

Analyst Briefing Notes
Budget Committee
(February 10, 2009)

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Executive Summary

- Economic Development Culture and Tourism provides services to advance the City's prosperity, opportunity and liveability. The Program engages partners in the planning and development of the City's economy and cultural resources and delivers targeted programs and services to create an environment in which business and culture can thrive.
- Economic Development Culture & Tourism face a number of challenges over the next three years to successfully implement the Agenda for Prosperity with the goal of improving Toronto's positioning in a growing international and competitive market. Toronto "is doing well, but could do better, and will not sustain its growth without clearer directions and taking more concerted action". Challenges over the next three years include:
 - Implementation of the Agenda for Prosperity as first priority, while Economic Development Culture and Tourism is in a period of unprecedented reorganization and restructuring.
 - 2009 will be an assessment period, evaluating where to best invest to further the Agenda for Prosperity.
 - The City's immediate fiscal limitations will constrain the implementation of future strategic initiatives.
 - Future economic growth in the City will be influenced by how well the City's economy can weather the current economic situation.
 - Popularity of Culture Services will continue to increase.
 - Demand for Special Events will continue to grow and obtaining Corporate Sponsorship funding is becoming increasingly more difficult.
 - The Memorandum of Understanding with Tourism Toronto expired in 2008 and must be re-negotiated for benefits to continue.
- The service objectives for the Economic Development Culture & Tourism will address the challenges outlined above, and reflect the period of change that will dominate the Economic Development Culture & Tourism over the next three years. EDCT service objectives support the Agenda for Prosperity which include: increasing Toronto's presence in international markets, maintaining and growing local employment and investment in key economic clusters, positioning Toronto as a creative City, revitalizing local economies and strengthening the "Can-Do" service culture in City Hall.
- The 2009 Recommended Operating Budget includes funding for priority actions which address the challenges, opportunities, and service objectives which focus the Mayor's and Council's priority to implement the Agenda for Prosperity.
 - In support of the "Globalization" service priority, the 2009 Recommended Operating Budget provides enhanced funding of \$0.375 million to increase Toronto's presence in

2009 Operating Budget Economic Development Culture & Tourism

International Markets and increase economic activities in emerging markets such as China and India.

- The Creative City service priority is advanced by enhanced funding of \$0.365 million for three special events in the 2009 Recommended Operating Budget including: enhancing the Monumental Art project in Nuit Blanche, celebrating the 175th Anniversary of the City, and the Bicentennial of the War of 1812. The additional 3.4 new temporary positions will plan and coordinate the deliver of these three Creative City events.
 - To position Toronto as a Creative City the 2009 Recommended Operating Budget provides enhanced funding of \$0.312 million for Sector Development and Tourism Information Services enhancements.
 - In support of the Proactive City service priority, the 2009 Recommended Operating Budget provides funding of \$0.300 million, over two years, and 3 new permanent positions for the “Can Do” initiative. “Can Do” will create a more responsive and collaborative environment in City Hall when working with the business community.
- For 2008, Economic Development Culture & Tourism is projecting a year-end net favourable variance of \$0.088 million or 0.3% under the 2008 Approved Operating Budget.

Table 1: 2009 Recommended Budget

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/ Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$			%	\$
(In \$000s)									
GROSS EXP.	33,984.0	33,896.1	34,408.2	2,002.6	36,410.8	2,426.8	7.1	263.3	232.4
REVENUE	8,050.2	8,050.2	8,297.4	800.0	9,097.4	1,047.2	13.0	0.0	0.0
NET EXP.	25,933.8	25,845.9	26,110.8	1,202.6	27,313.4	1,379.6	5.3	263.3	232.4
Approved Positions	276.8	276.8	278.8	6.4	285.2	8.4	3.0	(0.4)	0.0
TARGET			25,415.1		25,415.1				
\$ Over / (Under) Program Target			695.7		1,898.3				
% Over / (Under) Program Target			2.7%		7.5%				

- The 2009 Recommended Operating Budget for Economic Development Culture and Tourism of \$36.411 million gross and \$27.313 million net is \$1.047 million or 5.3% higher than the 2008 Approved Operating Budget, and \$1.899 million or 7.5% higher than the 2009 target of 2% below the 2008 Approved Operating Budget (net).
- The 2009 Recommended Operating Budget of \$27.313 million net is comprised of base funding of \$26.111 million net and \$1.203 net for new/enhanced service priority actions. The 2009 Recommended Operating Budget of \$27.313 million net includes service level efficiencies and reductions of \$0.577 million.

2009 Operating Budget Economic Development Culture & Tourism

- The 2010 Outlook projects a net increase of \$0.263 million which is the cumulative net increase of the reversal of one time funding for the 175th Anniversary of \$0.230 million, annualized salary costs of \$0.261 million for six positions recommended in 2009 and merit & step cost increase of \$0.232 million.
- The 2011 Outlook includes a net increase of \$0.232 million for merit & step cost increases.
- The Outlooks for 2010 and 2011 do not include a provision for COLA which are subject to future negotiations.
- The 2009 Recommended Operating Budget includes an additional 8.4 positions, increasing the staffing complement from 276.8 to 285.2 approved positions. The additional positions are comprised as follows:
 - 2 permanent positions transferred to EDCT from TEDCO, to deliver the Incubator Program
 - 3 additional permanent positions to support the City's "Can Do" initiative
 - 3 additional temporary positions to support the Bicentennial of the War of 1812
 - 0.4 one-time increase for a temporary positions to support the 175th Anniversary of the City of Toronto
- The 2009 Recommended Operating Budget of \$27.313 million net incorporates the Program's key cost drivers including merit and step increases of \$0.232 million, \$1.002 million gross, \$0 net for the transfer of the Incubator program from TEDCO, and \$0.257 million net for annualized costs of new/enhanced initiatives approved in 2008. These are partially offset by revenue increases of \$0.080 million, recommended efficiencies of \$0.149 million; and \$0.348 million for recommended service changes.
- The 2009 Recommended Operating Budget will allow Economic Development Culture and Tourism to continue to provide services to residents and clients to develop the City's economy and cultural resources by creating an environment in which business and culture can thrive.
- The 2009 Recommended Operating Budget includes funding for number of priority actions which address the Mayor's priorities and Council's policy agenda. These include:
 - The Prosperity Agenda will be supported by the Globalization initiative which will increase economic activities with cities in Global markets.
 - Enhancing the Monumental Art project in Nuit Blanche, the 175th anniversary of the City of Toronto and the Commemoration of the War of 1812 will help to position Toronto as a Creative City.
 - Revitalization of local economies is assisted by the Sector Development initiative, the "Can-Do" initiative, and the "We've been Expecting You" initiative.
- The 2009 Recommended Operating Budget of \$27.313 million net will provide funding to:
 - Continue the Incubator Program transferred from TEDCO, providing financial and administrative assistance to three incubators – Toronto Fashion Incubator, Toronto Business Development Centre, and Toronto Food Business Incubator

