

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)	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	9,308.5	7,031.2	8,827.5	200.0	9,027.5	(281.0)	(3.0)	50.0	(100.0)
REVENUE	3,871.9	1,594.6	3,741.9	0.0	3,741.9	(130.0)	(3.4)	(70.0)	
NET EXP.	5,436.6	5,436.6	5,085.6	200.0	5,285.6	(151.0)	(2.8)	20.0	(100.0)
Approved Positions	43.3	40.3	40.3	1.0	41.3	(2.0)	(4.6)	0.7	
TARGET			5,545.3						
\$ Over / (Under) Program Target			(459.7)						
% Over / (Under) Program Target			-8.3%						

Executive Summary

- The 2005 projected year-end net expenditure of \$5.437 million is at the 2005 Approved Budget. A “Block Buster” Event did not occur in 2005, consequently both expenditures and revenues are reduced by \$2.0 million, resulting in a net zero impact for 2005.
- The 2006 Proposed Budget for Tourism of \$5.286 million net is comprised of \$5.086 million net for Base funding and \$0.200 million net for New Council Priority services and is 2.8% lower than the 2005 Approved Budget.
- The 2006 Proposed Base Budget is \$0.460 million or 8.3% under the 2006 target mainly as result of the proposed deletion of the remaining 2005 contribution funding for Tourism Toronto of \$0.0531 million, in accordance with the new 3-year agreement with Tourism Toronto, approved by City Council at its meeting of December 5-7, 2005.
- The only other Proposed Base Budget adjustment is a reduction of \$0.048 million to reverse non-labour inflationary increases for 2006.
- The proposed 2 positions reduction in 2006 is the result of the reduction in the 2006 Proposed Base Budget of 3 positions in the Premier Ranked Destination Framework initiative and the addition of 1 temporary position for the Aids Conference Project Manager for 2006 only.

- The Proposed New Council Priority Services funding of \$0.200 million gross includes: (a) \$0.100 million in on going funding for Major Events Development which will, for 2006, support the International Aids Conference and Dragonboat Worlds, and (b) a one-time \$0.100 million for a temporary Project Manager to co-ordinate City activities for the 2006 International AIDS Conference. The \$0.100 million funding for the Project Manager’s position is offset by the reallocation of savings identified by Public Health Services (see page 16).
- As part of the new 3-year agreement between the City and Tourism Toronto, Tourism Toronto agrees to invest \$700,000 in City proposed projects in 2006. Projects under consideration for Tourism Toronto funding include: Visitor Information Services, creation of the Festival Alliance and Marketing and expansion of the Cavalcade of Lights. Funding for these projects is not included in the 2006 Proposed Budget since they are being considered for funding by Tourism Toronto. Tourism Toronto will make the final project investment decision in the first quarter of 2006 and the Deputy City Manager responsible for Tourism will report to the Budget Advisory Committee, during the 2006 Budget Process on the disposition on this proposed investment by Tourism Toronto.
- The 2007 incremental increase of \$0.020 million net arises from the reversal of \$0.030 million for one-time funding included in 2006 for the Premier Ranked Destination Framework, the reversal of \$0.100 million one time funding for the AIDS Conference Project Manager and the \$0.150 million incremental impact from the approval of the Tourism Incubator Initiative in 2007. The 2008 decrease of \$0.100 million is the reversal of the three year commitment for the Event Feasibility Study - Expo Bid (see page 20).

Recommendations

It is recommended that:

- (1) the Tourism 2006 Proposed Operating Budget of \$9.028 million gross and \$5.286 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Special Events	7,179.6	3,837.8
Tourism Development & Research	1,204.1	804.1
Toronto International	643.7	643.7
	<hr/>	<hr/>
Total Program Budget	<u>9,027.5</u>	<u>5,285.6</u>

- (2) the completion of the Premier Ranked Destination Framework be approved for \$0.100 gross, \$0.030 million net, for one year; conditional on securing \$0.070 million in Provincial and Federal funding;

- (3) funding of the Major Events Strategy be conditional on approval of the proposed \$0.531 million deletion to the City's remaining contribution to Tourism Toronto to fund new initiatives in Economic Development, Culture and Tourism that support the City's economic development and Tourism objectives;
- (4) \$0.460 million of the \$0.531 million savings be re-allocated to offset new funding initiatives of \$0.210 million in Economic Development, \$0.150 million in Culture and \$0.100 million in Tourism that support the City's tourism objectives to be proposed in each of the 3 Program's 2006 Operating Budget, respectively, and
- (5) the Deputy City Manager responsible for Tourism to report to Budget Advisory Committee during the 2006 Operating Budget process on the status of the investment in the City's Tourism initiatives by Tourism Toronto.

