



City Budget
2013

Toronto Zoo
Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the operating costs for the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	2
PART II: 2013 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles.....	3
2013 Recommended Service Levels	5
2013 Service Deliverables	6
PART III: 2013 RECOMMENDED BASE BUDGET	
2013 Recommended Base Budget	8
2013 Recommended Service Changes	N/A
2014 and 2015 Outlook	8
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2013 Recommended New/Enhanced Service Priority Actions	9
PART V: ISSUES FOR DISCUSSION	
2013 and Future Year Issues	13
Issues Referred to the 2013 Operating Budget Process	N/A
Core Service Review and Efficiency Study Implementation Progress	13
APPENDICES	
Appendix 1: 2012 Performance	15
Appendix 2: 2013 Recommended Operating Budget Expenditure Category and Key Cost Driver	18
Appendix 3: Summary of 2013 Recommended Service Changes.....	N/A
Appendix 4: Summary of 2013 Recommended New/Enhanced Service Priority Actions	20
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	21
Appendix 6: 2013 Recommended User Fee Changes (iii)	22
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PART I: RECOMMENDATIONS

**2013 Recommended Operating Budget
(In \$000s)**

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	45,663.5	45,663.5	45,738.5	7,826.8	53,565.3	7,901.8	17.3	(2,296.8)	(2,299.8)
REVENUE	34,552.8	34,552.8	34,627.8	7,826.8	42,454.6	7,901.8	22.9	(2,296.8)	(2,299.8)
NET EXP.	11,110.7	11,110.7	11,110.7	0.0	11,110.7	0.0	0.0	0.0	0.0
Approved Positions	388.0	388.0	388.0	31.4	419.4	31.4	8.1		

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

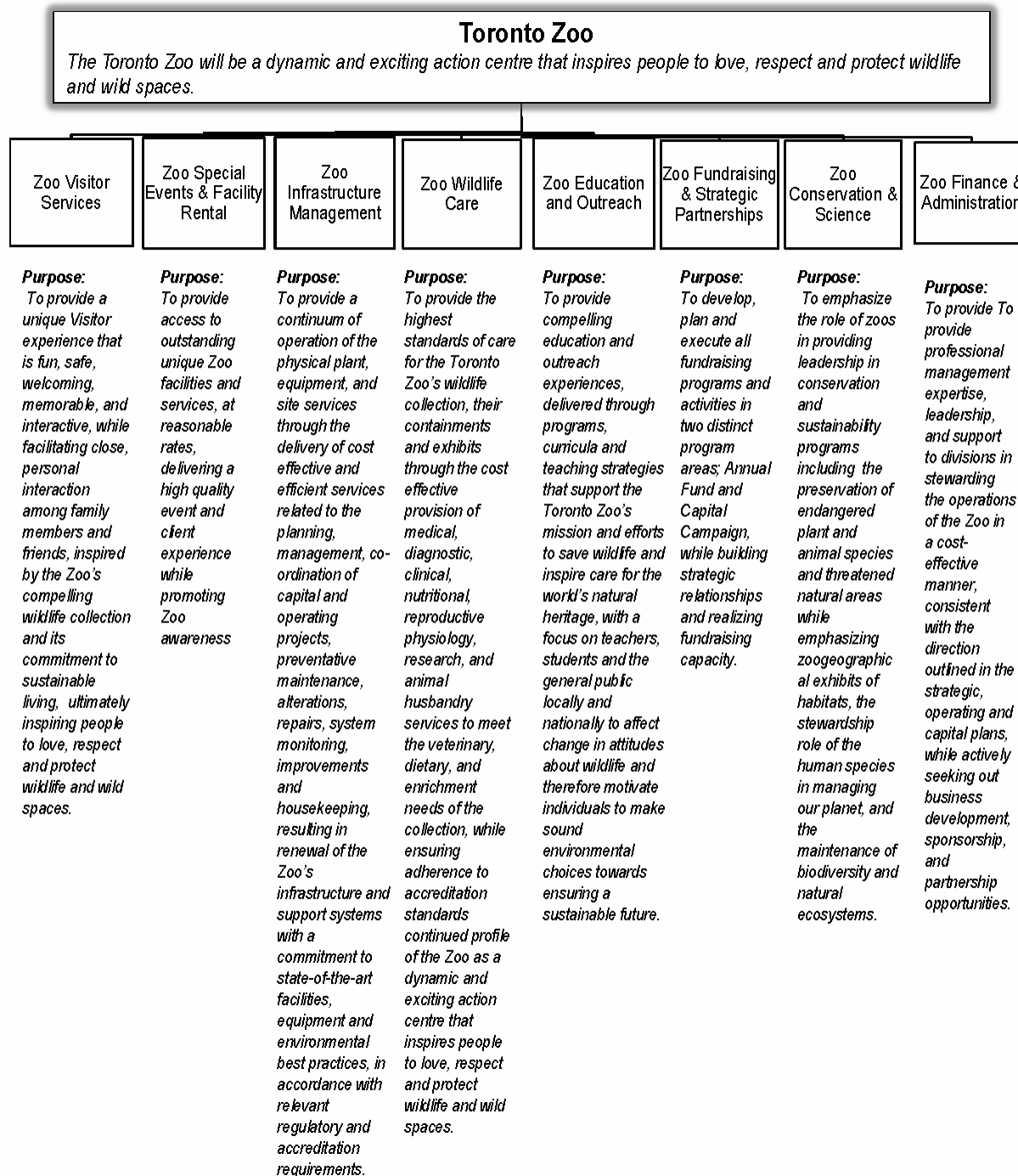
1. City Council approve the 2013 Recommended Operating Budget for Toronto Zoo of \$53.565 million gross and \$11.111 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Conservation, Education & Wildlife	12,967.6	11,038.3
Marketing & Communication	9,405.9	1,777.0
Operations & Administration	19,051.3	14,167.5
General Management & Development	12,004.2	9,530.6
Animal & Endangered Species	136.0	
Revenue & Recoveries		(25,402.7)
Total Program Budget	53,565.3	11,110.7