2009 Operating Budget Economic Development Culture & Tourism

- Continue to provide support for approximately 25 key sector development projects (Financial Services Human Resources Strategy, Bio Discovery District Brochure)
- Provide professional and administrative support to 68 BIAs and other Small Business Areas which includes approximately 20,000 businesses and 200,000 employees
- Continue marketing and promotion support for Film Production in Toronto
- Continue production of 109 event days for an audience of 2.2 million residents and visitors including: WinterCity, Winterlicious, Canada Day, Tasty Thursdays, Fresh Wednesdays, Summerlicious, Sunday Serenades, Cavalcade of Lights, and Nuit Blanche
- Continue to support the city-owned heritage and cultural buildings including 97 city-owned heritage and cultural buildings at 60 heritage sites
- Provide operating costs for 10 historic museum sites: Colborne Lodge (1837), Spadina Museum: Historic House & Gardens (1866), Fort York National Historic Site (1793), Montgomery's Inn (1847), Todmorden Mills Heritage Museum & Arts Centre, Gibson House Museum (1851), Scarborough Historical Museum, York Museum, Zion Schoolhouse (1869), and Mackenzie House (1850s)
- Continue to support development of Street Furniture Information Pillars
- Support three to four bids for major International Events. Work will continue with the Province of Ontario on the GTA bid to host the 2015 Pan American Games
- The 2009 Recommended Operating New/Enhanced Budget of \$1.203 million net for priority actions which address the challenges, opportunities, and service objectives which focus the Mayor's and Council's priority to implement the Agenda for Prosperity. The priority actions will increase Toronto's presence in International markets, position Toronto as a creative City, maintain and grow employment and investment in key economic clusters, and undertake actions that provide and project a responsive "can-do" environment at City Hall. Priority New/Enhanced initiatives include:
 - Support for signature events such as: the Enhanced Monumental Art project in Nuit Blanche (\$0.300 million gross, \$0 net), planning for the Bicentennial of the War of 1812 (\$0.135 million), and celebrating the 175th Anniversary of the City of Toronto (\$0.230 million);
 - Strengthening Toronto's global profile by developing a focused strategy that will evaluate new markets and develop recommended actions to nurture them through the Globalization initiative as part of the City's Agenda for Prosperity at a cost of \$0.375 million;
 - Improvement to the level of service for businesses at City Hall through the "Can-Do" initiative, including 3 additional positions at a cost of \$0.300 million over two years;
 - Enhance hospitality in the City through the "We've been Expecting You" initiative (\$0.600 million gross, \$0.100 million net), in partnership with the tourism industry and provincial government;
 - Negotiate and manage a new 3 year agreement with Tourism Toronto, as the previous agreement expired in 2008; and
 - Expand the Sector Services to include the addition of the Green Sector to advance the Green Sector Strategy (\$0.212 million).

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

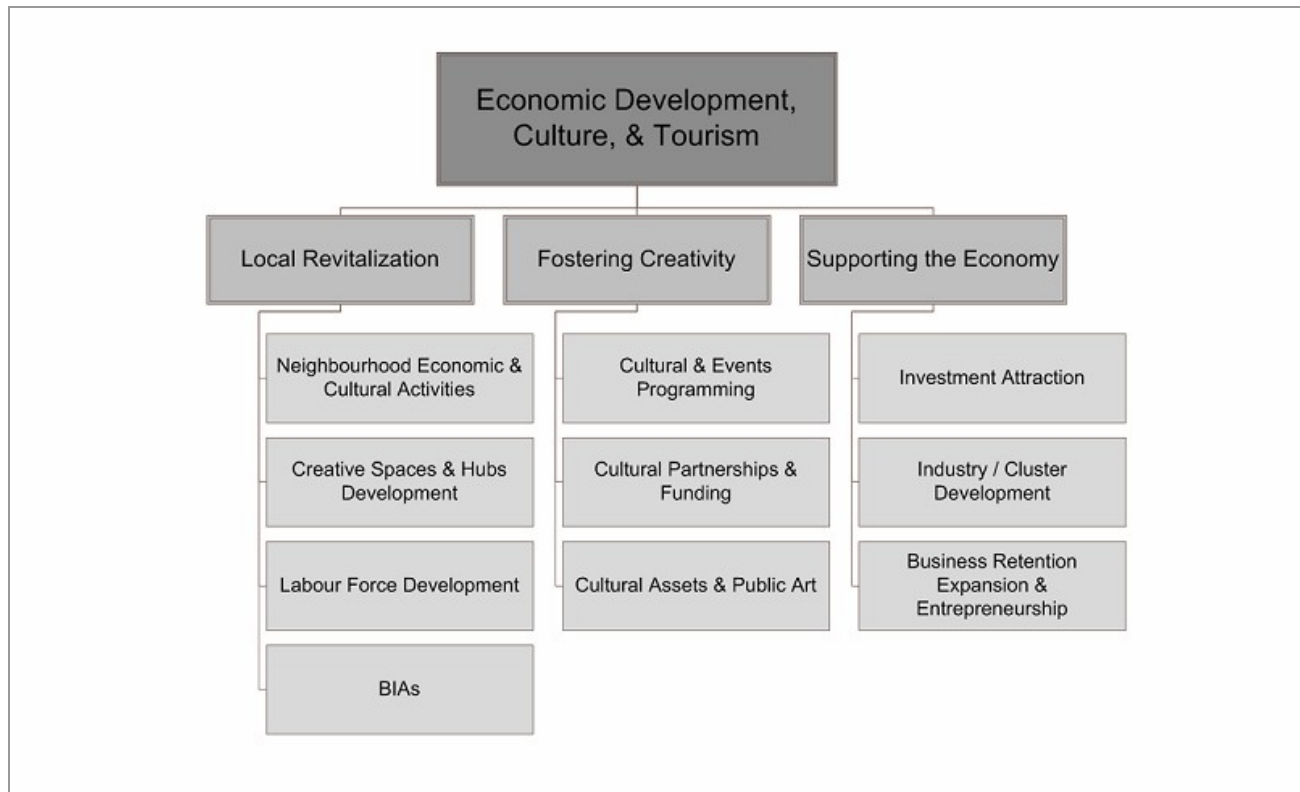
1. Council approve the 2009 Recommended Operating Budget for the Economic Development Culture & Tourism of \$36.411 million gross and \$27.313 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Culture Services	20,598.2	15,402.9
Strategic Growth & Sector Services	5,709.5	4,814.5
Business Services	5,131.0	3,255.9
Program Support	3,648.9	2,641.9
Film Services	1,323.2	1,198.2
 	<hr/>	<hr/>
Total Program Budget	36,410.8	27,313.4

