

# Analyst Briefing Notes

## Economic Development and Parks Committee

January 16, 2006

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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)	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	9,898.4	9,578.4	10,100.5	210.0	10,310.5	412.1	4.2	30.0	(825.0)
<b>REVENUE</b>	1,974.9	1,654.9	2,018.9	0.0	2,018.9	44.0	2.2	0.0	0.0
<b>NET EXP.</b>	7,923.5	7,923.5	8,081.6	210.0	8,291.6	368.1	4.6	30.0	(825.0)
<b>Approved Positions</b>	85.0	85.0	85.0	0.0	85.0	0.0	0.0	0.0	0.0
<b>TARGET</b>			<b>8,082.0</b>						
<b>\$ Over / (Under) Program Target</b>			<b>(0.4)</b>						
<b>% Over / (Under) Program Target</b>			<b>0.0%</b>						

**Executive Summary**

- The 2005 projected year-end net expenditure of \$7.924 million is at the 2005 Approved Budget. The reduced size of the HRSDC grant for job creation will result in both expenditures and revenue being \$0.320 million under budget and a net zero impact.
- The 2006 Proposed Budget for Economic Development of \$8.292 million net is comprised of \$8.082 million net for Base funding and \$0.210 million net for proposed New Council Priority services and is 4.6% higher than the 2005 Approved Budget, with an offsetting decrease of \$0.210 million in Tourism’s 2006 Operating Budget.
- The 2006 Proposed Base Budget is at the 2% target mainly as result of the \$0.093 million funding reduction for efficiencies and \$0.058 million funding reductions in services.
- The Proposed New Council Priority Services increase of \$0.210 million gross for the Enhanced International Profile initiative is offset by the reduction of funding for Tourism Toronto in Tourism’s 2006 Proposed Operating Budget (Page 11).
- The 2007 incremental increase of \$0.030 million net is the proposed increase to the Enhanced International Profile initiative funded from the re-allocation of funding for Tourism Toronto (Page 11). The 2008 decrease of \$0.825 million is the reversal funding for the Enhanced International Profile project, reflecting the end of the City’s 3-year commitment to this project (see page 18).

**Recommendations**

It is recommended that:

- (1) the Economic Development 2006 Proposed Operating Budget of \$10.311 million gross and \$8.292 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Business Development and Retention	3,566.3	2,986.3
Entrepreneurship and Small Business	917.3	684.7
Investment Marketing	2,891.2	2,529.2
Economic Research and Business Information	1,045.2	985.2
Local Partnership	1,890.5	1,106.2
	<hr/>	<hr/>
Total Program Budget	10,310.5	8,291.6
	<hr/>	<hr/>

- (2) the \$0.210 million increase in funding for the Enhanced International Profile be conditional on approval of the proposed \$0.531 million reallocation of realized savings from the elimination of the City’s contribution to Tourism Toronto to fund initiatives in Economic Development, Culture and Tourism that support the City’s economic development and tourism objectives;
- (3) \$0.037 million from the Governmental Reserve Fund continue to be used in the Economic Development 2006 Operating Budget to partially contribute to the City’s Greater Toronto Marketing Alliance membership cost of \$0.100 million; and
- (4) the Deputy City Manager responsible for Economic Development to report to Budget Advisory Committee during the 2006 Operating Budget process on the status of the service agreement with the GTMA and the funding of the annual GTMA membership.

**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)	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	9,090.9	9,898.4	9,578.4	320.0	3.2
<b>REVENUES</b>	1,787.5	1,974.9	1,654.9	320.0	16.2
<b>NET EXP.</b>	7,303.4	7,923.5	7,923.5	0.0	0.0
<b>Approved Positions</b>	84.0	85.0	85.0	0.0	0.0

\*Projected Actual expenditures to year-end based on 3<sup>rd</sup> Quarter Variance Report

**2005 Experience**

Economic Development’s 3rd Quarter projection to year-end is \$7.924 million net, representing a zero net variance from the 2005 Approved Budget. The reduced size of the HRSDC grant for job creation will result in both expenditures and revenue being \$0.320 million under budget.

