

Analyst Briefing Notes

Budget Advisory Committee (January 13, 2006)

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PART I: 2006 OPERATING BUDGET OVERVIEW

Table 1: 2006 Proposed Budget

| | 2005 | | 2006 Proposed Operating Budget | | | Change 2006 Proposed Operating Budget v. 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 EXPENDITURE | | | | | | | | | |
| Hummingbird Centre | 12,879.1 | 10,562.0 | 21,873.1 | 265.1 | 22,138.2 | 9,259.1 | 71.9 | 132.5 | |
| St. Lawrence Centre | 3,531.9 | 3,652.9 | 3,745.2 | | 3,745.2 | 213.3 | 6.0 | 107.5 | 154.1 |
| Toronto Centre for the Arts | 3,468.5 | 3,696.1 | 3,609.5 | | 3,609.5 | 141.0 | 4.1 | 68.4 | |
| | 19,879.5 | 17,911.0 | 29,227.8 | 265.1 | 29,492.9 | 9,613.4 | 48.4 | 308.4 | 154.1 |
| REVENUE | | | | | | | | | |
| Hummingbird Centre | 12,873.9 | 10,625.6 | 21,965.0 | | 21,965.0 | 9,091.1 | 70.6 | | |
| St. Lawrence Centre | 2,059.2 | 2,121.6 | 2,242.3 | | 2,242.3 | 183.1 | 8.9 | 54.7 | 54.4 |
| Toronto Centre for the Arts | 2,078.9 | 2,408.5 | 2,226.0 | | 2,226.0 | 147.1 | 7.1 | 451.9 | |
| | 17,012.0 | 15,155.7 | 26,433.3 | 0.0 | 26,433.3 | 9,421.3 | 55.4 | 506.6 | 54.4 |
| NET EXPENDITURE | | | | | | | | | |
| Hummingbird Centre | 5.2 | (63.6) | (91.9) | 265.1 | 173.2 | 168.0 | 3,230.1 | 132.5 | |
| St. Lawrence Centre | 1,472.7 | 1,531.3 | 1,502.9 | | 1,502.9 | 30.2 | 2.1 | 52.8 | 99.7 |
| Toronto Centre for the Arts | 1,389.6 | 1,287.6 | 1,383.5 | | 1,383.5 | (6.1) | (0.4) | (383.5) | |
| | 2,867.5 | 2,755.3 | 2,794.5 | 265.1 | 3,059.6 | 192.1 | 6.7 | (198.2) | 99.7 |
| | | | | | | | | | |
| Hummingbird Centre | 109.7 | 99.5 | 108.4 | 4.0 | 112.4 | 2.7 | 2.5 | | |
| St. Lawrence Centre | 42.2 | 35.6 | 42.2 | | 42.2 | | | | |
| Toronto Centre for the Arts | 46.2 | 34.0 | 47.3 | | 47.3 | 1.1 | 2.4 | | |
| Approved Positions | 198.1 | 169.1 | 197.9 | 4.0 | 201.9 | 3.8 | 1.9 | 0.0 | 0.0 |
| TARGET | | | 2,924.9 | | | | | | |
| \$ Over / (Under) Program Target | | | (130.4) | | | | | | |
| % Over / (Under) Program Target | | | (4.5) | | | | | | |

Executive Summary

- The 2005 projected year-end expenditure of \$2.755 million net is 3.9% or \$0.112 million less than the 2005 Approved Operating Budget of \$2.867 million net. This lower than budgeted net expenditure is attributable to a reduction in planned activities at Hummingbird Centre which reduced revenues and deferred some planned expenditures and a higher yield on actual bookings resulting in a surplus of \$0.063 million. Toronto Centre for the Arts and St. Lawrence Centre achieved higher than budgeted revenues which also contributed to the favourable variance.
- The 2006 Proposed Operating Budget for Theatres of \$3.059 million net is comprised of \$2.794 million net for Base funding and \$0.265 million net for new/enhanced services and is 6.7% higher than the 2005 Approved Operating Budget of \$2.867 million net. The 2007 incremental decrease of \$0.198 million net reflects the impact of service efficiencies and higher revenues at the Toronto Centre for the Arts. Service efficiencies to be achieved at the St. Lawrence Centre for the Arts in 2006 will be offset by higher costs due to collective agreement

