

Analyst Briefing Notes
Budget Committee
(March 26, 2007)

2007 OPERATING BUDGET

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Executive Summary

- The preliminary year-end actual expenditure of \$24.313 million net is \$0.016 million or 0.06% over its 2006 Approved Budget of \$24.297 million net. The year-end revenue shortfall in the amount of \$3.354 million is the result of reductions/deferrals in such areas as HRSDC program (\$0.320 million), Blockbuster events (\$2.032 million), Film Office parking revenues (\$0.100 million) and Live with Culture project (\$0.750 million). This has been compensated by corresponding reductions in gross expenditures in the amount of \$3.338 million which is \$0.016 million less than the revenue shortfall.
 - The HRSDC Job Training Program will not continue in 2007 and 8 trainees will not be recruited as the Federal Program has not provided the offsetting grant of \$0.320 million.
- The 3-Year Operating Budget is a merge of three separate divisions of Economic Development, Culture and Tourism. To assist the new Division in developing a Strategic Plan and an integrated vision a complete program review is underway and will be completed in the last quarter of 2007.
 - The major challenge for 2007 will be to deliver the program review that assesses the current divisional mission, objectives, organization and activities for relevance and effectiveness within the new structure and environment, and to outline options for the future including any recommended change. This is a full-scale program review and will include all aspects of the combined Program.
- The 2007 Recommended Operating Budget of \$24.597 million net is \$0.300 million or 1.2% over the 2006 Approved Budget and the 2007 target.

Table 1: 2007 Recommended Budget

	2006		2007 Recommended Operating Budget			Change - 2007 Recommended from 2006 Approved Budget		FY Incremental Outlook	
	2006 Appvd. Budget	2006 Projected Actual	2007 Base	2007 New /Enhanced	2007 Operating Budget			2008	2009
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXP.	36,509.4	33,171.3	33,276.8	400.0	33,676.8	(2,832.6)	(7.8)	1,326.1	0.0
REVENUE	12,212.4	8,857.9	8,979.8	100.0	9,079.8	(3,132.6)	(25.7)	0.0	0.0
NET EXP.	24,297.0	24,313.4	24,297.0	300.0	24,597.0	300.0	1.2	1,326.1	0.0
Approved Positions	284.3	276.3	272.8	2.0	274.8	(9.5)	(3.3)		
TARGET			24,297.0		24,297.0				
\$ Over / (Under) Program Target			0.0		300.0				
% Over / (Under) Program Target			0.0%		1.2%				

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- The 2007 Recommended Operating Budget of \$24.597 million net is comprised of base funding of \$24.297 million and new/enhanced service priority funding of \$0.300 million. This represents a \$0.300 million or 1.2% increase over the 2006 Approved Operating Budget of \$24.297 million which will support continuation of Nuit Blanche in 2007.
 - The 2008 incremental net increase of \$1.326 million or 5% increase over the 2007 Recommended Budget includes projections for COLA, Merit and Step increases and the annualized cost expenditures included in the 2007 Recommended Base Budget.
- The 2007 Recommended Base Budget of \$24.297 million net, at the 0% Base Budget target, merges the separate divisions of Economic Development, Culture and Tourism into one Division and includes the following Base Budget changes:
 - An in-year 2006 technical adjustment of \$0.479 million for the transfer of 7 positions from Social Development, Finance and Administration;
 - 2007 key cost drivers consist of COLA, merit and step, inflationary increases (\$1.237 million); \$0.100 million net, to develop an Economic Development Strategy; \$0.050 million increase for waste diversion; \$0.025 million for revised Fleet costs; reversal of the one-time Live With Culture project, from the base (\$1.500 million net)
 - Service and efficiency adjustments totaling \$0.894 million gross and \$0.964 million net and a reduction of one vacant position;
 - Incremental revenue of \$0.101 million from project management fees and increased web site revenue;
- Two Enhanced Service priorities of \$0.400 million gross and \$0.300 million net, with no incremental impact on future years are recommended for 2007:
 - The continuation with “Live with Culture” (see discussion on page 14) with \$0.590 million gross and net, and continuation of two positions. The \$0.590 million reduction to International Branding is recommended as an offset resulting in no net increase to the 2007 Budget.
 - Funding for a 2007 Nuit Blanche event of \$1.121 million gross and \$0.621 million net. The \$0.721 million gross and \$0.321 million net reduction resulting from the discontinuation of the City of Toronto Street Festival is recommended as a partial offset, resulting in \$0.400 gross and \$0.300 net increase over the 2006 Approved Budget. The 3 staff who worked on the Street Festival in 2006 will be assigned to Nuit Blanche in 2007.
- To assist the Program in developing an integrated Strategic Plan, the Economic Development, Culture and Tourism Division will undergo a Program Review, in 2007, to examine all functional areas, define and align mandates, policy objectives, organization structure and operations. Staff will report back prior to the commencement of the 2008 Operating Budget cycle on service delivery, efficiency and cost containment strategies to be identified through the Program Review.