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.	9,019.1	9,308.5	7,001.2	2,307.3	24.8
REVENUES	1,369.5	3,871.9	1,594.6	2,277.3	58.8
NET EXP.	7,649.6	5,436.6	5,406.6	30.0	0.6
Approved Positions	40.3	43.3	40.3	3.0	6.9

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

2005 Experience

Tourism's Third Quarter projected actual expenditures to year-end are \$5.407 million net representing a \$0.030 million under expenditure, resulting from the delay in securing staff to deliver the Premium Ranked Destination Framework program. The Block Buster Event did not occur in 2005, consequently both expenditures and revenues are reduced by \$2.0 million, resulting in a net zero impact for 2005.

Impact of 2005 Operating Variance on 2006 Proposed Budget

The work on the Premier Ranked Destination Framework not completed in 2005 is re-scheduled for 2006. The \$0.030 million net Base Budget funding will be offset by the \$0.531 million in savings from the Tourism Toronto funding. \$2.0 million gross and zero net for a Block Buster Event is also included in Tourism's 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.	9,308.5	9,297.5	8,827.5	(481.0)	(5.2)	(100.0)	(100.0)
REVENUE	3,871.9	3,741.9	3,741.9	(130.0)	(3.4)	(70.0)	0.0
NET EXP.	5,436.6	5,555.6	5,085.6	(351.0)	(6.5)	(30.0)	(100.0)
Approved Positions	43.3	40.6	40.3	(3.0)	(6.9)	(0.3)	
NET TARGET			5,545.3				
\$ Over / (Under) Program Target			(459.7)				
% Over / (Under) Program Target			-8.3%				

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$5.085 million net represents a 6.5% decrease below Tourism's 2005 Approved Budget.
- Tourism's 2006 Proposed Base Budget is \$0.460 million or 8.3% under its 2006 target of \$5.545 million as the result of the \$0.531 million deletion in funding to Tourism Toronto. \$0.460 million is fully allocated to support New Council Priorities in Economic Development, Culture and Tourism, and the balance of \$0.071 million is funding the City's cost of the Premier Ranked Destination Framework (\$0.030 million) and a contribution to reduce the net 2006 Base Budget for Tourism (\$0.041 million) to achieve the 2006 target.

2006 Key Cost Drivers

- Prior year impacts, particularly the impact of one-time increases in 2005 produce incremental savings in net expenditures of \$0.087 million.
- Cost-of-living adjustments (COLA) for 2006 are non-discretionary expenditures that result in increased net costs of \$0.111 million. Other compensation adjustments, such as merit in 2006 increased net costs by \$0.127 million.

**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	43.3	8,929.6	3,571.9	5,357.7	0.0	0.0
In-year approvals and technical adjustments		378.9	300.0	78.9		
2005 Approved Operating Budget	43.3	9,308.5	3,871.9	5,436.6	0.0	0.0
Annualizations	(3.0)	(287.9)	(200.0)	(87.9)		(100.0)
Economic factors		285.2		285.2		
Adjusted Base Budget	40.3	9,305.8	3,671.9	5,633.9	0.0	(100.0)
Other base changes	0.0	100.0	70.0	30.0	(30.0)	
Base revenue changes						
2006 Base Budget Request	40.3	9,405.8	3,741.9	5,663.9	(30.0)	(100.0)
Recommended Base Adjustments:						
Other base changes						
Service efficiencies		(47.3)		(47.3)		
Revenue adjustments						
Minor service impact		(531.0)		(531.0)		
Major service impact						
Total Proposed Base Adjustments	0.0	(578.3)	0.0	(578.3)	0.0	0.0
2006 Proposed Base Budget	40.3	8,827.5	3,741.9	5,085.6	(30.0)	(100.0)
2006 Program Operating Target	N/A	N/A	N/A	5,545.3		
% Over (Under) Program Target	N/A	N/A	N/A	(8.3)		
% Over (Under) 2005 Approved Budget	(6.9)	(5.2)	(3.4)	(6.5)		

Note: The 2006 Proposed Base Budget of \$5.086 million includes a reduction of \$0.531 million for the deletion of the remaining contribution to Tourism Toronto of which \$0.460 million has been applied to offset new request funding in Tourism as well as in the 2006 Proposed Operating Budgets of Culture and Economic Development.

Section C: 2006 Base Budget Issues

Key Issues and Recommendations

Premier Ranked Destination Framework

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 City's implementation of the Framework was approved by Council (Clause 8 of Economic Development & Parks Committee Report, adopted Feb 1, 2 and 3 2005) and included as a one time only expenditure in the 2005 budget. The project did not start in 2005 as had been anticipated. The approved budget will not be spent in 2005, and the funding will be required for 2006.