2. The General Manager of Economic Development Culture and Tourism report to Budget Committee by May, 2009 on the multi-year plan and associated funding required to develop and sustain the information content system to provide tourist information and wayfinding signage for the Information pillar element of the Coordinated Street Furniture Program.

- Economic Development Culture and Tourism provides services to advance the City’s prosperity, opportunity and liveability. The Program engages partners in the planning and development of the City’s economy and cultural resources and delivers targeted programs and services to create an environment in which business and culture can thrive.
- The Economic Development Culture & Tourism’s 2009 Operating Budget is guided by the Agenda for Prosperity, the product of a two-year process of international research and consultation led by the Mayor’s Economic Competitiveness Advisory Committee.
- Economic Development Culture and Tourism is taking action on the Agenda Prosperity recommendations to “build greater investment and financing capacity in order to move from a low investment/low return equilibrium to a high investment/high return equilibrium.”
- Economic Development Culture and Tourism is in the process of restructuring. The Directors of the new sections are now in place and the new General Manager starts in February, 2009. EDCT delivers three services and their associated activities: Supporting the Economy, Fostering Creativity and Local Revitalization as detailed in the following program map:

Program Map



Service Challenges and Opportunities

The research behind the *Agenda for Prosperity*, initiated in 2006, brought Toronto's performance in the global context into focus. It was noted that Toronto "is doing well, but could do better, and will not sustain its growth without defining clearer directions and taking concerned action".

- While the Toronto CMA's share of the national population increased from 16 to 16.5% between 2002 and 2007, its share of the national economy decreased from 17.2% to 16.8% over the same five year period. (Toronto's Place in the World, prepared by Greg Clark)
- Within the Toronto CMA, jobs within the City declined by 1.6% between 2000 and 2006 while those in the rest of the region increased by 27.8% (2007 Vital Signs report prepared by the Toronto Community Foundation)
- Industrial and commercial land and buildings in Toronto account for about 20% of total assessed property value but contribute 40% of the total property tax. Business retention and attraction are critical to the City's fiscal sustainability.
- Toronto must put a greater emphasis on our highly skilled and creative labour force to produce value-added goods and services through developing fiscal tools, zoning, design and policies to reflect the economic shift to the knowledge economy.

Implementation of the Prosperity Agenda present significant external service challenges, some of the key ones are:

- Historically, trade missions have been under-financed and often not well coordinated.
- The marketing message of the City is ineffective.
- There is increasing demand for programming in the 13 priority neighbourhoods.
- Investment in major events is lacking.
- Entrepreneurship is not advancing.
- Jobs and investment in key industries are not growing.

Implementation of the Prosperity Agenda presents significant internal service challenges, some of the key ones are:

- Placement of senior staff and continued implementation of the Program Review, completed in 2007, will require direction from the new General Manager for Economic Development Culture and Tourism.
- There is an increased need for high impact, timely and effective communications, promotion and marketing both in the traditional media and via electronic and social networking channels.
- Sources and uses of information continue to grow, requiring improved integration of IT systems including workflow, information sharing and automation of management processes.
- A customer orientated "can do" culture must be developed as part of a client service strategy.
- Increased demand for support from Legal Services will be required to support increasing divisional activity in the development of partnerships

Service Objectives

Economic Development Culture and Tourism has developed a multi-year plan that prioritizes and aligns strategic initiatives that directly address the Mayor's and Council's priority to deliver the Agenda for Prosperity. The service objectives are aligned with the services identified on the Program Map and are listed below:

- **Increase Toronto's presence in international markets to attract investment which foster economic and cultural growth**
 - Develop 10 new investment leads in key international markets such as China, India and South America, using local business teams.
 - Establish a baseline for top of mind awareness in key international markets in 2009 and target public relations and marketing programs to increase top of mind awareness by 10% each year over the next 3 years within strategic industry clusters and with key influencers and decision-makers.
 - Establish a baseline for support to host major international events in 2009 with a target of 2 new events in 2010. Planning for the "Celebration of the War of 1812" continues in 2009 with the celebration planned for 2012.
- **Maintain and grow local employment and investment in key economic clusters by anchoring and expanding priority industry sectors and growing strategic new sectors**
 - Expand the sector development efforts to strengthen and grow the Education, Creative/Media and emerging Environmental sectors. Increase the number of Major Partnerships by 10% to 55 and increase the value of investment leveraged by 25% to \$2.5 million.
 - Implement Green (Energy & Environment) strategy including facilitation of the commercialization centre and greening of Nuit Blanche
 - Enhance the public relations program for Tourism, with private sector partnerships to expand visitor services in 2009 and attract investment over the next 3 years.
 - Enhance marketing, advocacy, training and mentoring for the Film Industry in Toronto to increase spending by 37% to \$0.590 million and increase the number of film locations by 13% to 1,100 in 2009, to turn this sector around from the slide experienced in 2008.
- **Position Toronto as a creative City, focusing on opportunities to leverage creative and innovation assets**
 - Continue support for the Public Arts Program and Museum Program to provide residents and visitors with a compelling reason to attend cultural facilities and events and create opportunities for young people to engage with the Creative City program.
- **Undertake local revitalization initiatives to promote economic and cultural inclusion**
 - Develop plans for mentorship, apprenticeship, youth training and entrepreneurship training in 2009 for implementation in 2010.

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- Improve quality, safety and attractiveness of mainstreet, districts and neighbourhoods for BIA Streetscape and Façade grant capital enhancements for 68 BIAs in 2009, increased by 3 from 2008.
- Build partnership with employers to advance job opportunities for youth, immigrants and aboriginal peoples
- Strengthen the Business Retention and Enterprise Toronto units to sustain local business investment at approximately \$310 million. Register approximately 3,100 new businesses annually.
- **Undertake actions that provide and project a responsive “can-do” environment at City Hall to retain and attract investment and jobs**
 - Create a more responsive and collaborative environment that supports investment. Examples include the Concierge Service, Interdivisional Economic Growth Team, TIEG program, and enhanced communications to clients through print, web and e-Service channels. These initiatives will minimize the impact of the economic downturn in 2009 and 2010.

Priority Actions

The 2009 Recommended Operating Budget provides \$27.313 million net in base and new funding for a broad range of services and activities that address the challenges, opportunities, and service objectives of Economic Development Culture and Tourism. The following priority actions are shaped by the Mayor’s and Council’s Agenda for Prosperity in coordination with the newly formed Invest Toronto:

- **Increase Toronto’s presence in International markets:**
 - In 2009, Economic Development Culture & Tourism will develop and implement a “Globalization Strategy” to increase Toronto’s presence in international markets such as China and India at a gross cost of \$0.375 million, recommended for 2009.
- **Position Toronto as a creative City:**
 - Nuit Blanche 2009 is seeking external funding to enhance the Monumental project and strengthen the events local and international appeal. The Nuit Blanche Monumental Art project initiated in 2008 with the Blinkenlights presentation, using City Hall as the “canvas”, will continue in 2009 at a cost of \$0.300 million gross and \$0 net for the new presentation. Private sector sponsorship will fund 100% of the enhance Monumental Art Project in 2009. The 2009 Recommended Operating Budget for the Monumental project is a \$0.100 million gross \$0 net increase over the 2008 Approved Budget of \$0.200 million gross and \$0 net.
 - Toronto’s commemoration of the Bicentennial of the War of 1812 will be centered in Fort York. Planning for the City’s participation in the Provincial wide commemoration will continue in 2009 with 3 additional positions at a cost of \$0.246 million, over two years. Funding of \$0.048 million gross, \$0.025 million net, was approved in 2008 to start planning for the Bicentennial of the War of 1812.

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- Toronto will celebrate its 175th anniversary in 2009, encouraging civic pride and appreciation of Toronto's history with a one-time cost of \$0.230 million in 2009, including one part-time (0.4) temporary position.
- **Maintain and grow employment and investment in key economic clusters:**
 - Sector development efforts will be expanded to include the Green (environmental and energy) sector at a cost of \$0.212 million. The 2008 Approved Operating Budget included funding of \$1.642 million gross, \$1.137 million net, for Sector Development.
 - The "We've Been Expecting You" initiative will enhance Tourism information and visitor services at a cost of \$0.600 million gross, \$0.100 net. Tourism Toronto and the Province of Ontario are partners.
- **Undertake actions that provide and project a responsive "can-do" environment at City Hall:**
 - EDCT will proceed with the "Can Do" initiative to make City Hall a more receptive place for the business community at a cost of \$0.300 million, over two years for three additional positions.



Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	33,016.6	33,984.0	33,896.1	(87.9)	(0.3)
REVENUES	8,376.5	8,050.2	8,050.2	0.0	0.0
NET EXP.	24,640.1	25,933.8	25,845.9	(87.9)	(0.3)
Approved Positions	274.8	276.8	276.8	0.0	0.0

2008 Experience

As of September 30th, 2008, Economic Development Culture & Tourism projected a favourable year-end gross expenditure variance of \$0.088 million or 0.3% compared to the 2008 Approved Operating Budget. This favourable variance can be attributed to reduced utility costs and savings from vacant positions not filled in 2008. No variance in revenues is projected, resulting in a favourable year-end net variance of \$0.088 million or 0.3%.

Impact of 2008 Operating Variance on 2009 Recommended Budget

The 2008 Operating Variance will have no impact on the 2009 Recommended Budget. The General Manager position has been filled and EDCT will continue to carefully monitor expenditures to achieve the 2009 Approved Operating Budget.



Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change		FY Incremental Outlook	
			2009 Recommended Base v. 2008 Appvd. Budget		2010	2011
	\$	\$	\$	%	\$	\$
GROSS EXP.	33,984.0	34,408.2	424.2	1.2	232.4	232.4
REVENUE	8,050.2	8,297.4	247.2	3.1	0.0	0.0
NET EXP.	25,933.8	26,110.8	177.0	0.7	232.4	232.4
Approved Positions	276.8	278.8	2.0	0.7	0.0	0.0
NET TARGET		25,415.1				
\$ Over / (Under) Program Target		695.7				
% Over / (Under) Program Target		2.7%				

2009 Recommended Base Budget

- The 2009 Recommended Base Budget expenditures of \$34.408 million gross reflect an increase of \$0.424 million or 1.2% compared to the 2008 Approved Operating Budget of \$33.984 million gross. The increase in gross expenditures includes the transfer of the Incubator Program from TEDCO, annualized cost for new initiatives and reversal of one-time funded projects approved in 2008, merit & step increases and non-labour inflationary increases. The costs are partially offset by continued efficiencies to be realized of \$0.577 million.
- The 2009 Recommended Base Budget revenues of \$8.297 million are \$0.247 million or 3.1% higher than the 2008 Approved Operating Budget. The increase in revenue reflects the transfer of lease revenue from TEDCO to fund 100% of the costs of the Incubator program transferred to EDCT. The increase in revenue is partially offset by the reversal of non-recurring, 2008 revenues including the reversal of one-time revenue from Tourism Toronto.
- The 2009 Recommended Base Budget of \$26.111 million net is 0.7% or \$0.177 million higher than the 2008 Approved Operating Budget and 2.7% or \$0.696 million over the 2009 target of 2% less than the 2008 Approved Budget, after the recommended service level adjustments of \$0.577 million.
- An additional 2.0 positions, included in the 2009 Recommended Base Budget, are funded from lease revenues transferred from TEDCO for the Incubator Program, as part of the restructuring of TEDCO into Build Toronto and Invest Toronto, increasing the Program’s approved staffing complement from 276.8 to 278.8 approved positions.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget provides funding for the following key cost drivers:

- Annualized staffing cost of \$0.059 million for the 2008 Expansion of Nuit Blanche;
- Annualized staffing cost of \$0.048 million to continue the planning for the Bicentennial of the War of 1812;
- \$0.307 million gross, 0 net for the Street Furniture Information Pillars project;
- Increase to salaries & benefits of \$0.232 million for merit and step costs; and
- An increase of \$1.002 million gross, \$0 net for the transfer of the Incubator Program from TEDCO to EDCT. The Incubator Program provides financial and administrative assistance to three incubators: Toronto Fashion Incubator, Toronto Business Development Centre, and Toronto Food Business Incubator. The transfer includes \$0.729 million of funding for grants to four clients, \$0.205 million for 2 positions and \$0.068 million for other costs. This Incubator Program is 100% funded from TEDCO lease revenue and will continue to receive funding in the future.

Reduction strategies recommended to mitigate cost pressures include:

Service Efficiencies:

- Non-salary inflationary increases were reduced by \$0.149 million;
- One-time gapping was increased by \$0.045 million for a total gapping of \$0.770 million or 3.4%.

Major Service Level adjustments:

- EDCT will no longer fund the membership fee for the Greater Toronto Area Marketing Partnership resulting in savings of \$0.100 million gross and \$0.063 net. Invest Toronto will have responsibility for the City's participation in the GTMA Partnership.
- EDCT will no longer fund participation in the International Trade Show in 2009 (MIPIM) saving \$0.040 million. Invest Toronto will fund the City's participation in International Trade Shows as part of its new responsibilities.
- Removal of Nuit Blanche banners from City Street posts will result in savings of \$0.050 million. 400 banners will be taken down at the end of 2008 and pole space rental and attachment hardware are no longer required.

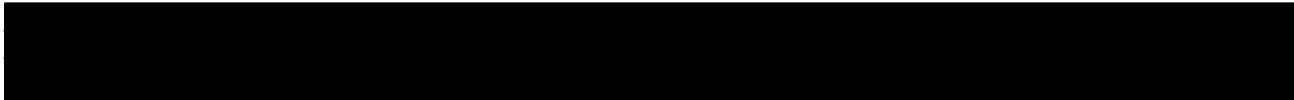
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2010 and 2011 Outlook: Net Incremental Impact

The 2010 Outlook includes \$0.232 million increase as a result of merit and step increases.

The 2011 Outlook includes \$0.232 million increase for staffing costs attributed to merit and step increases.

The 2010 and 2011 Outlooks do not include a provision for COLA, as the increase is subject to future negotiations nor do they include unconfirmed pressures and savings driven by inflation, volume increases.



**Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)**

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Globalization	375.4	375.4			
Can Do Initiative	150.0	150.0	3.0	150.0	
Sector Development	212.2	212.2			
Enhanced Monumental Art project in Nuit Blanche	300.0	0.0			
Sub-Total Enhanced Services	1,037.6	737.6	3.0	150.0	0.0
New Services:					
(a) New Services - Council Approved					
175 Anniversary of City of Toronto	230.0	230.0	0.4	(230.0)	
(b) New Services - Program Initiated					
BiCentennial of War of 1812	135.0	135.0	3.0	110.9	
We've Been Expecting You	600.0	100.0			
Sub-Total New Services	965.0	465.0	3.4	(119.1)	0.0
Total New/Enhanced Services	2,002.6	1,202.6	6.4	30.9	0.0

2009 Recommended New / Enhanced Service Priority Actions

Enhanced Service Priority Actions – Program Initiated

Globalization

In 2009, Economic Development Culture and Tourism will work to increase Toronto’s presence in emerging world markets (China, India, South America). Market-specific business development teams will be developed (eg Toronto Team China, Toronto Team India etc.) and strategies will be developed for key markets. This will include:

- identifying current market participants and appropriate development/investment opportunities,

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- developing strategies for local firms to access new markets; developing consistent messages to motivate interest and investment, and
- facilitating local network and relationship development and intelligence sharing to generate new global opportunities.

The 2009 Recommended Budget provides \$0.375 million gross and net for this service priority action to improve participation in publications, tradeshow and promote Toronto in emerging markets. Coordination with Invest Toronto will increase presence in key international markets to gather strategic intelligence, build and maintain relationships and generate leads. There are no additional positions approved and no additional funds approved for 2010.