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Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Operating Budget for Economic Development, Culture and Tourism of \$33.677 million gross and \$24.597 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Culture	13,657.0	10,213.0
Economic Development	10,701.2	8,957.3
Special Events	7,521.2	4,079.3
Tourism	<u>1,797.4</u>	<u>1,347.4</u>
Total Program Budget	<u>33,676.8</u>	<u>24,597.0</u>

2. the General Manager for Economic Development, Culture and Tourism report to Budget Committee, prior to the commencement of the 2008 Operating Budget cycle on service delivery, efficiency and cost containment strategies identified by the Program Review.

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Section A: 2006 Budget Variance Analysis

Table 2: 2006 Budget Variance Review

(In \$000s)	2005 Actuals	2006 Approved Budget	2006 Projected Actuals*	2006 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	30,033.4	36,509.4	33,171.3	(3,338.1)	(9.1)
REVENUES	7,686.2	12,212.4	8,857.9	(3,354.5)	(27.5)
NET EXP.	22,347.2	24,297.0	24,313.4	16.4	0.1
Approved Positions	274.2	284.3	276.3	(8.0)	(2.8)

Source: *Projected Actuals Based on the Preliminary Year-End Operating Variance Report.

2006 Experience

Economic Development, Culture and Tourism's preliminary year-end unfavourable net variance of \$0.016 million or 0.06% is due to a gross expenditure reduction of \$3.338 million and a revenue shortfall of \$3.354 million.

The following drivers contributed to this Preliminary Year-End variance:

- The lack of a "Block Buster" event generated a year-end gross under expenditure of \$2.032 million, offset by an equivalent revenue shortfall.
- A reduction in the size the HRSDC Job Creation Program resulted in a year-end revenue shortfall in the amount of \$0.320 million, compensated by gross expenditure reductions in the same amount and a reduction of 8 temporary positions.
- A year-end revenue shortfall of \$0.100 million is projected for the Film Office revenue, however, the expenditures are correspondingly decreased by the same amount resulting in a net zero impact.
- Live with Culture revenue shortfall of \$0.750 million was compensated by corresponding reductions in gross expenditures.

Impact of 2006 Operating Variance on 2007 Recommended Budget

The discontinuation of the HRSDC Job Creation Program in 2006 has resulted in a \$0.320 million gross and revenue reduction to the 2007 Budget and a reduction of 8 temporary positions.

Section B: 2007 Operating Budget Overview

3-Year Operating Budget Overview

The City's new corporate administrative structure adopted by City Council in November 2004 directed the alignment of the economic development, culture and tourism functions into a stand-alone Division from the former departmental structure. The Economic Development, Culture and Tourism Division was established in 2006 by merging the separate divisions of Economic Development, Culture and Tourism into 4 services: Culture, Economic Development, Tourism, and Special Events. The amalgamation was intended to build on the synergies of these functions to advance the vision and economic advantage of Toronto's potential as a creative city.