requirements. The 2006 Proposed Operating Budget also includes an increase of 4 net new staffing positions as a result of plans by Hummingbird Centre to increase programming use by the Centre from 48 days to 151 days to replace revenue losses from the planned relocation in 2006 of the National Ballet of Canada and the Canadian Opera Company.

- The 2006 Proposed Base Operating Budget is \$0.130 million or 4.5% lower than the 2% target mainly as result of service efficiencies and higher revenues.
- The 2006 Proposed Base Operating Budget adjustments include a reduction of \$0.083 million and include cost savings at St. Lawrence Centre as a result of an energy retrofit to the Centre’s heating system and reduction in printing and telephone costs.
- The 2006 Proposed New and Enhanced Services of \$0.265 million gross includes salaries and benefits and other costs for 4 new staff positions for the Hummingbird Centre with a 2007 budget impact of \$0.132 million. The 4 new staff positions are necessary for Hummingbird to improve base revenues and contribute to achieving a base budgeted surplus position of \$0.091 million for 2006.
- Key cost drivers include collective agreement costs impact and economic factors for non-labour charges for St. Lawrence Centre, Toronto Centre for the Arts and Hummingbird Centre.
- State of good repair maintenance expenditures of \$0.417 million for Toronto Centre for the Arts and \$1.714 million for Hummingbird Centre are included in this report for approval. These amounts are contributed from the Centres’ respective Capital Reserve Funds and are funded through their respective ticket surcharges.

Recommendations

It is recommended that:

- (1) the Theatres 2006 Proposed Operating Budget of \$29.492 million gross and \$3.059 million net, comprised of the following services, be approved:

| <u>Service:</u> | <u>Gross</u> <u>(\$000s)</u> | <u>Net</u> <u>(\$000s)</u> |
|----------------------------------|---------------------------------|-------------------------------|
| Hummingbird Centre | 22,138.2 | 173.2 |
| St. Lawrence Centre for the Arts | 3,745.2 | 1,502.9 |
| Toronto Centre for the Arts | 3,609.5 | 1,383.5 |
| | <hr/> | <hr/> |
| Total Program Budget | 29,492.9 | 3,059.6 |
| | <hr/> | <hr/> |

- (2) funding in the amount of \$1.714 million be provided from the Hummingbird Capital Reserve Fund (XR 3003) for state of good repair maintenance for 2006;
- (3) funding in the amount of \$0.417 million be provided from the Toronto Centre for the Arts Capital Reserve Fund (XR 3007) for state of good repair maintenance for 2006; and
- (4) the General Manager of the Hummingbird Centre for the Arts report back to the Budget Advisory Committee on options totalling \$0.173 million to reduce the 2006 Proposed Operating Budget net increase to 2% of the 2005 Approved Net Operating Budget.