2. Toronto Zoo services and 2013 proposed service levels, as outlined on page 5 and 6, and associated staff complement of 419.4 positions be approved.
3. City Council grant the Toronto Zoo a five-year exemption, starting with 2013, from the Surplus Management Policy to allow year-end Operating Budget surpluses to be contributed to the Toronto Zoo Stabilization Reserve (XQ2032) to be applied to any unforeseen year-end deficits during that period, and direct that any remaining balance to be transferred to the Zoo Animal Transaction Reserve Fund (XR1029) and the end of the five years.
4. City Council approve the 2013 market rate user fee changes for Toronto Zoo identified in Appendix 6 (iii), Column C, "Other Adjustments" for inclusion in the Municipal Code Chapter 441, User Fees and Charges.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Zoo Visitor Service

- Zoo Visitor
- Schools
- Local Organizations
- Tour Groups
- Strategic Partners
- Local Business Community
- Local Hotels and Restaurants
- Transit Services

Zoo Education & Outreach

- Local School Boards (Teachers)
- Zoo Volunteers
- Campers
- Students
- Corporate Clients

Zoo Special Events & Facility

- Rental**
- Zoo Facility Client
- Family / Community / Business groups
- Corporations

Zoo Fundraising & Strategic Partnerships

- Businesses and Corporations
- Corporate Business Sponsors / Alliances
- Media Partners
- Federal and Provincial Governments
- Not for Profit Organizations
- Universities & Colleges

Zoo Infrastructure Management

- Toronto Zoo Public Services
- Zoo Visitors

Zoo Wildlife Care

- Wildlife Collection
- Zoo Visitors

Zoo Finance & Administration

- Toronto Zoo Public and Internal Services
- Media Partners

Zoo Conservation & Science

- Zoo Keepers
- Zoo Researchers
- Federal and Provincial Governments
- Universities, Colleges, and Wildlife Societies
- Zoological Institutions & Accrediting Bodies
- Environmental Organizations
- Wildlife collection

Service Types

2013 Recommended Service Levels

The 2013 proposed service levels for Toronto Zoo activities are summarized in the table below:

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Zoo Visitor Services			Safety & Security			Ensure a safe and secure environment for employees, guests and for property and assets.
			Admissions			1,600,000 Visitors
			Parking			Facilitate parking for 300,000 cars
			Membership Management			Achieve 31,400 household memberships
			Rides & Retail			Achieve revenue of \$1.98 per visitor in retail sales
			Food & Restaurants			Achieve revenue of \$4.31 per visitor in food sales
			Custodial Services			
Zoo Education & Outreach			Teacher Workshops			Provide workshops for 3,000 teachers
			Off Site classes and lectures			
			On Site classes and lectures			Host 10,00 students for on-site workshops.
			Camps:	Overnight Camps		Host over night camps for 3,000 campers
				Day Camps		Host day camp for 2,000 campers
		Zoo Volunteer Outreach			Deliver 60 volunteer outreach sessions.	
Zoo Special Events & Facility Rental			Personal / Family Occasions / Events			
			Corporate Retreats			
			Group Picnics			
			Catering			
Zoo Fundraising & Strategic Partnerships			Sponsorships			100% compliance with negotiated terms
			Annual Fundraising Drives			
			Capital Investments			
			Strategic Partnerships			100% compliance with negotiated terms
			Business Development			Develop new revenue opportunities
Zoo Infrastructure Management			Horticulture			
			Specialized Zoo Fleet Maintenance			
			Electrical and Utility Management			
			Zoo Infrastructure Maintenance			
			Zoo Waste Management			
			Zoo Exhibit Design and Graphics			
Zoo Wildlife Care			Wildlife Health			

Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
			Reproductive Physiology			
			Wildlife Nutrition			
			Wildlife Care			
Zoo Conservation & Science			Zoo conservation and sustainability			Promote public understanding of unique role the Zoo plays in conservation and research. Pursue grant funding for all eligible Zoo run programs
			Zoo educational curriculum			
			Zoo animal acquisition and transfer			
			Endangered species			
Zoo Finance & Administration			Financial Management (including Budgeting)			Prepare, submit, monitor and report on financial results in relation to Council Approved Budget.
			Purchasing and Procurement			100% compliance with Zoo purchasing policies
			Human Resource Management including Payroll			100% compliance with HR & Payroll standards
			Governance and Board Management			
			Marketing and Communication			
			Information and Technology			Manage Information system across Zoo site. Implement CRM system to improve tools available to manage Membership, Education and Development