**Impact of 2005 Operating Variance on 2006 Proposed Budget**

The 2005 Operating Variance will have no impact on the 2006 Proposed 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
	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	9,898.4	10,063.5	10,100.5	202.1	2.0	0.0	(825.0)
<b>REVENUE</b>	1,974.9	1,981.9	2,018.9	44.0	2.2	0.0	
<b>NET EXP.</b>	7,923.5	8,081.6	8,081.6	158.1	2.0	0.0	(825.0)
<b>Approved Positions</b>	85.0	85.0	85.0	0.0	0.0		
<b>NET TARGET</b>			<b>8,082.0</b>				
<b>\$ Over / (Under) Program Target</b>			<b>(0.4)</b>				
<b>% Over / (Under) Program Target</b>			<b>0.0%</b>				

**2006 Proposed Base Budget**

- The 2006 Proposed Base Budget of \$8.082 million net represents a 2.0% increase above Economic Development’s 2005 Approved Budget. Economic Development’s 2006 Proposed Base Budget is at its target of \$8.082 million.
- The three efficiency reductions proposed by Economic Development totalling a decrease of \$0.093 million net are included in the 2006 Proposed Base Budget. They include a \$0.033 million net reduction in inflationary funding increases, a \$0.035 million net reduction in general business costs and a \$0.025 million reduction in staff training and development (see page 7).
- The proposed service changes include a reduction of \$0.10 million in Economic Policy and Research funding and a \$0.048 million reduction in Marketing Promotion activities.

**2006 Key Cost Drivers**

- Prior year impacts of \$0.052 million, the reversal of the one-time reduction in 2005, delaying the funding of an Economic Development Officer until 2006.
- Salary and non-salary inflationary increases, 3% cost of living adjustments (\$0.127 million) merit and step increases (\$0.047 million) and non-labour inflationary increases (\$0.033 million) contribute to the increase in the 2006 Proposed Base Budget.

**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)		\$	\$	\$	\$	\$
<b>2005 Approved Operating Budget</b>	<b>85.0</b>	<b>9,802.5</b>	<b>1,987.9</b>	<b>7,814.6</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments		95.9	(13.0)	108.9		
<b>2005 Approved Operating Budget</b>	<b>85.0</b>	<b>9,898.4</b>	<b>1,974.9</b>	<b>7,923.5</b>	<b>0.0</b>	<b>0.0</b>
Annualizations		41.3	(11.0)	52.3		(825.0)
Economic factors		172.9	0.0	172.9		
<b>Adjusted Base Budget</b>	<b>85.0</b>	<b>10,112.6</b>	<b>1,963.9</b>	<b>8,148.7</b>	<b>0.0</b>	<b>(825.0)</b>
Other base changes		138.5	55.0	83.5		
Base revenue changes						
<b>2006 Base Budget Request</b>	<b>85.0</b>	<b>10,251.1</b>	<b>2,018.9</b>	<b>8,232.2</b>	<b>0.0</b>	<b>(825.0)</b>
Recommended Base Adjustments:						
Other base changes				0.0		
Service efficiencies		(92.6)	0.0	(92.6)		
Revenue adjustments						
Minor service impact						
Major service impact		(58.0)	0.0	(58.0)		
<b>Total Proposed Base Adjustments</b>	<b>0.0</b>	<b>(150.6)</b>	<b>0.0</b>	<b>(150.6)</b>	<b>0.0</b>	<b>0.0</b>
<b>2006 Proposed Base Budget</b>	<b>85.0</b>	<b>10,100.5</b>	<b>2,018.9</b>	<b>8,081.6</b>	<b>0.0</b>	<b>(825.0)</b>
<b>2006 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>8,082.0</b>		
<b>% Over (Under) Program Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>(0.0)</b>		
<b>% Over (Under) 2005 Approved Budget</b>	<b>0.0</b>	<b>2.0</b>	<b>2.2</b>	<b>2.0</b>		