A program review is underway to assess the current divisional mission, objectives, organization and activities for relevance and effectiveness within the new structure and environment, to outline options for the future, and recommend change. There is a need to develop a coherent and strategic positioning for all of the activities of the Division and for the Division itself as an essential part of the economic and cultural life of the City. A structure that supports the increasingly inter-related nature of the divisional units will strengthen the strategic positioning within the City corporation, in the wider economic, cultural and social life of Toronto, and in the larger national and international arena.

Completion of the program review in 2007 is a major challenge for EDCT. This is a full-scale program review and will include all aspects of the Division. Staff will report back prior to the commencement of the 2008 Operating Budget cycle on service delivery, efficiency and cost containment strategies identified through the Program Review, including the future year's outlook.

The 2008 outlook includes \$1.326 million or 5% increase over the 2007 Recommended Budget for Merit and COLA increases. The program review will address these funding pressures identified for 2008. The outlook for 2009 does not include a provision for COLA, as it is subject to future negotiations.

Service Delivery - Challenges and Issues

The 2007 Recommended Budget includes the resources for EDCT to: deliver a Creative Economy Strategic Plan that integrates and supports the Mayor's Economic Competitiveness Advisory Committee and its working groups, implement and support the Prosperity and Creative City elements of the Mayor's Platform, complete the Divisional Program Review and finalize the consolidation of the Economic Development, Culture and Tourism Division.

EDCT services challenges at the onset of the Program Review process are:

- *Culture:*
 - Programming at City facilities and other venues that reflect Toronto's diversity including continuation of the successful Live with Culture initiative;

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- Increasing arts programs for children and youth through internal and external collaborations including; Neighbourhood Action plans and other community initiatives from 97 in 2007 to 100 in 2007;
 - Managing the capital program, addressing the requirements for the 69 heritage and cultural facilities under the stewardship of Culture (comprising more than 100 buildings) to bring cultural facilities closer to a state of good repair and to maintain the appearance of museums and cultural facilities. Negotiate public/private partnerships, for facilities such as the Guild Inn; and
 - Developing new public arts projects; restore public art in the City's collection and conduct annual cleaning of artworks, partner with other institutions to exhibit artifacts to increase public access, develop new exhibits and programs.
- *Economic Development:*
 - Supporting the Mayor's Economic Competitiveness Advisory Committee, established in 2006 to support the City as it develops its economic development strategy, in continuation of its work to engage the private sector to assist in its implementation in partnership with the City and prepare a new Economic Competitiveness Strategy for the City;
 - Implementing the cluster development strategies for Key Industry Sectors including Film, Biotech, Aerospace, InfoTech, and Financial Services, providing added support to the film sector which is facing a significant decline, increased global competition and pressure on its infrastructure base; and
 - Servicing the growing number of BIAs will continue to be a challenge for staff to provide the same level of service.
- *Tourism:*
 - Completing the Premier Ranked Tourist Destination Framework;
 - Delivering Info TO GO Mobile service and Ontario Travel Information Centre Toronto Desk information program for summer 2007;
 - Developing a major event acquisition strategy and hosting policy for the City of Toronto; and implementing major event support programs for FIFA U-20 World Cup Canada and Grey Cup; and
 - Implementing the current partnership agreement with Tourism Toronto and developing a new agreement for 2009.
- *Special Events:*
 - Producing annual events, festivals, exhibitions and campaigns for the residents of Toronto and visitors to the City; securing marketing strategies and developing marketing partnerships to promote event products and enhance leveraging opportunities;

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- Facilitating all incoming event related requests to foster the development of the event industry in Toronto; and develop and implement a collective umbrella campaign promoting Toronto's festival and event experiences; and
- Continuing the successful Nuit Blanche initiative.

Mayor's Mandate

The 2007 Recommended Operating Budget supports the following Mayor's Mandate initiatives:

- **Making a Stronger Economy**

- Working groups have been formed and the work plan is proceeding in support of the Mayor's economic advisory committee to engage other business, educational, and labour leaders in development of a new Economic Competitiveness Strategy for the City to promote Toronto to their national and international peers, and
- The schedule of missions for 2007 is being developed for 'Team Toronto' trade missions to promote Toronto as a place to do business, with a focus on innovative, creative, knowledge-based industries such as biotechnology.

