Table 1: Re-allocation of \$1.0 million in the 2005 Council Approved Operating Budget
Economic Development, Culture and Tourism
New/Enhanced Initiatives to be funded from \$1.0 million Reallocation (000's)**

Program	2005 Annual Expenditure				2006 Annual Expenditure				2007 Annual Expenditure			
	Gross	Revenue	Net	Appr'vd Positions	Gross	Revenue	Net	Appr'vd Positions	Gross	Revenue	Net	Appr'vd Positions
Culture												
Year of Creativity (AC-N001)												
Expenditures	885.0			1.0	3,250.0			2.0				
Provincial Subsidies						500.0						
Federal Subsidies		250.0				250.0						
Other Revenue						1,000.0						
Culture Sub-total	885.0	250.0	635.0	1.0	3,250.0	1,750.0	1,500.0	2.0	0.0	0.0	0.0	0.0
Economic Development												
Film & TV Marketing (ED-N007)	75.0		75.0		75.0		75.0		75.0		75.0	
International Profile/Branding (ED-N005)	160.0		160.0		160.0		160.0		825.0		825.0	1.0
Economic Development Sub-total	235.0		235.0		235.0		235.0		900.0		900.0	1.0
Tourism												
Premier Ranked Destination Framework (SE-N002)												
Expenditures	130.0		130.0	3.0								
Provincial Subsidies		20.0	(20.0)									
Other Revenues		80.0	(80.0)									
Expo Bid -- Event Feasibility Study (SE-N003)	100.0		100.0		100.0		100.0		100.0		100.0	
Tourism Sub-total	230.0	100.0	130.0	3.0	100.0	0.0	100.0	0.0	100.0	0.0	100.0	0.0
TOTAL	1,350.0	350.0	1,000.0	4.0	3,585.0	1,750.0	1,835.0	2.0	1,000.0	0.0	1,000.0	1.0
Transferred from Tourism Toronto			1,000.0				1,000.0				1,000.0	
Balance to be funded			0.0				* 835.0				0.0	

Note: Chart shows package utilizing \$1 million funding in 2005. In 2006, Expenditure for Year of Creativity would require additional net one-time funding of \$835.0 in addition to the continuous funding of \$1 million in 2006. In Year 2007, this net funding would be reversed. The bulk of the ongoing \$1 million funding will be dedicated to the branding project.

**Table 2: Allocation of Combined Savings and Associated Cash Flows
(\$1.0 million in the 2005 and \$0.0531 million in 2006)
Economic Development, Culture and Tourism
Initiatives to be funded from \$1.531 million Reallocation (000's)**

Program	2006 Annual Expenditure				2007 Annual Expenditure				2008 Annual Expenditure			
	Gross	Revenue	Net	Appr'vd Positions	Gross	Revenue	Net	Appr'vd Positions	Gross	Revenue	Net	Appr'vd Positions
Culture												
Year of Creativity (AC-N001)												
Expenditures	3,250.0			1.0								
Provincial Subsidies		500.0										
Federal Subsidies		250.0										
Other Revenue		1,000.0										
Culture Sub-total	3,250.0	1,750.0	1,500.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Development												
Film & TV Marketing (ED-N007)	75.0		75.0		75.0		75.0		0.0		0.0	
International Profile/Branding (ED-N005)	370.0		370.0		1,065.0		1,065.0	1.0	240.0		240.0	
Economic Development Sub-total	445.0	0.0	445.0	0.0	1,140.0	0.0	1,140.0	1.0	240.0	0.0	240.0	0.0
Tourism												
Premier Ranked Destination Framework (SE-N002)												
Expenditures	100.0	70.0	30.0	0.3								
Expo Bid -- Event Feasibility Study (SE-N003)	100.0		100.0		100.0		100.0					
Major Events Strategy (2006 Aids Conf. Dragonboat Worlds)	100.0		100.0		100.0		100.0		100.0		100.0	
Tourism Product Incubation					150.0		150.0	2.0	150.0		150.0	
Offset for Base Service Reductions	41.0		41.0		41.0		41.0		41.0		41.0	
Tourism Sub-total	341.0	70.0	271.0	0.3	391.0	0.0	391.0	2.0	291.0	0.0	291.0	0.0
TOTAL	4,036.0	1,820.0	2,216.0	1.3	1,531.0	0.0	1,531.0	3.0	531.0	0.0	531.0	0.0
Transferred from Tourism Toronto			1,531.0				1,531.0				531.0	
Balance to be funded			* 685.0				0.0				0.0	

* An additional \$0.685 million New/enhanced funding is required for the 2006 Phase of Year of Creativity

Comments/Discussion

Table 1 shows the \$1.0 million re-allocation of Tourism Toronto payment savings approved in 2005 that covered 3 years (2005 to 2007) to Economic Development, Culture and Tourism initiatives to be delivered by the City.

Table 2 shows the combination of the \$1.0 million re-allocation of savings approved in 2005 and the \$0.531 million re-allocation of savings proposed in the 2006 Operating Budget. The combined savings is \$1.531 million in 2006, \$1.531 million in 2007 and \$0.531 million in 2008.

The 3-year agreement with Tourism Toronto expires in 2008 and commitments to funding of projects do not continue past 2008.