“Can Do” Environment

EDCT will enhance collaborative mechanisms and train staff on the needs of business and how to open doors for them more effectively. A communication strategy will promote Toronto as a competitive location for businesses.

Relationships will be developed between the City and the key business-oriented media and journalists who speak to the Toronto business community to improve coverage of topics of interest to our businesses. Hosting of additional business seminars (e.g. on Financial Incentives) and collaborative forums, and development of an e-business strategy will also assist in developing an effective and efficient customer service culture for businesses and investors.

The 2009 Recommended Operating Budget provides \$0.300 million, over two years, and 3 permanent positions to deliver and foster a “can-do” attitude within City staff working with the business community. The 3 positions will be effective in June 2009 and the annualized cost in 2010 is \$0.150 million.

Sector Development

EDCT will initiate activities to focus on development and expansion of the emerging green industries sector. Staff will work with organizations and facilitate joint action among lead firms and suppliers and the education network. Sector Development will be coordinated with Invest Toronto.

Inclusion of the Green Sector will expand Economic Development Culture and Tourism’s ongoing sector development program which includes economic clusters such as: Toronto Financial Services Center of Excellence, MARS Phase II, Screen-based Arts Industries, Tourism, food Processing and Aerospace.

The 2009 Recommended Operating Budget provides \$0.212 million gross and net to support and facilitate growth opportunities in the emerging environmental sector. There are no additional positions approved and no additional funds approved for 2010.

Enhanced Monumental Art project in Nuit Blanche (expanded partnership)

Nuit Blanche 2009 is seeking external funding to enhance the Monumental project and strengthen the events local and international appeal. The Monumental Art project initiated as part of Nuit Blanche in 2008 will be enhanced in 2009. Private sector sponsorship will fund 100% of the enhancement to the Monumental Art Project in 2009. This monumental project will contribute to

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the growth in attendance (1 million in 2008) and will increase Toronto's profile in national and international markets. The 2009 Recommended Operating Budget provides \$0.300 million gross and \$0 net, to enhance the monumental project as part of Nuit Blanche. The 2008 Approved Budget for the Monumental Art project was \$0.200 million, \$0 net. There are no additional positions approved and no additional funds approved for 2010.

We've been Expecting You

Economic Development Culture and Tourism will implement this multi-faceted program in 2009 to improve visitor services and to motivate the citizens of Toronto to be "good hosts". EDCT will work cooperatively with the Province of Ontario and Tourism Toronto to develop and implement this hospitality excellence program. Included will be Tourism Information kits, development of a Tourism website, training modules, an annual PR campaign promoting Toronto's hospitality to visitors, and improved hospitality information services.

The 2009 Recommended Operating Budget provides \$0.600 million gross and \$0.100 million net to improve visitor information services. There are no additional positions approved and no additional funds approved for 2010.

New Service Priority Actions – Approved by Council

175th Anniversary of City of Toronto

Celebrations include a public party at Nathan Phillips Square on Friday, March 6, 2009 to mark the official day that the City of Toronto was incorporated 175 years ago. The Toronto 175 Steering Committee has reached out to Toronto residents and businesses, Community stakeholder groups, City of Toronto Divisions, Councillors, local and national media, surrounding municipalities and Toronto visitors to participate in the commemoration.

The 2009 Recommended Operating Budget provides \$0.230 million of one-time funding, including a part-time, 0.4 position, for events and promotion of the 175th anniversary of the City of Toronto. The .4 position was approved by Council last year and will terminate after the celebration in March 2009. There are no funds required for 2010.

Bicentennial of War of 1812

Toronto Cultural Services staff has developed the commemoration proposal together with the City of Toronto War of 1812 Bicentennial Commemoration Steering Committee. An 1812 Bicentennial Commemoration core staff team will work with a broader team from EDCT's Museums and Heritage Services of Cultural Services, other City departments, and external partners to execute the project.

One full time project manager was approved in 2008 to prepare proposals for funding and develop a five year plan for the commemoration and lead the implementation of the program. The 2009 Recommended Operating Budget of \$0.135 million includes three additional positions: One full time Historical Curator will serve as the City's official authority (researcher and exhibit developer) and spokesperson with an anticipated to start in June. Two full time Museum Coordinators will work on program development including developing partnerships in delivery of the commemoration and are anticipated to start in the Fall of 2009.

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The 2009 Recommended Budget provides \$0.246 million, over two years, and 3 new temporary positions as the City's contribution to planning and delivering the commemoration of the Bicentennial of the War of 1812 (see page 9). The annualized cost for the 3 positions is \$0.111 million in 2010. Requests for additional funds may be included in future year Operating Budget submissions.

2009 Budget Issues

2009 Recommended Operating Budget vs. Guideline

The 2009 Recommended Operating Budget for Economic Development Culture & Tourism is \$27.313 million net which is \$1.898 million or 7.5% over the 2009 target of \$25.415 million, after the recommended service adjustments of \$0.577 million.

Salary costs represent about 63% of the budget. Salary pressures such as merit, step, and annualized costs for 4 new positions approved in 2008 totaling \$0.429 million contribute to the 2009 Recommended Operating Base Budget increase above target by \$0.696 million or 2.7%.

Wherever possible, EDCT has offset the higher expenditures driven by salaries, and inflationary increases. However, the service level reductions have not been sufficient to reach the 2009 target of \$24.415 million or -2%, without significantly impacting the delivery of services.

2009 Reduction Strategies:

Absorbing Inflationary Increases:

The Economic Development Culture & Tourism is absorbing \$0.149 million or 83% of its non-salary inflationary increases totalling \$0.180 million. The balance of the inflationary increases (\$0.031 million) is required for increased water, hydro and natural gas costs. Economic Development Culture & Tourism will manage discretionary expenditures to achieve the planned budget.