## Section C: 2006 Base Budget Issues

### Key Issues and Recommendations

#### Base Budget Increases

- **Reinstate Zero Based Consulting at 2005 Level**

The Employment Revitalization Area program facilitates business retention and investment in the City's At-Risk Employment Areas. Eligibility is determined through a Community Scan, which is an assessment of an employment area's issues and priorities for intervention. When an Employment Revitalization project area is selected, external facilitation services are required to develop a Strategic Business Plan. The \$0.034 million gross and net increase is proposed to develop Strategic Business Plans.

- **Film Revenue Adjustment to Offset Film Marketing Ad Promotion Expenses**

City Council has established the film industry as a priority sector. At Council's direction, funds collected from the film industry for parking will be reinvested in film sector development and promotion. Funds will allow a modest expansion in marketing and promotion including the production of brochures, trade show booth upgrade, hosting of studio executives, and service efficiencies and improvements. The \$0.055 million gross and zero net increase is proposed.

- **Reinstate Funding for GTMA Membership**

City Council at its meeting of May 17, 18, and 19, 2005, adopted Policy & Finance Committee's Report 5 Clause 10, endorsing Toronto's continued membership in the Greater Toronto Marketing Alliance (GTMA) and directed that funding for this purpose be included in the 2006 Economic Development Operating Budget submission. The \$0.087 million gross and \$0.050 million net increase is proposed including \$0.037 million in revenue from the Governmental Reserve Fund is proposed, offsetting the prior year impact reduction.

#### Efficiencies

- **Reductions to Offset Economic Factors**

The negotiation of bulk purchases, reduced quantities, and better pricing is expected to offset inflationary pressures on the cost of services and supplies. A reduction of \$0.033 million gross and net is proposed.

- **Reductions to Costs**

The Division will review and reduce its use of cell phones, business meeting services and printing costs. A reduction of \$0.035 million gross and net is proposed.

- **Reductions to Staff Training and Development**

Economic Development has identified a reduction to staff training and development of \$0.024 million. A reduction of \$0.024 million gross and net is proposed.

### Service Changes

- **Reduce Economic Policy & Research Capacity**

A reduction in funding for requests such as the Food Industry Study, Toronto Financial Services Study, TEDCO research and the Book Fair feasibility study that are anticipated in 2006 is proposed. This reduction represents almost 75% of the budget for participation in joint studies. A reduction of \$0.010 million gross and net is proposed.

- **Reduction to Marketing & Promotion Activities**

The Division proposes to reduce funding for promotional activities and purchase of advertisements within the Investment Marketing unit. The Investment Marketing unit provides strategic advice as well as design and production expertise to all units in Economic Development as well as to certain organizational and agency partners. A reduction of \$0.048 million gross and net is proposed. The original reduction of \$0.085 million is reduced by the \$0.037 million revenue for the GTMA membership to maintain compliance with the 2% Budget Target.

### *3-Year Operating Budget Overview*

Business Development and Retention will have to respond to two major trends affecting the business community:

- On-going international interest in business services and manufacturing out-sourcing will put some of Toronto's companies at risk while creating a number of new potential investment opportunities for other companies. Staff will have to work closely with companies to help them demonstrate that Toronto offers an internationally competitive location in both the short- and long-term.
- Industry consolidation, particularly in the Financial Services sector, will require staff to work closely with individual companies and industry stakeholders to minimize short-term impacts and ensure that the sector is positioned for generating long-term growth.

The 2008 Incremental Outlook includes a \$0.825 million net reduction for the Enhanced International Profile initiative as 2007 is the last year of the three year funding commitment to this initiative from the 2005 agreement to re-allocate \$1.0 million (see page 18) in the 2005 Council Approved Budget.

