

Cash Advance to the Toronto Zoo

Date: December 5, 2017
To: City Council
From: Acting Chief Financial Officer
Wards: Ward All

SUMMARY

A cash advance is required by the Toronto Zoo to finance its operations until the end of 2017, as a result of a revenue shortfall arising from the May and June labour disruption.

RECOMMENDATIONS

The Acting Chief Financial Officer recommends that:

1. The Treasurer be authorized to advance \$3.9 million from the City's working capital to the Toronto Zoo to finance 2017 payroll and other obligations.
2. Upon Council approval of the Operating Variance Report for the Twelve Month Period Ending December 31, 2017, the advance to the Toronto Zoo be repaid to working capital as part of the year end settlements.

FINANCIAL IMPACT

Approval of the recommendations in this report will authorize a cash advance of \$3.9 million in addition to the Toronto Zoo's Council approved 2017 Operating Budget of \$12.034 million. The Toronto Zoo's forecasted year-end budget shortfall of \$3.874 million is reported in the Operating Variance Report for the Nine Month Period Ended September 30, 2017. Interim funding from working capital will be repaid through the Operating Variance Report for the Twelve Month Period Ended December 31, 2017, as part of the year-end settlements.

DECISION HISTORY

The Operating Variance Report for the Nine Month Period Ended September 30, 2017 reported a forecasted 2017 over-expenditure of \$3.874 million as a result of lost revenue due to labour disruption.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.25>

COMMENTS

A cash advance of \$3.9 million for the Toronto Zoo is required to finance the Zoo's payroll and other operating expenditures to the end of the year. A shortfall has been anticipated since the nine month variance submission was received. As the Zoo has been working to promote additional attendance and reduce the shortfall throughout the remainder of the fall the advance was not requested earlier.

The Toronto Zoo was closed to visitors from May 11th until June 14th, 2017, as a result of a labour disruption. The Zoo estimated its revenue shortfall arising from this period based on historical revenue tracking which is done on a detailed basis for admission revenue as well as ancillary spending per visitor. This analysis provides attendance revenue loss of \$3.330 million and \$2.719 million of ancillary revenues for a total of \$6.049 million. In addition, the Zoo sustained some additional revenue impacts from Zoo Camp, school groups and corporate events cancelled because of uncertainty about the timing of the Zoo's return to service, totalling \$1.679 million. These resulted in a total revenue loss of \$7.728 million.

On the expenditure side, savings were realized from forgone wages and purchases for retail re-sale totalled \$2.529 million, however, these were offset by overtime and meals for continued animal care coverage of \$0.771 million for a total net expenditure savings of \$1.758 million.

The overall increased net expenditure attributable to the disruption totalled \$5.970 million. The \$3.744 million nine month net unfavourable variance indicates that the actual results for the Toronto Zoo in the January to April and July to October periods have contributed significantly towards mitigating the impact of the labour disruption. This improvement is a result of cost control measures and higher attendance and revenue results exceeding budget in each of these timeframes. (January - April and July - October) The year-end projected unfavourable variance of \$3.874 million, results in the need for an advance from the City of up to \$3.9 million to meet payroll and other financial obligations to year-end.

As final Operating Budget surpluses are used to fund Operating Budget deficits through year-end variance reporting, an interim source of funding, such as Working Capital Reserve is appropriate. The working capital fund will be restored subsequent to Council approval of the Operating Variance Report for the Twelve Month Period Ended December 31, 2017.

CONTACT

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SIGNATURE

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