2013 Service Deliverables

The 2013 Recommended Operating Budget of \$53.565 million gross and \$11.111 million net provides funding to:

- Initiate a new Panda Exhibit, the first year of a 5-year commitment signed with the Chinese government to provide 2 giant pandas to the Toronto Zoo for exhibition and research study.
- Achieve attendance targets and a high level of visitor satisfaction through:
 - ✓ Highly interactive / experiential short-term exhibits;
 - ✓ Comprehensive special event plans;
 - ✓ Addition of new winter based activities to stimulate attendance in the non-peak season;
 - ✓ Continued utilization of social media / database development in efforts to strategically build awareness, attendance and customer loyalty;
 - ✓ Customer service excellence, way finding, maintenance and state of good repair of the grounds and facilities;

- ✓ Growth of membership base, donor base, and school visits to build affinity and enhance community support.
- Continue progress on the major fundraising campaign to raise funds for capital projects, exhibit improvements and conservation and education programs;
- Continue implementation of the Zoo's "green plan" with initiatives for 2013;
- Develop public/private sector partnerships and strategic alliances;
- Pursue all available grants to deliver optimal conservation and research programs.

PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Recommended Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
GROSS EXP.	45,663.5	45,738.5	75.0	0.2		
REVENUE	34,552.8	34,627.8	75.0	0.2		
NET EXP.	11,110.7	11,110.7	0.0	0.0	0.0	0.0
Approved Positions	388.0	388.0	0.0	0.0	0.0	0.0

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$45.739 million gross and \$11.111 million net equals the 2012 Approved Budget of \$11.111 million net, meeting the 0% budget target.

- The 2013 Recommended Base Budget includes \$0.75 million for annualized salary increases offset by a \$0.75 million increase in revenue.
- Approval of the 2013 Recommended Base Budget will not result in any changes to the staff complement, as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

Changes	Staff Complement
2012 Approved Complement	388.0
- 2012 In-year Adjustments	
2012 Approved Staff Complement	388.0
2013 Recommended change in Staff Complement	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating impacts of completed Capital projects	
- 2013 Service Change Adjustments	
Total 2013 Recommended Complement	388.0

2014 and 2015 Outlook

- Approval of the 2013 Recommended Base Budget for Toronto Zoo will result in no incremental cost increase in 2014 and 2015, however the Zoo's Collective Agreements expire in March 2013, and negotiations will occur in 2013.
 - As a result, no estimates have been identified for salary increases for 2014 and 2015 at this time.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2013 Recommended New/Enhanced Service Priority Actions
(In \$000s)

Description	2013 Recommended			Net Incremental Impact			
	Gross Expenses	Net Expenditures	New Positions	2014		2015	
				Net Expenditures	# Positions	Net Expenditures	# Positions
Enhanced Services:							
<i>Panda Exhibit</i>	7826.8	0.0	31.4				
Sub-Total Enhanced Services	7,826.8	0.0	31.4	0.0	0.0	0.0	0.0
New Service Priority Actions							
(a) New Services							
(b) New Fees							
Sub-Total New Service Priorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enhanced/New Services Priorities	7,826.8	0.0	31.4	0.0	0.0	0.0	0.0

2013 Recommended New / Enhanced Service Priority Actions

Enhanced Service Priorities

Giant Panda Exhibit

- The Toronto Zoo will operate a new Panda Exhibit commencing in 2013, the first year of a 5-year commitment signed with the Chinese government to loan 2 giant pandas to the Toronto Zoo for exhibition and research study. The agreement will allow the Toronto Zoo to build capacity in the areas of veterinary medicine, reproduction, nutrition, bamboo research, conservation biology and behavior studies.
- Pandas will arrive in early 2013 and will require a 6 weeks quarantine before the May exhibit opening. The exhibit will be located in the renovated Amur tiger exhibit, efficiently refurbished for the dual purpose of housing the Panda's for 5 years and the returning Amur tiger after their departure.
- In 2012, a "peak" / "non-peak" pricing methodology was implemented as a means of encouraging increased visitation in the shoulder season. However, no market based changes were made. As such, the Toronto Zoo is scheduled for a change in 2013 and the recommended pricing to be implemented includes an increased fee of \$3 per general admission and \$1 for school groups. The visitor will pay one price which includes access to all areas of the Zoo. As well, a 5% increase to membership fees is reflected in the plan, and no increase to parking fees. The fee changes will be implemented in May 2013.
- The pricing methodology outlined considers the benefit of the exhibit to all visitors to the Toronto Zoo and mitigates risk over the five (5) year duration of the exhibit. As well, the "peak" / "non-peak" pricing methodology implemented in 2012 will continue in 2013 for General, Senior and Child fees as a means of encouraging increased visitation in the shoulder season.