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. | | | | | |
| Hummingbird Centre | 13,344.4 | 12,879.1 | 10,562.0 | (2,317.1) | (18.0) |
| St. Lawrence Centre | 3,926.0 | 3,531.9 | 3,652.9 | 121.0 | 3.4 |
| Toronto Centre for the Arts | 3,614.8 | 3,468.5 | 3,696.1 | 227.6 | 6.6 |
| | 20,885.2 | 19,879.5 | 17,911.0 | (1,968.5) | (9.9) |
| REVENUES | | | | | |
| Hummingbird Centre | 13,344.4 | 12,873.9 | 10,625.6 | (2,248.3) | (17.5) |
| St. Lawrence Centre | 2,502.7 | 2,059.2 | 2,121.6 | 62.4 | 3.0 |
| Toronto Centre for the Arts | 2,320.5 | 2,078.9 | 2,408.5 | 329.6 | 15.9 |
| | 18,167.6 | 17,012.0 | 15,155.7 | (1,856.3) | (10.9) |
| NET EXP. | | | | | |
| Hummingbird Centre | 0.0 | 5.2 | (63.6) | (68.8) | (1,323.1) |
| St. Lawrence Centre | 1,423.3 | 1,472.7 | 1,531.3 | 58.6 | 4.0 |
| Toronto Centre for the Arts | 1,294.3 | 1,389.6 | 1,287.6 | (102.0) | (7.3) |
| | 2,717.6 | 2,867.5 | 2,755.3 | 112.2 | 3.9 |
| Approved Positions | | | | | |
| Hummingbird Centre | 120.1 | 109.7 | 99.5 | (10.2) | (9.3) |
| St. Lawrence Centre | 44.7 | 42.2 | 35.6 | (6.6) | (15.6) |
| Toronto Centre for the Arts | 41.8 | 46.2 | 34.0 | (12.2) | (26.4) |
| | 206.6 | 198.1 | 169.1 | (29.0) | (14.6) |

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

2005 Experience

The 2005 projected expenditures for Theatres as at September 30, 2005 is \$2.755 million net. This is \$0.112 million or 3.9% less than the 2005 Approved Budget of \$2.867 million net and is attributable to the following:

- Hummingbird Centre – The Centre has experienced a reduction in planned activities due cancellation of bookings and is projecting a surplus of \$0.063 million net for 2005 due to higher revenues on actual bookings.

- St. Lawrence Centre is projecting actual year-end net expenditure of \$1.531 million for 2005 which is \$0.058 million or 4.0% over the 2005 Approved Operating Budget of \$1.472 million. The Centre's estimation as reported in the Variance Report at September 30, 2005 that it would be within budget was predicated on several factors such as an extended run of the summer shows for the Bluma Appel Theatre and savings from the retro-fit of the heating system. The Bluma Appel Theatre summer shows were cancelled a month earlier than planned as a result of poor ticket sales and the retrofitting of the heating system was delayed to November 2005 due to the contractor's timetable. This has resulted in the higher projected revenues and energy cost savings not being realized.
- Toronto Centre for the Arts 2005 projected year-end actual expenditure of \$1.287 million net is 7.3% or \$0.101 million below the 2005 Approved Operating Budget of \$1.389 million net. This is due to higher revenues from the Main Stage and more efficient operations of the facility.

Impact of 2005 Operating Variance on 2006 Proposed Budget

- Hummingbird Centre – The Centre will lose two major tenants in 2006 due to the relocation of the National Ballet of Canada and the Canadian Opera Company and will replace some of the lost revenues by the contract recently signed with Radio City. In order to increase revenues and maximize programming and risk rental activities, it will be necessary for Hummingbird Centre to increase its marketing/sales and ancillary costs. This proposed increase in activity levels will result in the net addition of 2.7 approved positions and will require a net budget of \$0.173 million from the City for 2006.
- St. Lawrence Centre - The 2006 Proposed Operating Budget of \$1.502 million net will be 2.1% above the 2005 Approved Budget of \$1.472 million net. The cost-savings from the energy retrofit of the heating system and other efficiencies identified in the 2006 Proposed Operating Budget was offset by higher costs due to a security upgrade to the Centre's internal network systems and other operating cost increases.
- Toronto Centre for the Arts – The 2006 Proposed Operating Budget of \$1.383 million net is 0.4% below the 2005 Approved Operating Budget of \$1.389 million net. The projected actual revenues for 2005 of \$2.408 million will not be carried into 2006 and will be less by \$0.329 million as a result of one-time revenue-earning opportunities which are not guaranteed for 2006. The 2005 projected year-end actual costs of \$3.696 million will be reduced to \$3.609 million in 2006 due to more efficient operations of the Centre.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