- **A Creative City**

- Funding to continue Nuit Blanche is recommended for 2007. Planning of the event has begun and \$1.121 million gross and \$0.621 million net, partially offset by \$0.321 million net from the elimination of the City of Toronto Street Festival, for a \$0.300 million net increase is recommended in this 2007 Recommended Operating Budget,
- Continuation of the successful Live with Culture initiative is recommended. Planning of the 2007 event has begun and \$0.590 million net, with a compensating offset, is included in this 2007 Recommended Operating Budget,
- The City's Film Commissioner's office continues to be funded in the 2007 Recommended Operating Budget. Work continues on protecting and renewing the City's film infrastructure,
- To help put creativity at the heart of Toronto's economic development strategy, EDCT will present a report to Council on the creative city agenda coming out of the report "Imagine a Toronto Strategies for a Creative City" recommending priorities for City action,
- The process to develop a comprehensive public space beautification plan will begin in 2007, to assist in improving the public realm around Toronto's major cultural institutions,
- A framework is being developed with Neighbourhood Action teams and an interdivisional team to assist in building creative community hubs that will bring local artists and organizations to provide programming in Toronto's community centres, and

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- Culture and Affordable Housing Office staff are developing a work plan to assist in creating affordable space for Toronto's artists to pursue their craft.
- **A Clean and Beautiful City**
 - As a member of an Interdivisional team, EDCT is assisting in the development of a coordinated City plan for enhanced graffiti eradication, enforcement and education, and
 - A minimum of 10 proactive targeted strategies are being planned for 2007, working with business improvement associations (BIAs) to create teams to improve the look and feel of our retail strips.

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Section C: 2007 Recommended Base Budget

Table 3: 2007 Recommended Base Budget

(In \$000s)	2006 Appvd. Budget	2007 Recommended Base	Change 2007 Recommended Base v. 2006 Appvd. Budget		FY Incremental Outlook	
	\$	\$	\$	%	2008 \$	2009 \$
GROSS EXP.	36,509.4	33,276.8	(3,232.6)	(8.9)	1,326.1	0.0
REVENUE	12,212.4	8,979.8	(3,232.6)	(26.5)	0.0	0.0
NET EXP.	24,297.0	24,297.0	0.0	0.0	1,326.1	0.0
Approved Positions	284.3	272.8	(11.5)	(4.0)		
NET TARGET		24,297.0			0.0	0.0
\$ Over / (Under) Program Target		0.0			1,326.1	0.0
% Over / (Under) Program Target		0.0%			5.46%	0.00%

The 2007 Recommended Base Budget of \$24.297 million net represents no change from the Economic Development, Culture and Tourism's 2006 Approved Base Budget while maintaining 2006 service levels.

- A reduction of \$3.250 gross and \$1.500 net for reversal of the one-time Live With Culture project.
- The 2007 Recommended Base Budget of \$24.297 million net includes \$1.237 million for COLA, merit and step, and inflationary increases; \$0.100 million net to develop an Economic Development Strategy; \$0.050 million increase for waste diversion; \$0.025 million for revised Fleet costs;
- The revenue increase of \$0.101 reflects increases of \$0.020 million from the Enterprise Toronto website from increased participation, \$0.050 million for increased Partnership revenue and \$0.031 for increased Project Management fees.
- The base budget includes service efficiencies of \$0.894 million gross and \$0.964 million net and the reduction of one vacant position from the deferral the Product Incubation project to 2008. They include: reversal of Non-Salary Economic Factors (\$0.145 million), deferral of the Product Incubation initiative (\$0.150 million), reduction of the data purchase and research budget (\$0.045 million), reduction in business associated costs (\$0.129 million), increase in one time gapping (\$0.200 million) and reduction in International Branding (\$0.226 million).
- The recommended staffing complement is 272.3, representing a reduction of 11.5 positions from 2006. The position reductions are:

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- 2 temporary positions to recognize the one time 2006 Live With Culture project (added back as new/enhanced recommended project);
- 1.5 temporary positions for reversal of 1 time funding for the International Aids Conference Project manager and .5 temporary position for the relocation of the Guild Collection; and
- 8 temporary positions eliminated due to non-recurring funding from HRSDC.