Integrated Admission Breakdown for 2013

Category	2012 Rate	2013 Increase	2013 Rate
	\$	\$	\$
13-64 yrs peak	25.00	3.00	28.00
13-64 yrs non peak	20.00	3.00	23.00
4-12 yrs peak	15.00	3.00	18.00
4-12 yrs non peak	10.00	3.00	13.00
(over 65 yrs) peak	20.00	3.00	23.00
(over 65 yrs) non peak	15.00	3.00	18.00
Student Post Secondary	9.00	1.00	10.00
Student Gr 9-12	8.00	1.00	9.00
Student Gr K-8	7.00	1.00	8.00
Parking	10.00	0.00	10.00

Panda Exhibit

Incremental 5-Year Cash Flow

	2013	2014	2015	2016	2017	Total 5-Year plan
Attendance without Pandas	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	6,500,000
Attendance with Pandas	1,600,000	1,500,000	1,400,000	1,400,000	1,500,000	7,400,000
Attendance increase for Pandas	300,000	200,000	100,000	100,000	200,000	900,000
Revenue						
Admission	5,124,828	3,816,418	2,505,001	2,505,001	3,816,418	17,767,675
Parking	500,000	333,333	166,667	166,667	333,333	1,500,007
Membership	772,913	515,275	257,638	257,638	515,275	2,318,739
Retail & Rides	400,000	266,667	133,333	133,333	266,667	1,200,005
Food Services	1,029,142	598,344	167,546	167,546	598,344	2,560,932
Total Revenue	7,826,883	5,530,037	3,230,185	3,230,185	5,530,037	25,347,358
Expenditures						
Salaries and Wages	1,092,526	773,392	464,258	464,258	773,392	3,567,843
Materials and Supplies	1,014,600	834,937	760,143	760,143	834,937	4,204,783
Equipment	354,700	30,000				384,700
Services and Rents	3,111,326	2,353,875	1,814,373	1,814,373	2,273,668	11,367,673
Total Expenditures	5,573,152	3,992,204	3,038,774	3,038,774	3,881,997	19,524,999
Contribution to Reserve	2,253,731	1,537,833	191,411	191,411	1,648,040	5,822,359
Net Revenue	0	0	0	0	0	0

*Cash flow in this table provides incremental values above the 2013 Base Budget, year by year.

- Zoo attendance is projected to increase by 300,000 visitors in 2013 as a result of the Panda Exhibit. Drawing from the experience of previous Panda visits and other Zoos with Pandas, the increased attendance due to the Pandas will peak in year 1 at 1.6 million, and decline in year 2 to 1.5 million, year 3 to 1.4 million and year 4 to 1.4 million. Attendance in the final year increases again to 1.5 million as visitors wish to say good-bye.
- Revenues from visitors including admissions, memberships, retail, food services and parking are projected to fluctuate directly with the attendance over the 5 years. Revenue will peak in year 1 at \$7.826 million and decline in 2 two to \$5.530 million, year 3 to \$3.230 million and year 4 to \$3.230 million. Revenue in the final year will increase again to \$5.530 million

- To support the servicing of the increased attendance levels, 31.4 additional part-time/seasonal staff will be required in areas of guest servicing, special events, retail, animal care, safety & security, and facility services. All additional staffing will be temporary and will be adjusted in step with attendance through the 5-year project. The Panda project is to be self-funding and will not require additional operating funds from the City.
- The Zoo will continue to respond quickly to a potential decline in attendance with offsetting reductions in expenditures to maintain the net budget. The first two years may generate surpluses that can be set aside in a dedicated Reserve to fund any future shortfalls as may be required. The agreement with China does not allow surpluses arising from this special Panda Exhibit to be applied to offset the Zoo's normal operating costs. At the end of the Panda Project any balance in the Reserve Fund will be applied to the Zoo Animal Transaction Reserve Fund.
- Annual fixed costs included in the cash flow chart above require \$2.670 million funding for each of the 5 years, including the following:

Fixed Expenses	
(\$000s)	
Annual Panda Conservation Fee	1.050 million
Other fixed (Food, insurance, utilities etc)	1.500 million
Chinese Keepers (required by contract)	0.120 million
Annual Fixed cost	2.670 million

Fixed costs % of Total Cost and Total Revenue

	2013	2014	2015	2016	2017
Fixed cost % of total Expenditure	48%	67%	88%	88%	69%
Fixed cost % of total Revenue	34%	48%	83%	83%	48%

- The risk of not covering costs with incremental revenue is highest for 2015 and 2016 as fixed costs as a % of total revenue is greater than 80%. For these two years a revenue drop greater than 17% will result in insufficient revenue to cover these fixed costs.
- In order to mitigate against potential revenue reductions due to unforeseen events, it is recommended that an exemption to the corporate Surplus Management Policy be granted for the next 5 years starting in 2013. Operating Budget surpluses occurring between 2013 and 2017 will be allocated to the Toronto Zoo Stabilization Reserve (XQ2032) to be applied to any Operating Budget deficits during this period. Any remaining balance in the Toronto Zoo Stabilization Reserve (XQ2032) at the end of this period will be allocated to the Zoo Animal Acquisition Reserve Fund (XE1029).
- Toronto Zoo issued an RFP in August for a transportation services Sponsor/Partner to help support the Giant Panda Exhibit. The Federal Express Canada proposal was selected that has a total estimated value for in-kind services of \$3.727 million over the 5-year period as outlined below:

- Federal Express Canada has agreed to provide transportation for the giant pandas supplies and handlers from China to Toronto Pearson International Airport and will also provide ground transportation of the pandas from Pearson Airport to the Toronto Zoo. Federal Express Canada also will provide air services for the pandas to transport them from Toronto to Calgary in 2018 when the Toronto Zoo exhibit closes. The value of these services is estimated to be \$0.500 million.
- Federal Express Canada will also provide promotional services for the Giant Panda Exhibit, utilizing methods such as billboard advertising on fedex.ca, promotional stickers on all FedEx Express packaging delivered to homes and businesses in the GTA, e-newsletter promotions, social media and Fed Ex Express Canada's nation-wide internal television network. They will also coordinate a major aircraft arrival event for the pandas when they land at Pearson. The approximate value of these services is \$0.980 million.
- Federal Express Canada will offer three shipments of bamboo per week at a 74% discount off published Canadian import FedEx International Priority Freight transportation rates. The valuation of the discounted services provided to the Toronto Zoo for the shipment of bamboo is estimated at \$2.247 million over the 5-year period.

PART V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**2013 Issues***Core Service Review and Efficiency Study Implementation: Request for Expression of Interest*

- At its meeting of September 26 and 27, 2011 City Council approved the report 'Core Service Review – Final Report to Executive Committee' from the City Manager. The City Manager was directed to review efficiency related opportunities for various program areas to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budgets.
- The City Manager was directed to issue a Request for Expression of Interest, on terms satisfactory to the City Manager, to determine options for sale, lease, operation or other arrangement in respect of the Toronto Zoo, provided that the City Manager shall work with the Toronto and Region Conservation Authority (TRCA), Provincial and Federal Governments to accommodate their interests.
- The City Manager issued a Request for Expressions of Interest for Toronto Zoo options (REO #9101-12-7119) in September 2012.
- At the same time, a proposal *The Future of Toronto Zoo Governance* was submitted to the City Manager on September 19, 2012 by the Toronto Zoo Board of Management.
- City Council on October 2, 3 and 4, 2012, adopted the following:
 - City Council directed the City Manager to cancel the newly issued REOI Request for Expressions of Interest for Toronto Zoo options (REOI # 9101-12-7119).
 - City Council directed the City Manager, in conjunction with members of the Toronto Zoo Board of Management and including circulating the proposal to all Zoo membership holders for comment, to fully explore and consider the recommendations within the report, headed *The Future of Toronto Zoo Governance* being cognizant of the City's financial position and City Council direction from the Core Service Review and report to the Executive Committee meeting in January, 2013.
- The proposal from the Toronto Zoo Board of Management is under review by the City Manager with a report expected to the Executive Committee in early 2013.

Fund Raising Campaigns

- Early in 2006, Ketchum Canada Inc. (KCI) was retained to assist the Zoo in evaluating the Zoo's potential to secure increased funding to support future capital needs. In July 2006, DVA Navion was engaged to undertake a feasibility study for a major capital campaign. Many organizations embarking on a capital campaign engage fundraising counsel to lead the campaign.

- In 2009, following the dissolution of the Toronto Zoo Foundation, 5.7 positions and \$1.005 million were transferred from the Foundation to Toronto Zoo to continue the fund raising programs previously delivered by the Foundation. By agreement with the Board of Management, the Foundation's financial assets of approximately \$6.0 million were deposited with the Toronto Community Foundation and the Toronto Zoo was authorized to draw down these funds, in accordance with the terms of the Trust Agreement between the Toronto Zoo Foundation, the Toronto Community Foundation and the Board of Management.
- The 2012 Approved Operating Budget included \$1.997 million gross and \$0 net for the anticipated costs of the 2012 Capital Campaign. No significant revenue from fund raising is forecast to be received by year-end 2012. Cost containment initiatives to offset the \$1.997 million shortfall in revenue have been implemented to ensure \$0 net cost to the City.
- Fund raising efforts were influenced by changes in the economy and were severely hampered by the uncertainty of possible privatization inherent with the REOI (see above). The objective of the Toronto Zoo Board's proposal, *The Future of Toronto Zoo Governance*, is intended to stabilize the Zoo's governance and achieve financial viability and sustainability in the next ten years.

Base Revenue Changes

The 2013 Recommended Operating Budget includes two market driven revenue changes for a total of \$0.009 million.

- An increase of \$0.004 million will result from an increase of \$100 per Zoo School attendee, or 8.6% from \$1,150 to \$1,250. The Program runs at full capacity of 36 students.
- An increase of \$0.005 million will result from an increase of \$4 per day for both before and after childcare services, from \$8 to \$12 per day which is a 50% market driven increase.
- The fees included in the User Fee Policy for Toronto Zoo are all market driven fees and are reviewed annually for market fee increase opportunities. There is no annual inflation adjustment.