Additional funding of \$0.100 million gross and \$0.030 million net is proposed, conditional on securing funding from the Ministry of Tourism & Recreation and HRSDC. The funding for the \$0.030 million net will be offset by the \$531,000 reduction to Tourism Toronto (see page 20).

Reductions to Offset Economic Factors

Tourism has proposed that expenditures for contracted services, musician fees, materials and supplies will be controlled at 2005 budget levels. Effective negotiating practices and cost containment strategies will be utilized to achieve 2005 expenditure levels. A reduction of \$0.048 million gross and net is proposed.

Reduction in the Tourism Toronto Contribution to Fund Economic Development, Culture and Tourism Priorities

As a result of the successful re-negotiation of the agreement between the City and Tourism Toronto, the annual contribution to Tourism Toronto will be reduced to zero for 2006, 2007 and 2008, resulting in annual savings of \$0.531 million. While this represents the third consecutive annual reduction to the payment to Tourism Toronto, the amount will be offset by increases in Tourism Toronto's other revenue streams. Tourism Toronto continues to receive a 3% Marketing Fee (Approximately \$20.0 million) in 2006 from the Greater Toronto Hotel Association (GTHA). The Marketing Fee is a voluntary fee collected by GTHA members.

It is proposed that \$0.460 million of the \$0.531 million savings be re-allocated to offset new funding initiatives of \$0.210 million in Economic Development, \$0.150 million in Culture and \$0.100 million in Tourism that support the City's tourism objectives to be proposed in each of the 3 Program's 2006 Operating Budgets, respectively. See page 13, for the discussion on the re-allocation of funds.

3-Year Operating Budget Overview

The goals and strategic direction of the Tourism Program for 2006 to 2008 represent a continuation of the 2005 direction.

The new 3-year agreement between Tourism Toronto and the City presenting mutual interests in tourism between the City and Tourism Toronto is very important to both parties and to the overall tourism industry. The City of Toronto and Tourism Toronto seek a significant increase in overnight tourism activity as measured by hotel room night sales, attraction attendance and other indices. The new agreement will fundamentally change the operating model between the two organizations from the past service provider model to a model that sees both organizations investing in mutually approved and mutually beneficial projects. The agreement marks a fundamental change in that Tourism Toronto will move from being a recipient of City funds to being an investor in important City of Toronto tourism development projects. The projects that are contained within the Council-approved Tourism Action Plan 2003-2008 have not been realized due to City budget pressures. Council continues to re-affirm support for the Tourism Action Plan and now with the investment from Tourism Toronto, a number of initiatives can be undertaken. Partnership projects under consideration include enhancements to the provision of visitor information services, support for marketing festivals and events including the creation of a festival and event alliance, support for one time major events, and initiatives to support new product development in areas such as youth travel, culinary tourism and advancing tourism to Toronto's many BIA's and neighbourhood experiences.

The agreement is important to the City of Toronto as many initiatives that will improve the visitor experience will be able to be developed. Funding requests for new and enhanced services for the Tourism Program totaled \$1 million for 2006. The funding of new services within Tourism by the City is limited by its affordability targets. The new agreement with Tourism Toronto will give the City of Toronto access to a minimum of \$3 million in project specific investment over three years, \$700,000 in 2006 and \$2.3 million over 2007-2008. As well, the remaining funding for Tourism Toronto of \$531,000 can be deleted and reallocated through the operating budget process to address important tourism, cultural and economic development projects as well as Tourism Program budget pressures. The new agreement and operating model with Tourism Toronto represents a potential \$4.5 million favorable impact over the coming three years for the City of Toronto.

The 2007 Incremental Outlook includes a reduction of one-time funding for the Premier Ranked Destination Framework, \$0.100 million gross and \$0.030 million net. The funding for the Tourism Incubator and Niche Marketing initiative will be increased by \$0.150 million to \$0.200 million with two additional staff in 2007 as part of the proposed re-allocation of the Tourism Toronto savings realized in 2006. (see page 20)

The 2008 Incremental Outlook includes the reduction of \$0.100 million net for the Expo Bid-Event Feasibility. 2007 is the last year of the three year funding of this initiative from the 2005 agreement to re-allocate \$1.0 million in the 2005 Council Approved Budget. (see page 20)

Service Levels, Delivery, or Gap Issues

The three-year agreement with Tourism Toronto will give a period of certainty to the Tourism program that has endured many periods of uncontrollable volatility in the Tourism industry. The new agreement and operating model represents a potential \$4.5 million favourable impact over three years for the City of Toronto. Many projects that are contained within Council approved Tourism Action Plan 2003-2008 that have not been able to be realized due to City budget pressures will now have opportunities to be funded outside of the City's tax base.

The coming re-organization of the Economic Development, Culture and Tourism Divisions will offer an opportunity to develop links and synergies between the 3 current Programs which can result in more effective services to stakeholders.