Gapping Rates

Historically, gapping has been used as a reduction option to offset Operating Budget pressures. The 2006 gapping target of \$0.859 million or 4.2% of salaries and benefits was not achieved. The 2006 gapping target included a one-time gapping increase of \$0.200 million to offset budget pressures. The actual 2006 gapping rate achieved was 3.0% and the one-time gapping increase was not achieved.

The 2007 gapping target of \$0.894 million or 4.2% included the one-time gapping increase of \$0.200 million, was not achieved. The actual 2007 gapping rate achieved was 2.9 %.

For 2008 the gapping target of \$0.863 million or 3.9%, including a one-time gapping increase of \$0.152 million, was achieved as a result of the General Manager vacancy for the entire year. Actual gapping is projected to be 4.5%.

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Year	Salaries & Benefits Budget	Gapping Target Budget	Gapping % Budget	Actual Gapping	Gapping % Actual
2006	20,375.8	858.7	4.2%	603.6	3.0%
2007	21,132.8	893.7	4.2%	604.2	2.9%
2008	22,020.4	863.0	3.9%	993.0	4.5%
2009	22,613.9	770.0	3.4%		

The General Manger position is now filled and will longer be available to offset the one-time gapping increase of \$0.045 million in 2009. The 2009 gapping target of 3.4% is achievable as it is reduced significantly in comparison to prior years.

Greater Toronto Area Marketing Partnership

Participation in the GTMA on behalf of the City of Toronto will be the responsibility of the newly formed Invest Toronto, in 2009, as it is now aligned with its mandate. The GTMA is an alliance made up of all municipalities and some private sector representatives within the GTA. EDCT will not fund Toronto's membership in the Greater Toronto Area Marketing Partnership (GTMA) for 2009, resulting in \$0.100 million gross and \$0.063 net savings.

International Trade Shows

Funding for major international trade shows will be the responsibility of the newly formed Invest Toronto. EDCT will not be funding participation in International Trade Show in 2009 (MIPIM) which will result in \$0.040 million net savings.

“Live with Culture” banner program

The “Live with Culture” banner program came to a close in December, 2008, and \$0.050 million gross and net savings will result. Banners will be taken down and the expenses of renting pole space and attachment hardware will be saved for 2009.

Bicentennial of War of 1812

In 2006, the Ontario Ministry of Tourism's Investment Development Office determined that a celebration of the bicentennial of the War of 1812 would be a solid economic opportunity for South-Central Ontario, in keeping with the observation that preferred tourism destinations often have heritage and cultural features that identify them as distinct and special. As such, six Ontario regions have been identified, including Toronto, to receive partial provincial funding to plan and execute bicentennial legacy projects and programming that will encourage the growth of new tourism products, particularly those that support downtown and waterfront renewal.

City Council (Meeting No. 16 September 24 and 25, 2008) adopted the City of Toronto War of 1812 Bicentennial Commemoration Steering Committee recommended program for the City's Bicentennial Commemorations and directed the appropriate staff to develop, deliver and report as appropriate and in a timely fashion on the necessary actions for achieving the City of Toronto's Bicentennial of the War of 1812 Program

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Toronto Cultural Services staff has developed the commemoration proposal together with the City of Toronto War of 1812 Bicentennial Commemoration Steering Committee. An 1812 Bicentennial Commemoration core staff team will work with a broader team from EDCT's Museums and Heritage Services of Cultural Services, other City Programs, and external partners to execute the project.

While the provincial commemoration will take place from June 2012 until approximately December 2014, Toronto's commemoration and celebration will take place in two phases:

Phase One will be launched from June 15 to 17, 2012. It will inaugurate the commemoration with a series of festive special events and performances at Nathan Phillips Square, Old Town, the Waterfront, Fort York and the Heritage Trails. The target markets will be local, national and international. The launch will likely coincide with the last weekend of Luminato to generate a critical mass of activity that will continue until Simcoe Day in August.

Phase Two will launch special programming on Saturday April 27, 2013 at Fort York, likely with the participation of an American delegation from Sackets Harbor, New York. There will be a service of remembrance at St. James Cathedral and activities in Old Town to commemorate the Battle of York. Public programs (parade, dramatic re-enactments, etc.) will further animate the day. The target market will be the GTA and border American communities. Activities will continue to a conclusion marked by the Tall Ships event scheduled for the last week of June 2013.

Tourism Toronto:

The City of Toronto will renegotiate an agreement with Tourism Toronto to fund priority programs identified through the Premier Ranked Destination Framework Program. The previous three-year agreement (2006-2008) secured an investment of not less than \$3.0 million gross, with no cost to the City, over the three-year term. Once a new agreement is achieved, the EDCT budget will be adjusted accordingly.

Issues Referred to the 2009 Operating Budget Process

175th Anniversary of City of Toronto

A report to City Council at its September 2008 meeting was adopted, referring the funding for the project to the 2009 Operating Budget Process.. The 175th Anniversary of the Incorporation of the City of Toronto provides an opportunity for public celebration that encourages civic pride and appreciation of Toronto's history. One-time funding of \$0.230 million gross and net with 0.4 part-time positions is recommended including \$0.200 million for enhanced programming and \$0.30 million for coordination of celebrations across the City.

Transfer of the Incubator Program from TEDCO

As part of the city's new model to enhance Toronto's economic competitiveness, Council authorized staff on October 29 and 30, 2008, to incorporate two new corporations to replace TEDCO. These new corporations, Build Toronto Inc. and Invest Toronto Inc., are designed to unlock the value in under-utilized lands and to market and promote activities to increase business investment, respectively. As part of the transition to establish these new organizations, Council authorized the

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transfer of TEDCO's incubator program, along with the associated funding and staffing, to EDCT effective January 1, 2009. The Incubator Program has been strategically placed in the Business Services unit of EDCT. The Incubator Program provides financial and administrative assistance to three incubators – Toronto Fashion Incubator, Toronto Business Development Centre, and Toronto Food Business Incubator. The business incubators provide a dynamic economic development tool for skills development, job creation, and entrepreneurship.