### *Service Levels, Delivery, or Gap Issues*

- A newly launched brand for the City and an expanded agenda of the Film Board will demand new work, fast responses and resources.
- The growth in the number of BIAs will continue to place pressure on capital and operating budgets over the next five years. The potential addition of three new Employment Revitalization areas in 2006, as directed by Council will also place pressure on future operating budgets.
- The deferral of Major Employment Area Revitalization Capital projects in conjunction with the TTC Transit improvements on St. Clair Avenue West will place pressure on the Capital project management team if and when approved.
- Appeals of the salary levels resulting from the 2005 Harmonization settlement have a potential to add significant pressure to salaries, if successful.

### **Issues Referred to 2006 Operating Budget Process**

None

### **Outstanding Issues from 2005 and Prior Years**

- **Reinstate Funding for Greater Toronto Marketing Alliance (GTMA) Membership**

The City of Toronto is the largest municipal contributor to the Greater Toronto Marketing Alliance (GTMA) with an annual contribution of \$0.100 million. The GTMA supports investment in the region via international marketing, promotion, and inquiry referrals. The direct benefit to Toronto of membership in the GTMA is difficult to assess, but it is believed that more than half of all the companies recruited by the GTMA have located in Toronto. These companies are usually small businesses with the potential for growth.

Council endorsed Toronto's continued membership in the Greater Toronto Marketing Alliance (GTMA) and directed that funding for this purpose be included in the 2006 Economic Development Operating Budget submission. (City Council May 17, 18, and 19, 2005, Policy & Finance Report 5 Clause 10).

The 2006 Proposed Operating Budget includes increased funding of \$0.050 million for the GTMA membership,(a one time reduction in 2005), and a revenue increase of \$0.037 million from the 2006 Inter-Governmental Reserve Fund (XR1010) - the same funding source utilized to fund the membership in 2005. The final Proposed 2006 Budget for the GTMA membership is \$0.100 million gross, \$0.037 million revenue and \$0.063 million net.

The Deputy City Manager responsible for Economic Development is requested to report to Budget Advisory Committee during the 2006 Operating Budget process on the status of the service agreement with the GTMA and the funding of the annual GTMA membership.

**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
		\$	\$	\$	\$	\$	\$		#	\$
<b>Council Priorities:</b>										
	Sub-Total Council Priorities									
<b>New Requests Referred to 2006 Operating Budget:</b>										
	Sub-Total Referred									
<b>New Program Requests:</b>										
1	Capital Clerk for Façade Program	38.8	38.8	38.8	38.8					
3	Enhanced International Profile	300.0	300.0	90.0	90.0	210.0	210.0		30.0	
3	Support for International relationships	111.2	111.2	111.2	111.2					
3	Sector Investment and Attractions Strategy	100.0	100.0	100.0	100.0					
3	Mayor's Business Roundtable	75.2	75.2	75.2	75.2					
	Sub-Total New Program Requests	625.2	625.2	415.2	415.2	210.0	210.0		30.0	
<b>Total New Council Priorities</b>		<b>625.2</b>	<b>625.2</b>	<b>415.2</b>	<b>415.2</b>	<b>210.0</b>	<b>210.0</b>		<b>30.0</b>	
<b>Council Priority</b>										
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)**

		<b>(\$000s)</b>		
<b>Program</b>	<b>Project</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
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		
<b>Total</b>		<b>531.0</b>	<b>531.0</b>	<b>531.0</b>

**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 that allowed Economic Development to implement a limited program.

The new brand for the City of Toronto launched in 2005 requires focused strategy and resources to manage use of brand, exploit promotional partnership opportunities and to utilize the brand in marketing efforts designed to increase economic growth, grow employment opportunities and to generate new assessment dollars. A comprehensive plan is essential to reinforce a Toronto business identity in local, national and international markets by providing current business information and defining competitive advantages.