The above adjustments bring Economic Development, Culture and Tourism's 2007 Recommended Base Budget to \$24.297 million net, meeting its corporate affordability target exactly.

2007 Key Cost Drivers

- Cost-of-living adjustments (COLA) that average 3.25% for 2007 are non-discretionary expenditures that result in additional costs of \$0.668 million.
- Non labour inflationary increases are reduced by \$0.145 million, from \$0.183 million to \$0.038 million.
- The 2007 Recommended Budget includes \$0.925 million funding for specific projects from the original \$1.531 million Tourism Toronto savings. The balance of the Tourism Toronto savings (\$0.606 million) has been applied to Base Budget reductions. (See page 14 for details)
- Funding from the HRSDC Local Partnership Job Creation program has been eliminated by the Federal Government resulting in a reduction of \$0.320 million gross, zero net, and a reduction of 8 temporary positions.
- Reversal of one time funding of \$3.250 gross and \$1.500 net for the 2006 Live With Culture initiative. (See page 12 for enhanced service funding to continue with the 2007 initiative)

2008 and 2009 Outlook Net Incremental Impact:

The 2008 incremental outlook shows an increase of \$1.326 million or 5% increase over the 2007 Recommended Budget for COLA, Merit and Step increases and annualized costs. The 2008 0% target will continue to be difficult to achieve. It is anticipated that Program Review outcomes will provide new service delivery approaches which will assist in meeting these financial challenges.

The outlook for 2009 does not include a provision for COLA, as it is subject to future negotiations.

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Section D: 2007 Recommended Service Priorities

Table 4: Summary of 2007 New / Enhanced Service Priorities (In \$000s)

Description	2007 Recommended		Rec. New Positions	Net Incremental Impact	
	Gross Exp.	Net Exp.		2008	2009
	\$	\$	#	\$	\$
(a) Enhanced Service Priorities - Council Approved:					
(b) Enhanced Services Priorities - Program Initiated:					
Continuation of Live with Culture	590.0	590.0	2.0		
Reduction in International Branding	(590.0)	(590.0)			
Continuation of Nuit Blanche	1,121.0	621.0			
Reallocation of CTSF funds for Nuit Blanche	(721.0)	(321.0)			
Sub-Total Enhanced Services	400.0	300.0	2.0	0.0	0.0
(a) New Service Priorities - Council Approved:					
(b) New Service Priorities - Program Initiated :					
Sub-Total New Service Priorities	0.0	0.0	0.0	0.0	0.0
Total Recommended New / Enhanced Service Priorities	400.0	300.0	2.0	0.0	0.0

2007 Recommended Service Priorities

Enhanced Service Priorities – Program Initiated:

Continuation of Live with Culture to Meet the Mayor’s Mandate

The 2007 Recommended Operating Budget includes \$0.590 million net for Live With Culture and continuation of the 2 positions approved in 2006. The \$0.590 million net reduction in the International Branding initiative is recommended as an offset for the continuation of Live with Culture resulting in no net impact for 2007.

- The 2007 Live With Culture program objective is to provide for the continuation of community art programs for children and youth especially in at risk neighbourhoods and the highly successful umbrella marketing and branding campaign showcasing all of the cultural activities in Toronto. The program budget allocation is:

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- \$0.206 million or 35% to community art for “Arts in the Hood” youth programming, “Doors Open Kids' Guide”, and “T. Ode Community Story Telling”;
 - \$0.224 million or 38% to umbrella marketing for “Face the Arts”, and Culture marketing (street banners, domestic and out of market campaigns); and
 - \$0.160 million or 27% (2 positions), for project management, Web Site continuation and community coordination.
- EDCT has also identified a \$0.590 million reduction in the International Branding initiative to offset Live with Culture funding. Live with Culture will help to create a brand platform utilizing the City's cultural and artistic assets as an important component of the City's marketing strategy and positioning in the marketplace.