2013 Recommended User Fee Changes

- In accordance with the City's User Fee Policy, market rate user fee changes identified in Appendix 6 (iii) are recommended for inclusion in the Municipal Code Chapter 441, User Fee and Charges.

Appendix 1 2012 Performance

2012 Key Accomplishments

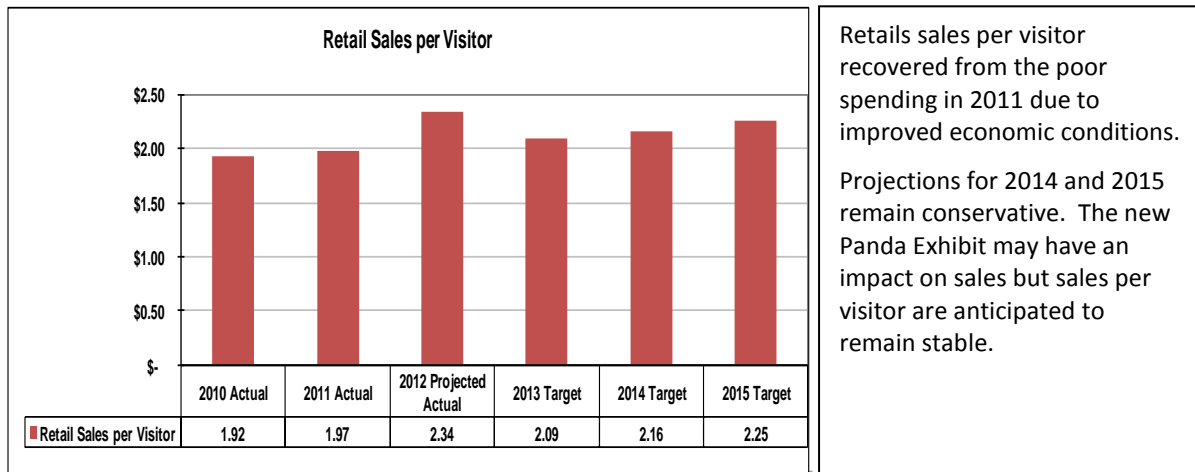
In 2012, Toronto Zoo achieved the following results:

- ✓ Saved and successfully nurtured the baby polar bear cub, Hudson, introducing him to the public in January.
- ✓ Opened the new White Lion exhibit, a very popular offering with the public;
- ✓ Hosting “Sharks at Stingray Bay”, the fifth year of a special touch tank exhibit open from May 1st to Thanksgiving weekend;
- ✓ Opened "Gorilla Climb" ropes course;
- ✓ Secured Giant Panda loan with the Chinese government; commenced design, scheduled construction of Panda exhibit and theming of orientation centre.
- ✓ Completion of detailed design of Eurasia area of the North Zoo Site Redevelopment and start of construction;
- ✓ Completed detailed design of the Wildlife Health Centre;
- ✓ Improvements to guest services through the addition of a standalone, attendant free “pay-on-foot” parking kiosk.

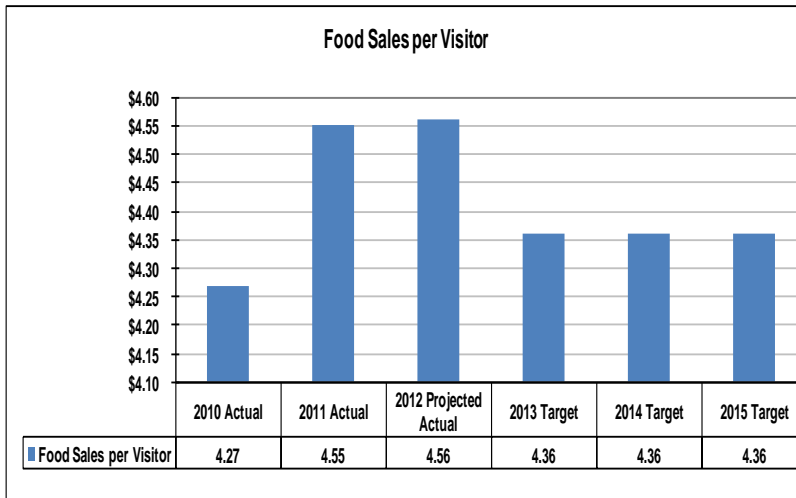
2012 Performance

Efficiency

- Gross Retail Sales per Visitor



Food Sales per Visitor

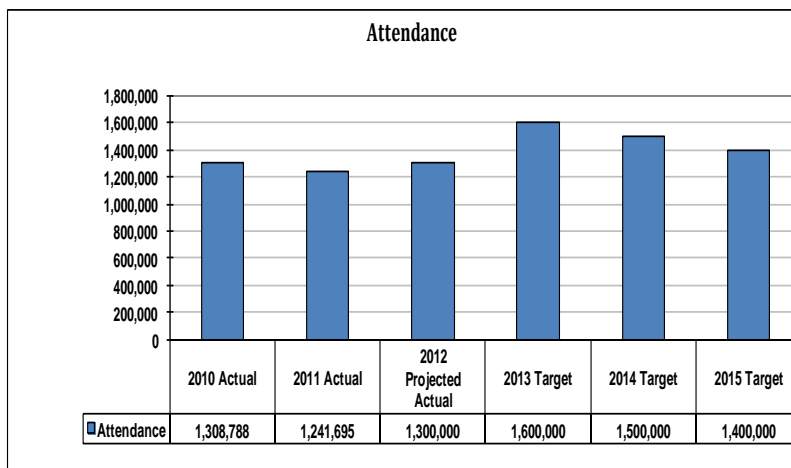


Food Sales per visitor were sustained at the 2011 levels in 2012, the second year of excellent yield on food.