In the allocation of funds, from Tourism Toronto savings, in the 2005 Council Approved Operating Budget (see page 18), \$0.160 million was allocated for this project for 2006. An additional \$0.210 million to implement a focused strategy promoting the New Brand for the city is proposed to be allocated from the 2006 Tourism Toronto savings. This will bring the level of funding for the Enhanced International Profile to \$0.370 million. An incremental increase of \$0.030 million net in 2007 is proposed. The Enhanced International Profile will have \$1.065 million in the 2007 Budget funded from the savings in contribution to Tourism realized in 2005 and 2006 (\$1.531 million) if approved.

The proposed \$0.210 million increase in funding for the Enhanced International Profile is conditional on approval of the proposed \$0.531 million reallocation of realized savings from the elimination of the City's contribution to Tourism Toronto to fund initiatives in Economic Development, Culture and Tourism that support the City's economic development and tourism objectives

The 3 year agreement to re-allocate \$1.0 million approved in 2005 expires in 2007, and will result in a net reduction to the International Profile and Branding project of \$0.825 million in 2008. The 2008 funding is currently projected to be \$0.190 million (see page 17).

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

- **Culture - Year of Creativity**

The Year of Creativity was identified in the Cultural Plan as a two year initiative for 2005 and 2006 to celebrate and build upon the accomplishments resulting from the completion of \$1 billion of cultural capital infrastructure in Toronto 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 funding in 2005 was part of a broader EDCT initiative of tourism destination activities for 2005 and future years with the \$0.635 million net, in 2005, offset by a reduction in the funding to Tourism Toronto. \$0.150 million net funding from the 2006

\$0.531 million re-allocation of Tourism Toronto funding is proposed to be used to partially offset the City's net cost, bringing the total from \$1.500 million 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.

***2006 New Requests - Not Proposed***

- **Capital Projects Clerk - BIA /ERA and Façade Program**

A capital projects clerk is requested to assist with the creation and processing of purchasing documents, project and budget tracking, follow up with clients and suppliers and financial administration. The work involves managing over 100 projects in partnership with volunteer community groups, and other city departments. In 2005 an additional capital project designer was approved, with funds fully recoverable from the capital program for Economic Development. Economic Development is requesting funding of \$0.039 million and 1 additional staff for 2006 and an incremental cost of \$0.028 million in 2007 for an annual cost of \$0.067 million. The 2006 request for \$0.039 million and 1 position is not proposed, as administrative work is not eligible for capital financing.

- **Support for International Relationships**

2006 priorities include advancement of Toronto's image on an international level and the repositioning and strengthening of City to City relationships. Current staffing of one international investment officer limits relationship building and community engagement. Economic Development is requesting funding of \$0.111 million and one additional staff for 2006 that has an incremental cost of \$0.041 million in 2007 for an annual cost of \$0.152 million. The 2006 request for \$0.111 million and one position is not proposed.

- **Sector Investment and Attraction Strategy**

A Sector Investment and Attraction Strategy will lead to increased global profile, increased interest and investment in Toronto. It is considered to be a complement the Year of Creativity efforts in 2006. This funding will also enable Toronto to seek matching funds from the private sector and other orders of government. Economic Development is requesting funding of \$0.100 million and one additional staff for 2006 and an incremental cost of \$0.050 million in 2007 for an annual cost of \$0.150 million. The 2006 request for \$0.100 million is not proposed.

- **Establishment of Mayor's Business Roundtable**

The report "Enhancing Toronto's Business Climate" was endorsed in principle by the Policy & Finance Committee (July 7, 2005) and referred for public consultation. The Report outlines a 14 point action plan to improve the City's economic competitiveness. One of the recommended actions is to institute a business focus outreach and engagement program. The request for \$0.075 million that has an incremental increase of \$0.050 million in 2007 is not proposed.