Continuation of Nuit Blanche

Toronto Special Events (TSE) produced Nuit Blanche in 2006 modelled after the event concept developed by the City of Paris, France. The success of Toronto's event resulted in audience, media and political pressure to produce the event annually. Based on Paris' experience the event's audience may double (850,000) in the second year (2007) and exceed one million in the third year (2008.)

- The 2007 Recommended Operating Budget includes \$1.121 million gross and \$0.621 million net and the reassignment of 3 positions in Special Events to support the continuation of Nuit Blanche. Eliminating the City of Toronto Street Festival is recommended and its funding of \$0.721 million gross and \$0.400 million is reallocated towards the cost of Nuit Blanche. This recommendation will result in increased funding of \$0.400 million gross and \$0.300 million net, which will bring the 2007 Recommended Operating Budget 1.2% above the 0% 2007 Budget target.

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Issues for Discussion

2007 Operating Budget Issues

City of Toronto previously has provided an annual operating grant to Tourism Toronto to undertake tourism destination marketing activities on its behalf. Tourism Toronto was provided an annual contribution of \$4.231 million from 1999 to 2003. The annual contribution to Tourism Toronto was reduced, through a series of annual reductions, to zero in 2006. Services provided by Tourism Toronto have been guided by Service Agreements with the City which ended in 2005, the last year contributions were made to Tourism Toronto.

A 3-year Memorandum of Understanding, spanning the years 2006-2008, replaces the Service Agreement and clarifies the respective roles and responsibilities of Tourism Toronto and the City of the Toronto Tourism Program. Tourism Toronto agreed to invest not less than \$3.000 million over the three year term. Tourism Toronto's investment in 2006 was \$0.700 million. Tourism Toronto is meeting with the City to review and consider projects to be delivered and funded by Tourism Toronto in 2007 and 2008, that are of mutual interest as identified in the Tourism Action Plan 2003-2008. Contributions from Tourism Toronto for 2009 activities will be subject to the continuation of the Memorandum of Understanding which expires in 2008.

Impacts of the Tourism Toronto savings Reallocation:

The 2007 Recommended Budget includes \$0.925 million funding for specific projects from the Tourism Toronto savings. The \$0.890 million reduction from the 2006 funding level is a major factor contributing to EDCT meeting its 2007 target.

- The 2007 Base Budget for International Branding is reduced by \$0.815 million as a result of the \$0.590 million reduction used to offset funding for Live With Culture and the \$0.225 reduction to the Base Budget to meet the 2007 target.
- The 2007 Recommended Budget includes \$0.160 million for International Branding, \$0.075 million for Film and Marketing and \$0.100 million for Major Events.

Programs funded by Reallocation of Tourism Toronto Funds

\$000s Net	2006			2007 Recommended			2008 Outlook	
	2005	2006 Incremental	2006 Budget	2007 Prior Year Imp.	2007 Changes	2007 Budget	2008 Incremental	2008 Budget
Culture								
<i>Live With Culture*</i>	635.0	865.0	1500.0	(1500.0)	590.0	590.0		
Ec. Dev.								
<i>Film and Marketing</i>	75.0		75.0			75.0	(75.0)	0.0
<i>International Branding</i>	160.0		160.0	815.5	(815.5)	160.0		160.0
Tourism								
<i>Piemier Ranking</i>	30.0	0.0	30.0	(30.0)		0.0		0.0
<i>Expo Bid (studies)</i>	100.0	(100.0)	0.0	0.0		0.0		0.0
<i>Major Events</i>		50.0	50.0	50.0		100.0		100.0
<i>Product Incubation</i>				150.0	(150.0)	0.0	150.0	150.0
Total Project funding	1000.0	815.0	1815.0	(514.5)	(375.5)	925.0	75.0	410.0
Base Funding		284.0	284.0					
Funding from TT		531.0	1531.0			925.0		410.0
Balance of savings in TT			0.0			606.0		1121.0