2013 and future years are reduced to adjust for the projected attendance increases. Attendance increases, generally result in reduced per capita expenditure for food. The Toronto Zoo is making efforts to improve visitor flow through.

Effectiveness

Number of Zoo visits per year

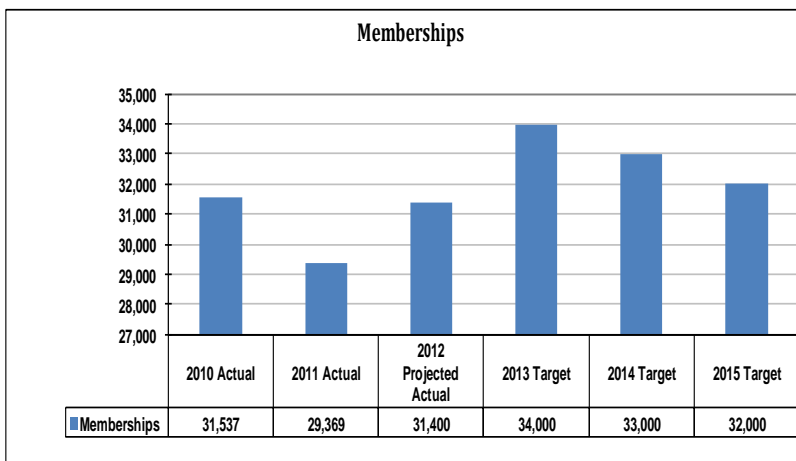


Attendance for 2012 is at the 2012 target of 1.3 million visits.

Attendance for 2013 is projected to increase by 300,000 to 1.6 million due to the first year of the new Panda Exhibit.

Attendance expected to decline by 200,000 in 2014 and 100,000 in 2015 consistent with experience of other zoos.

Number of Memberships sold



Memberships in 2012 recovered from the 2011 level reduced by the economic climate.

2013 is anticipated to increase by approximately 10% due to the new Panda Exhibit.

Memberships will gradually decline in 2014 and 2015 consistent with overall attendance trend.

2012 Budget Variance Analysis

2012 Budget Variance Review (In \$000s)

(In \$000s)	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	42,282.0	42,280.1	45,663.5	43,524.1	(2,139.4)	(4.7)
REVENUES	30,921.2	30,736.8	34,552.8	32,459.4	(2,093.4)	(6.1)
NET EXP.	11,360.8	11,543.3	11,110.7	11,064.7	(46.0)	(0.4)
Approved Positions	384.5	389.0	388.0	388.0		

* Based on the Third Quarter Operating Budget Variance Report.

2012 Experience

- Toronto Zoo forecasts a year-end net variance of \$0.046 million or 0.4% under the 2012 Approved Operating Budget. Revenue is forecast to be \$2.093 million under budget attributable to under realized fund raising contributions.
- Expenditures are projected to be \$2.139 million below the 2012 approved gross expenditure budget, to be realized through cost containment measures to offset the fund raising revenue shortfall.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- Fund raising efforts were severely hampered by the economy and uncertainty with the possibility of privatization inherent with an REOI. (see page 13). The objective of the proposal, *The Future of Toronto Zoo Governance*, is to stabilize the governance and achieve financial viability and sustainability in the next ten years. The City Manager is reviewing the proposal to prepare a report to Executive Committee in early 2013.
- The 2013 Recommended Operating Budget maintains the 2012 level of fund raising of \$2.770 million, anticipating that the fund raising climate will improve after the cancellation of the REOI.
- Toronto Zoo continues to monitor revenues and implement cost containment measures to offset any revenue shortfalls.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected	Recommended	2012 Approved	2012 Approved	Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	23,911.9	26,300.1	26,648.0	26,648.0	27,815.5	1,167.5	4.4%	27,496.4	27,187.3
Materials and Supplies	5,649.2	5,351.0	6,154.2	6,154.2	7,168.8	1,014.6	16.5%	6,989.1	6,914.3
Equipment	443.3	535.1	627.8	627.8	982.5	354.7	56.5%	657.8	2,442.2
Services & Rents	9,858.8	9,040.9	10,667.2	10,667.2	13,778.6	3,111.4	29.2%	13,021.1	10,667.3
Cost of Sales	1,153.9	1,048.3	1,430.4	1,430.4	1,430.4	0.0		1,430.3	1,430.3
Contribution to Res/Res Fund	136.0	136.0	136.0	136.0	2,389.7	2,253.7	1657.1%	1,673.8	327.4
TOTAL GROSS EXPENDITURES	41,153.2	42,411.4	45,663.5	45,663.5	53,565.4	7,901.9	18.6%	51,268.5	48,968.8
Grants from Others	991.9	934.2	1,011.5	1,011.5	1,011.5	0.0	0.0%	1,011.5	1,011.5
Federal Subsidies									
Other Subsidies									
Contribution from Res/Res Funds	136.0	136.0	136.0	136.0	136.0	0.0	0.0%	136.0	136.0
User Fees	27,793.8	28,781.3	30,634.4	30,634.4	38,536.3	7,901.8	25.8%	36,239.4	33,939.7
Other (Retail, food)	1,215.2	1,020.1	2,770.9	2,770.9	2,770.9	0.0	0.0%	2,770.9	2,770.9
TOTAL REVENUE	30,136.9	30,871.6	34,552.8	34,552.8	42,454.7	7,901.8	25.6%	40,157.8	37,858.1
TOTAL NET EXPENDITURES	11,016.3	11,539.8	11,110.7	11,110.7	11,110.7	0.0	0.0%	11,110.7	11,110.7
APPROVED POSITIONS	384.5	389.0	388.0		419.4	31.4	8.1%	419.4	419.4