**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
<b>Culture</b>												
<b>Year of Creativity (AC-N001)</b>												
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						
<b>Culture Sub-total</b>	<b>885.0</b>	<b>250.0</b>	<b>635.0</b>	<b>1.0</b>	<b>3,250.0</b>	<b>1,750.0</b>	<b>1,500.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Economic Development</b>												
<b>Film &amp; TV Marketing (ED-N007)</b>	75.0		75.0		75.0		75.0		75.0		75.0	
<b>International Profile/Branding (ED-N005)</b>	160.0		160.0		160.0		160.0		825.0		825.0	1.0
<b>Economic Development Sub-total</b>	<b>235.0</b>		<b>235.0</b>		<b>235.0</b>		<b>235.0</b>		<b>900.0</b>		<b>900.0</b>	<b>1.0</b>
<b>Tourism</b>												
<b>Premier Ranked Destination Framework (SE-N002)</b>												
Expenditures	130.0		130.0	3.0								
Provincial Subsidies		20.0	(20.0)									
Other Revenues		80.0	(80.0)									
<b>Expo Bid -- Event Feasibility Study (SE-N003)</b>	100.0		100.0		100.0		100.0		100.0		100.0	
<b>Tourism Sub-total</b>	<b>230.0</b>	<b>100.0</b>	<b>130.0</b>	<b>3.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>1,350.0</b>	<b>350.0</b>	<b>1,000.0</b>	<b>4.0</b>	<b>3,585.0</b>	<b>1,750.0</b>	<b>1,835.0</b>	<b>2.0</b>	<b>1,000.0</b>	<b>0.0</b>	<b>1,000.0</b>	<b>1.0</b>
<b>Transferred from Tourism Toronto</b>			1,000.0				1,000.0				1,000.0	
<b>Balance to be funded</b>			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
<b>Culture</b>												
<b>Year of Creativity (AC-N001)</b>												
Expenditures	3,250.0			1.0								
Provincial Subsidies		500.0										
Federal Subsidies		250.0										
Other Revenue		1,000.0										
<b>Culture Sub-total</b>	<b>3,250.0</b>	<b>1,750.0</b>	<b>1,500.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Economic Development</b>												
<b>Film &amp; TV Marketing (ED-N007)</b>	75.0		75.0		75.0		75.0		0.0		0.0	
<b>International Profile/Branding (ED-N005)</b>	370.0		370.0		1,065.0		1,065.0	1.0	240.0		240.0	
<b>Economic Development Sub-total</b>	<b>445.0</b>	<b>0.0</b>	<b>445.0</b>	<b>0.0</b>	<b>1,140.0</b>	<b>0.0</b>	<b>1,140.0</b>	<b>1.0</b>	<b>240.0</b>	<b>0.0</b>	<b>240.0</b>	<b>0.0</b>
<b>Tourism</b>												
<b>Premier Ranked Destination Framework (SE-N002)</b>	100.0	70.0	30.0	0.3								
<b>Expo Bid -- Event Feasibility Study (SE-N003)</b>	100.0		100.0		100.0		100.0					
<b>Major Events Strategy (2006 Aids Conf. Dragonboat Worlds)</b>	100.0		100.0		100.0		100.0		100.0		100.0	
<b>Tourism Product Incubation</b>					150.0		150.0	2.0	150.0		150.0	
<b>Offset for Base Service Reductions</b>	41.0		41.0		41.0		41.0		41.0		41.0	
<b>Tourism Sub-total</b>	<b>341.0</b>	<b>70.0</b>	<b>271.0</b>	<b>0.3</b>	<b>391.0</b>	<b>0.0</b>	<b>391.0</b>	<b>2.0</b>	<b>291.0</b>	<b>0.0</b>	<b>291.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>4,036.0</b>	<b>1,820.0</b>	<b>2,216.0</b>	<b>1.3</b>	<b>1,531.0</b>	<b>0.0</b>	<b>1,531.0</b>	<b>3.0</b>	<b>531.0</b>	<b>0.0</b>	<b>531.0</b>	<b>0.0</b>
<b>Transferred from Tourism Toronto</b>			1,531.0				1,531.0				531.0	
<b>Balance to be funded</b>			* 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.