*Note: 2006 Live with Culture is funded: \$0.284 from Base New and \$1.216 from TT reallocation
2007 Live With Culture is funded from \$0.590 million reduction in International Branding

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2008 and 2009 Outlook Issues

- **Tourism Toronto**

The 2008 outlook includes \$0.410 million from the reallocation of Tourism Toronto funding, with \$0.160 million allocated for International Branding, \$0.100 million for Major Events and \$0.150 million for Product Incubation.

- **Program Review**

Throughout 2007 the Economic Development, Culture and Tourism Division will undergo a Program Review that will examine all functional areas, define and align mandate, policy objectives, organization structure and operations. The Program Review will assess the current divisional mission, objectives, organization and activities for relevance and effectiveness within the new structure and environment, and will outline options for the future, and recommend change.

The 2008 incremental outlook shows an increase of \$1.326 million or 5% increase over the 2007 Recommended Budget and includes projections for COLA, Merit and Step Increases and annualized cost for net expenditures included in the 2007 Recommended Operating Budget. It is expected that the program review will outline options for future implementation that will include all aspects of the combined program including future years funding pressures.

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Appendix 1

Summary of Recommended Base Budget Changes From 2006 Approved Budget

(In \$000s)	Summary of 2007 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2008	2009
		\$	\$	\$	\$	\$
2006 Council Approved Operating Budget	274.3	34,765.8	11,012.4	23,753.4	0.0	0.0
In-year approvals and technical adjustments	3.0	63.6	1,200.0	(1,136.4)		
Corporate adjustments(Trans from S DFA)	7.0	1,680.0	0.0	1,680.0		
2006 Approved Operating Budget	284.3	36,509.4	12,212.4	24,297.0	0.0	0.0
Prior year impacts	(2.5)	(3,110.7)	(3,113.5)	2.8		
Zero base items		(33.5)	0.0	(33.5)		
Economic factors		850.3	0.0	850.3		
Adjusted Base Budget	281.8	34,215.5	9,098.9	25,116.6	0.0	0.0
Other base changes	(8.0)	(44.5)	(220.0)	175.5		
Base revenue changes			30.9	(30.9)		
Recommended Service Level Adjustments:						
Service efficiencies		(145.0)	0.0	(145.0)		
Revenue adjustments			20.0	(20.0)		
Minor service impact	(1.0)	(523.7)	50.0	(573.7)	200.0	
Major service impact		(225.5)	0.0	(225.5)		
Total Recommended Base Adjustments	(9.0)	(938.7)	(119.1)	(819.6)	200.0	0.0
2007 Recommended Base Budget	272.8	33,276.8	8,979.8	24,297.0	200.0	0.0
2007 Program Operating Target	N/A	N/A	N/A	24,297.0	0.0	0.0
% Over (Under) Program Target				0.0%	0.8%	0.00%
% Over (Under) 2006 Appvd. Budget				0.0%	0.8%	0.00%

Appendix 2
Summary of Service Level Adjustments

Appendix 3

Summary of 2007 Recommended New / Enhanced Service Priorities

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Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 2006	Proposed Withdrawals (-) / Contributions (+)		
			2007	2008	2009
		\$	\$	\$	\$
Vehicle Reserve Fund	XQ1200	110.9	21.5		
Casa Loma Reserve Fund	XR1501	2,398.0	800.0		
Insurance Reserve Fund	XR1010	17,456.0	99.8		
Art Collection Reserve Fund	XR4204	20.5	-5.0		
Design Exchange	XR3020	537.0	-500.0		
Government Relations Reserve	XQ0009	37.0	-37.0		
Total Reserve / Reserve Fund Draws / Contributions			379.3	0.0	0.0