| | 2005 Approved Budget | 2006 Requested Base | 2006 Proposed Base | Change 2006 Proposed Base v. 2005 Approved Budget | | FY Incremental Outlook | |
|---|----------------------|---------------------|--------------------|---|--------------|------------------------|--------------|
| | | | | \$ | % | 2007 | 2008 |
| (In \$000s) | \$ | \$ | \$ | \$ | % | \$ | \$ |
| GROSS EXPENDITURE | | | | | | | |
| Hummingbird Centre | 12,879.1 | 21,873.1 | 21,873.1 | 8,994.0 | 69.8 | | |
| St. Lawrence Centre | 3,531.9 | 3,745.2 | 3,745.2 | 213.3 | 6.0 | 107.5 | 154.1 |
| Toronto Centre for the Arts | 3,468.5 | 3,609.5 | 3,609.5 | 141.0 | 4.1 | 68.4 | |
| | 19,879.5 | 29,227.8 | 29,227.8 | 9,348.3 | 47.0 | 175.9 | 154.1 |
| REVENUE | | | | | | | |
| Hummingbird Centre | 12,873.9 | 21,965.0 | 21,965.0 | 9,091.1 | 70.6 | | |
| St. Lawrence Centre | 2,059.2 | 2,242.3 | 2,242.3 | 183.1 | 8.9 | 54.7 | 54.4 |
| Toronto Centre for the Arts | 2,078.9 | 2,226.0 | 2,226.0 | 147.1 | 7.1 | 451.9 | |
| | 17,012.0 | 26,433.3 | 26,433.3 | 9,421.3 | 55.4 | 506.6 | 54.4 |
| NET EXPENDITURE | | | | | | | |
| Hummingbird Centre | 5.2 | (91.9) | (91.9) | (97.1) | (1,867.3) | | |
| St. Lawrence Centre | 1,472.7 | 1,502.9 | 1,502.9 | 30.2 | 2.1 | 52.8 | 99.7 |
| Toronto Centre for the Arts | 1,389.6 | 1,383.5 | 1,383.5 | (6.1) | (0.4) | (383.5) | |
| | 2,867.5 | 2,794.5 | 2,794.5 | (73.0) | (2.5) | (330.7) | 99.7 |
| Hummingbird Centre | 109.7 | 108.4 | 108.4 | (1.3) | (1.2) | | |
| St. Lawrence Centre | 42.2 | 42.2 | 42.2 | | | | |
| Toronto Centre for the Arts | 46.2 | 47.3 | 47.3 | 1.1 | 2.4 | | |
| Approved Positions | 198.1 | 197.9 | 197.9 | (0.2) | (0.1) | 0.0 | 0.0 |
| TARGET | | | 2,924.9 | | | | |
| \$ Over / (Under) Program Target | | | (130.4) | | | | |
| % Over / (Under) Program Target | | | (4.5) | | | | |

2006 Proposed Base Budget

The 2006 Proposed Base Operating Budget of \$2.794 million net represents a decrease of \$0.073 million or 2.5% on the 2005 Approved Operating Budget of \$2.867 million net and \$0.130 million or 4.5% below the 2006 target of \$2.924 million net. This is due mainly to:

- Hummingbird Centre – The Centre will lose a major portion of its revenues in 2006 due to the relocation of two tenants, but is projecting that it will be able to replace lost revenues by the addition of Radio City and will maximize programming use by the Centre from 48 to 151 days and increase ancillary activities. This will require 4 new staff positions to achieve the base revenue projections and will result in a net surplus of \$0.091 million in the 2006 Proposed Base Operating Budget. Without the addition of the 4 new staff positions Hummingbird cannot achieve the base revenue projections of \$21.965 million for 2006.