Issues Referred to 2006 Operating Budget Process

None

Outstanding Issues from 2005 and Prior Years

None

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:												
	Sub-Total Council Priorities											
New Requests Referred to 2006 Operating Budget:												
	Sub-Total Referred											
New Program Requests:												
3	Summer Festival Campaign	250.0	250.0	250.0	250.0							
3	Visitor Information Services	250.0	250.0	250.0	250.0							
3	Cavalcade of Lights Neighbourhood Expansion	100.0	100.0	100.0	100.0							
3	Tourism Incubator and Niche Market Development	300.0	300.0	300.0	300.0				150.0			
3	Major Events Strategy-(2006 World Aids and Dragonboat)	100.0	100.0			100.0	100.0					
3	Project Manager-2006 AIDS Conference	100.0	100.0			100.0	100.0	1.0	(100.0)			
	Sub-Total New Program Requests	1,100.0	1,100.0	900.0	900.0	200.0	200.0	1.0	50.0			
Total New Council Priorities		1,100.0	1,100.0	900.0	900.0	200.0	200.0	1.0	50.0			
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Council Priority 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 </td> <td style="width: 50%; vertical-align: top;"> 6 - Ensure housing is affordable 7 - Get the powers and funding needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A </td> </tr> </table>											Council Priority 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	6 - Ensure housing is affordable 7 - Get the powers and funding needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A
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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

2006 Proposed New Council Priorities**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 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 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 20), 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 (see page 13).

Other Proposed Initiative, funded from Public Health programs:

- **Tourism – Project Manager 2006 AIDS Conference**

\$0.100 million is proposed to fund a temporary Project Manager position for the 2006 World AIDS Conference. A City of Toronto Project Manager is required to coordinate the delivery of City services for the conference as well as to ensure that the City of Toronto receives maximum international media exposure.

In 2004, the Province announced a three year plan, starting in 2005, to strengthen the resource base for public health by annually increasing the provincial cost sharing formula up to 75% by 2007. In 2006, the Provincial funding increase will be 55% to 65%, resulting in a \$13.9 million increase in funding to the Public Health Program.

This increased revenue presents an opportunity to reduce the municipal share of funding for Public Health programs, as well as reinvesting in Public Health services. In addition, given the City's overall financial pressures, it also provides an opportunity to redirect 50% of the additional Provincial funding to City programs that, more generally promote health and well-being especially in our vulnerable neighbourhoods. The 2006 Proposed Budget redirects the savings realized and proposes their reinvestment as follows:

Public Health stability and reinvestment --

- \$2.604 million to offset 2006 Base Budget pressures in Public Health
- \$4.332 million to be reinvested in Public Health services

Promotion of health and well-being through other City Programs --

- \$0.100 million to offset costs, on a one-time basis, for the City to provide a Project Manager for the Global AIDS Conference to be held in Toronto in 2006 (Tourism).
- \$0.913 million to offset strong neighborhoods community development work in the City's 13 vulnerable neighborhoods; (Social Development) and
- \$5.923 million to offset the provision of recreation services to children and youth in the City's vulnerable neighborhoods (Parks, Forestry, and Recreation).

Opportunity to Secure \$700,000 Investment from Tourism Toronto In 2006

The new agreement with Tourism Toronto will give the City of Toronto access to a minimum of \$3 million in project specific investment over three years, \$700,000 in 2006 and \$2.300 million for 2007-2008. Projects under consideration for Tourism Toronto funding include: Visitor Information Services, creation of the Festival Alliance and Marketing and expansion of the Cavalcade of Lights. Funding for these projects is not included in the 2006 Proposed Budget since they are being considered for full funding by Tourism Toronto. Tourism Toronto's final decision on projects they will invest in will be made in the first quarter of 2006. The Deputy City Manager responsible for Tourism is requested to report to Budget Advisory Committee during the 2006 Operating Budget Review Process on the status of Tourism Toronto's investment in the City's Tourism initiatives.

- **Summer Festival Campaign**

\$0.250 million is requested for a Summer Festival Campaign to support the Tourism and Festival Industry through a promotion of summer festivals and events taking place in Toronto. Part of the Event Enhancement Strategy is to develop a festival and event network and launch an umbrella summer festival campaign in support of this network.

- **Visitor Information Services**

\$0.250 million is requested for year round, city-focused information delivery from Ontario Travel Information Centre at Yonge and Dundas. This is a follow up to the pilot project implemented between May and September 2005. Results from the pilot will be evaluated in October.

- **Cavalcade of Lights - Neighbourhood Expansion**

\$0.100 million is requested for increased BIA participation in the Cavalcade of Lights Neighbourhood Lighting program. 7 BIAs invested in the program in 2004 with 14 scheduled to participate in 2005.

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)	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.