Total funding of \$1.002 million gross, \$0 net will be transferred to EDCT for the Incubator Program, including \$0.729 million for grants to four clients, \$0.205 million for 2 positions and \$0.068 million for other costs. This program is 100% funded from TEDCO lease revenue. This program will continue to be fully funded by TEDCO through a multi-year agreement for 2009 and future years.

Outstanding Issues from 2008 and Prior Years

Street Furniture Program (Information Pillars):

The General Manager of Economic Development Culture and Tourism was requested to report to Budget Committee, by the Summer of 2008, on the multi-year plan and associated funding required to develop and sustain the information content system to provide tourist information and wayfinding signage for the Information pillar element of the Coordinated Street Furniture Program.

The implementation of this project has been delayed by approximately a year because of the complications in obtaining approvals for the installation of the First Phase of the Information Pillars. User evaluation of the introductory system is a necessary input to the final design of the information content. The first pillars will now not be installed until the construction season of 2009. The funding from the Public Realm Reserve Account to support the development of the system in 2008 has been delayed and \$0.307 million gross, \$0 net is included in the 2009 Recommended Operating Budget for the Information Pillars project.

It is recommended that the General Manager of Economic Development Culture and Tourism report to Budget Committee by May, 2009, on the multi-year plan and associated funding required to develop and sustain the Tourism information content system and the wayfinding signage for the Information pillar element of the Coordinated Street Furniture Program.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	278.8	33,250.9	7,290.2	25,960.7	0.0	0.0
In-year approvals and technical adjustments	(2.0)	733.1	760.0	(26.9)		
Corporate adjustments						
2008 Approved Operating Budget	276.8	33,984.0	8,050.2	25,933.8	0.0	0.0
Prior year impacts	1.0	(452.5)	(763.0)	310.5		
Merit/Step		232.4	0.0	232.4	232.4	232.4
Adjustment for TEDCO Transfer of Incubator Prog.	2.0	1,002.2	1,002.2	0.0		
Economic factors (Non Labour)		179.9	0.0	179.9		
Adjusted Base Budget	279.8	34,946.0	8,289.4	26,656.6	232.4	232.4
Base revenue changes			(35.0)	35.0		
Recommended Service Level Adjustments:						
Base changes		(3.6)	0.0	(3.6)		
Service efficiencies		(149.2)	0.0	(149.2)		
Revenue adjustments			80.0	(80.0)		
Minor service impact						
Major service impact	(1.0)	(385.0)	(37.0)	(348.0)		
Total Recommended Base Adjustments	(1.0)	(537.8)	8.0	(545.8)	0.0	0.0
2009 Recommended Base Budget	278.8	34,408.2	8,297.4	26,110.8	232.4	232.4
2009 Program Operating Target				25,415.1		
% Over (Under) Program Target				2.7%		
% Over (Under) 2008 Appvd. Budget				0.7%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: A							
PROGRAM: Economic Development Culture nad Tourism							
	2008	2008	2009	Change from		2010	2011
	Approved	Projected	Recommended	2008 Approved		Outlook	Outlook
	Budget	Actuals	Budget	Budget	Budget		
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	22,020.4	21,890.4	22,904.9	884.5	4.0%	23,371.8	23,604.2
Materials and Supplies	1,280.0	1,260.2	1,457.9	177.9	13.9%	1,399.9	1,399.9
Equipment	161.9	161.8	152.6	(9.3)	(5.8%)	152.6	152.6
Services & Rents	7,823.8	7,885.8	8,543.7	719.9	9.2%	8,398.1	8,398.1
Contributions to Capital	942.9	0.0	942.9	0.0	0.0%	942.9	942.9
Contributions to Reserve/Res Funds	1,238.0	942.9	1,298.0	60.0	4.8%	1,298.0	1,298.0
Grants		0.0	728.9			728.9	728.9
Other Expenditures	4.3	1,242.3	(95.7)	(100.0)	(2325.6%)	(95.7)	(95.7)
Interdivisional Charges	512.6	512.7	477.6	(35.1)	(6.8%)	477.6	477.6
TOTAL GROSS EXPENDITURES	33,983.9	33,896.1	36,410.8	2,426.8	7.1%	36,674.1	36,906.5
Interdivisional Recoveries		0.0	1,002.2	1,002.2		1,002.2	1,002.2
Provincial Subsidies	866.9	482.7	866.9	0.0	0.0%	866.9	866.9
Federal Subsidies		214.2					
Other Subsidies	560.0	730.0	0.0	(560.0)	(100.0%)		
User Fees & Donations	2,204.3	2,204.3	2,204.3	0.0	0.0%	2,204.3	2,204.3
Transfers from Capital Fund		1,017.0					
Contribution from Reserve Funds		847.0	(37.0)	(37.0)		(37.0)	(37.0)
Contribution from Reserve							
Sundry Revenues	4,419.0	2,555.0	5,061.0	642.0	14.5%	5,061.0	5,061.0
TOTAL REVENUE	8,050.2	8,050.2	9,097.4	1,047.2	13.0%	9,097.4	9,097.4
TOTAL NET EXPENDITURES	25,933.8	25,845.9	27,313.4	1,379.6	5.3%	27,576.7	27,809.1
APPROVED POSITIONS	277.8	276.8	286.2	8.4	3.0%	285.8	285.8

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		\$	\$	\$	\$
Vehicle Reserve Fund	XQ1200	153.9	21.5		
Casa Loma Reserve Fund	XR1501	3,097.5	800.0		
Insurance Reserve Fund	XR1010	27,774.8	121.4		
Design Exchange	XR3012	493.1	(500.0)		
Public Realm Reserve Fund	XR1410	28,765.9	(307.0)		
Total Reserve / Reserve Fund Draws / Contributions			135.9	0.0	0.0