- St. Lawrence Centre – The 2006 Proposed Base Operating Budget of \$1.502 million net is 2.1% above the 2005 Approved Budget of \$1.472 million net. The Centre is able to remain within the 2% guideline due to the proposed energy cost savings from the retrofit of the heating system and other cost efficiency measures identified in this report which will result in a net reduction of \$0.083 million.
- Toronto Centre for the Arts – The 2006 Proposed Base Operating Budget of \$1.383 million is 0.4% or \$0.006 million below the 2005 Approved Budget of \$1.389 million net. This is as a result of more efficient operations of the Centre and higher revenue projections.

2006 Key Cost Drivers

Key cost drivers include:

- Hummingbird Centre – The relocation in 2006 of two major tenants will have a net budget impact of \$1.115 million. There are additional net costs of \$0.265 million for the Centre to increase its own programming from 48 days to 151 days and to increase ancillary activities and overheads in order to increase its revenue base to cover higher operating costs, as well as economic factor increases of \$0.197 million.
- St. Lawrence Centre – Collective agreements of \$0.063 million and non-labour economic factor increases of \$0.039 million have been offset by cost-savings of \$0.083 million arising from the retrofit of the steam heating system and other efficiency savings in printing and telephone costs, plus user fees increases of \$0.017 million.
- Toronto Centre for the Arts – Cost of Living Adjustments (COLA) and collective agreements increases of \$0.070 million and other non-labour economic factors of \$0.029 million, offset by revenue growth of \$0.147 million are the key cost drivers for 2006.

**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 | 198.1 | 19,843.2 | 17,012.0 | 2,831.2 | 0.0 | 0.0 |
| In-year approvals and technical adjustments | | 36.3 | | 36.3 | | |
| 2005 Approved Operating Budget | 198.1 | 19,879.5 | 17,012.0 | 2,867.5 | 0.0 | 0.0 |
| Prior year impacts | | | | | | |
| Zero base items | | | | | | |
| Economic factors | | 341.4 | | 341.4 | | |
| Adjusted Base Budget | 198.1 | 20,220.9 | 17,012.0 | 3,208.9 | 0.0 | 0.0 |
| Other base changes | 19.9 | 10,583.3 | 11,893.2 | (1,309.9) | (330.7) | 99.7 |
| Base revenue changes | (20.1) | (1,493.2) | (2,472.2) | 979.0 | | |
| 2006 Base Budget Request | 197.9 | 29,311.0 | 26,433.0 | 2,878.0 | (330.7) | 99.7 |
| Recommended Base Adjustments: | | | | | | |
| Other base changes | | | | | | |
| Service efficiencies | | (83.2) | 0.3 | (83.5) | | |
| Revenue adjustments | | | | | | |
| Minor service impact | | | | | | |
| Major service impact | | | | | | |
| Total Proposed Base Adjustments | 0.0 | (83.2) | 0.3 | (83.5) | 0.0 | 0.0 |
| | | | | | | |
| 2006 Proposed Base Budget | 197.9 | 29,227.8 | 26,433.3 | 2,794.5 | (330.7) | 99.7 |
| 2006 Program Operating Target | N/A | N/A | N/A | 2,924.9 | | |
| % Over (Under) Program Target | N/A | N/A | N/A | (4.5) | | |
| % Over (Under) 2005 Approved Budget | (0.1) | 47.0 | 55.4 | (2.5) | | |

Section C: 2006 Base Budget Issues**Key Issues and Recommendations****Other Base Budget Changes**

St. Lawrence Centre – Base budget changes of \$0.100 million includes security upgrade to the internal network systems and other maintenance cost increases.

Hummingbird Centre – The Centre will have revenue losses of \$1.562 million and related cost reductions of \$2.678 million due to the relocation in 2006 of the National Ballet of Canada and the Canadian Opera Company. This has also resulted in a net reduction of 1.3 approved positions for temporary/casual staff. Hummingbird Centre will increase revenues and related costs by maximizing programming, increasing ancillary activities, and usage days by the Centre from 48 to 151, resulting in a service impact of \$10.358 million in gross expenditures and \$11.769 million in revenues.

Revenue Changes

Revenue changes for user fees increases of 3.1% or \$0.058 million for St. Lawrence Centre and 7.1% or \$0.147 million for Toronto Centre for the Arts have been included in the 2006 Proposed Operating Budget.

Service Efficiency Changes

St. Lawrence Centre has identified savings from service efficiencies of \$0.083 million. The Centre is projecting cost savings of \$0.075 million in steam heating as a result of the retrofit of the heating system by Enwave and other service efficiency savings of \$0.008 million. These changes will not impact service levels but will contribute to the Centre's 2006 Proposed Operating Budget meeting the 2% guideline increase over the 2005 Approved Budget of \$1.472 million net.

The service efficiency adjustment of \$0.083 million for St. Lawrence Centre has been proposed and reflected in the Centre's 2006 Proposed Operating Budget.

3 Year Operating Budget Overview**Hummingbird Centre**

- Hummingbird Centre has not presented a budget outlook for 2007 and 2008 due to the recent Council decision approving a major project for the Centre which will result in its closure by the end of 2006 or early 2007. The details for the funding of this project and related matters are to be finalized and presented to Council by April 2006. The Centre's budget will have a 2007 incremental impact of \$0.132 million for salaries and benefits and other related costs for 4 new staff positions included in the 2006 Proposed Operating Budget with a 2006 cost of \$0.265 million. These positions will be engaged on a contract basis pending Council's final decision on whether the project is to commence at the Hummingbird Centre in 2007.

Hummingbird Centre is proposing to increase attendance for paid admissions in 2006 from 380,731 to 452,980 despite the departure of the National Ballet of Canada and the Canadian Opera Company in 2006. This increase will be possible due to the addition of Radio City and the Centre increasing usage days from 48 to 151 and also increasing ancillary activities. To achieve these targets and contribute to the 2006 projected base revenues of \$21.965 million, it will be necessary for Hummingbird Centre to add 4 new staff positions on a contract basis. This will result in a net budget surplus of \$0.091 million on the base budget, but a net expenditure of \$0.173 million on the total 2006 Proposed Operating Budget, bringing this budget beyond the 2% target for 2006. It is recommended that Hummingbird Centre for the Arts report back to the Budget Advisory Committee on options totalling \$0.173 million to reduce the 2006 Proposed Operating budget net increase to 2% of the 2005 Approved Net Operating Budget.

Hummingbird Centre has requested funding of \$1.714 million from the Centre's Capital Reserve Fund (XR 3003) for state of good repair maintenance. Included in this amount is \$0.564 million of carry forward cash flow from 2005 for state of good repair projects that will not be completed by year-end 2005 and \$0.900 million for health and safety projects for 2006 and \$0.250 million for pre-engineering and project development as a result of the proposed redevelopment project approved by Council in September 2006.

It is recommended that the proposed funding of \$1.714 million from the Hummingbird Capital Reserve Fund (XR3003) for state of good repair projects be approved.

St. Lawrence Centre

- The Incremental Outlook for the Centre is \$0.053 million for 2007 and \$0.099 million for 2008. This represents a 4% increase for 2007 and 7% for 2008 over the 2006 Proposed Operating Budget of \$1.502 million net. Key cost drivers include collective agreement and other inflationary adjustments. Given the 0% target proposed for 2007 and 2008 St. Lawrence Centre will need to submit options for maintaining the 2007 and 2008 Incremental Budget Outlook within the 0% increase guideline.

St. Lawrence Centre has also initiated a facility renewal project to undertake repairs and upgrades to the Centre, which was last upgraded in 1984. The cost of this project is \$3.0 million and will be funded over a two-year period. The City will finance \$1.5 million of this amount and will be funded by debt of \$0.750 million each in 2006 and 2007. St. Lawrence Centre will fund \$1.5 million from the Centre's Capital Reserve Fund and private initiatives. This project will have a positive impact in marketing the facilities and on the Centre's budget in the future. The project has been included in the 2006 Approved Capital Budget for Culture.

Toronto Centre for the Arts

- Toronto Centre for the Arts net incremental Outlook shows a reduction of \$0.383 million for 2007. Toronto Centre for the Arts provided a net zero Incremental Budget Outlook for 2008. The 2007 Outlook represents a 28% reduction on the 2006 Proposed Operating Budget of \$1.383 million net. This is due mainly to internal staff restructuring and a reorganization of existing workloads with the goal of dedicating 2 existing staff positions to increase rental revenues for the Centre. The Centre will also continue to decrease costs through service efficiencies.

Toronto Centre for the Arts has requested \$0.417 million for state of good repair projects to be funded from the Centre's Capital Reserve Fund (XR3007). It is recommended that the proposed funding of \$0.417 million be approved.

Issues Referred to 2006 Operating Budget Process

- The General Manager of the St. Lawrence Centre was asked during the 2005 budget process to review the current rental structure and opportunities for cost savings and to report back to the Budget Advisory Committee with options to recover costs on rental activity and reduce the net subsidy from the City for the 2006 Operating Budget process.

St. Lawrence Centre has reviewed its operations and a rental rate increase will be charged to all users effective 2006. St. Lawrence Centre also identified service efficiencies in the amount of \$0.083 million; however these cost-savings were partially offset by increased costs due to the need to upgrade the security of the internal network system.

Outstanding Issues from 2005 and Prior Years

During the 2005 budget process the Economic Development and Culture Division and the Chief Financial Officer were asked to report back to the Economic Development and Parks Committee and the Budget Advisory Committee on the development of a framework and policies, which comply with the City procedures and processes, for the treatment of minor and major capital projects for City Theatres. This report will be a part of the capital maintenance plan that will be presented in January 2006.

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: N/A | | | | | | | | | | |
| Sub-Total Council Priorities | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Items Referred to 2006 Operating Budget: N/A | | | | | | | | | | |
| Sub-Total Referred to 2006 Operating Budget | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Program Requests: Hummingbird Centre -Increase in programming | | 265.1 | 265.1 | | | 265.1 | 265.1 | 4.0 | 132.5 | |
| Sub-Total New Program Requests | | 265.1 | 265.1 | 0.0 | 0.0 | 265.1 | 265.1 | 4.0 | 132.5 | 0.0 |
| Total New Council Priorities | | 265.1 | 265.1 | 0.0 | 0.0 | 265.1 | 265.1 | 4.0 | 132.5 | 0.0 |
| Council Priority | | 6 - Ensure housing is affordable 7 - Get the powers and funded needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A | | | | | | | | |
| 1 - Improve Public Service | | | | | | | | | | |
| 2 - Make Progress on the Waterfront | | | | | | | | | | |
| 3 - Improve Business Climate | | | | | | | | | | |
| 4 - Make Toronto a clean and beautiful city | | | | | | | | | | |
| 5 -Strengthen our at-risk neighbourhoods | | | | | | | | | | |

Key Issues and Recommendations*2006 New Program Requests*

The 2006 Proposed New and Enhanced Services of \$0.265 million with a 2007 incremental impact of \$0.132 million is for salaries, benefits and other related costs for 4 new staff positions. Hummingbird Centre will lose a major portion of its revenues in 2006 due to the relocation of the Canadian Opera Company and the National Ballet of Canada. The Centre is projecting that it will be able to replace lost revenues by maximizing programming use by the Centre from 48 days to 151 days and increasing ancillary activities. In order to achieve this target the Centre will require funding for 4 new staff positions to work in the area of sales/marketing and programming in order to contribute to base revenue projections of \$21.965 million. Without these staff positions the Centre will not be able to achieve projected savings of \$0.091 million shown in the 2006 Proposed Operating Base Budget and will increase its reliance on the City's funding.

It is recommended that new/enhanced services of \$0.265 million in 2006 with an incremental impact of \$0.132 million in 2007 for the Hummingbird Centre be approved.

Appendix B

Summary of Council Priority Services and New Service Requests