2013 Key Cost Drivers

Panda Exhibit

- The \$7.902 million increase in recommended 2013 gross expenditures and offsetting revenue including \$7.826 million or 99% for the new Panda Exhibit including the addition of 31.4 non-permanent positions.
- The Panda Project is self-funding through the 5-years and will not require additional operating funds from the City. Changes to the 2013 Recommended Operating Budget are attributed to the increased cost and revenue for the Panda Exhibit including the following.

Expenditures increase of \$7.827 million attributed to:

- Salaries and Wages increased by \$1.093 million;
- Materials and Supplies increased by \$1.015 million;
- Equipment increased by \$0.355 million;
- Services and Rents increased by \$3.111 million;
- Contribution to Panda Project Stabilization Reserve Fund increased by \$2.254 million

Revenue increase of \$7.827 million attributed to:

- User fee and revenue from sales increased by \$7.827 million.

Toronto Zoo Base Expenditure

- Salaries and Benefits continue to be the largest expenditure category and account for 52% of total expenditures, followed by Services and rents at 26%, Materials and Supplies at 13%, and Cost of Goods Sold at 3%.
- The Toronto Zoo has offset a 10.6% increase in expenditures since 2010 with a 15% increase in revenue mostly through Admission price increases.
- Toronto Zoo continues to absorb annualized COLA and inflationary costs. Net subsidy from the City increased by \$0.09 million or 0.9 % since 2010.

The 2013 Recommended Base Budget provides funding for the following:

Prior Year Impacts

- An increase of \$0.075 million for annualized of salary increases per the collective agreements signed in 2010, covering the period from April 1, 2013 to March 31, 2013 when the agreement expires.

Base Revenue Changes

The 2013 Recommended Operating Budget includes two market driven revenue changes for a total of \$0.009 million.

- An increase of \$0.004 million will result from an increase of \$100 per Zoo School attendee, or 8.6% from \$1,150 to \$1,250. The Program runs at full capacity of 36 students.
- An increase of \$0.005 million will result from an increase of \$4 per day for both before and after childcare services, from \$8 to \$12 per day which is a 50% market driven increase.
- The fees included in the User Fee Policy for Toronto Zoo are all market driven fees and are reviewed annually for market fee increase opportunities. There is no annual inflation adjustment.

Appendix 4
Summary of 2013 Recommended New
/Enhanced Service Priority Actions



2013 Operating Budget - Recommended New and Enhanced Services Summary of Administrative Review

TYPE	PRIORITY	AGENCIES Toronto Zoo	Recommended Adjustments				2014 Net Incremental Outlook (\$000s)	2015 Net Incremental Outlook (\$000s)
			Change in Gross Expenditure (\$000s)	Change in Revenue (\$000s)	Net Change (\$000s)	Change in Approved Positions		
N2	1	Expense and Revenue Changes related to Panda Exhibit Service / Activity: MULTIPLE / N/A Description: Toronto Zoo will open a new "Panda Exhibit" in May 2013, the first year of a five-year commitment signed with the Chinese government to loan 2 giant pandas to the Toronto Zoo for exhibition and research study. The agreement allows the Toronto Zoo to build capacity in the areas of veterinary medicine, reproduction, nutrition, bamboo research, conservation biology and behaviour studies. 2013 Admission Fees for the Toronto Zoo will integrate increases of \$3.00 in General Admission, \$1.00 in School Groups, a 5% increase to membership fees for all visitors, and no increase to parking fees. The fee changes will be implemented in May 2013, for the opening of the Panda Exhibit. Zoo attendance is projected to increase by 300,000 visitors in 2013 as a result of the Panda Exhibit. Drawing from the experience of previous panda visits and other Zoos with pandas, the increased attendance due to the pandas will peak in year one at 1.6 million, and decline in year two to 1.5 million, year three to 1.4 million and year four to 1.4 million. Attendance in the final year increases again to 1.5 million as visitors wish to say good-bye. Revenues from visitors including admissions, memberships, retail, food services and parking will fluctuate directly with the attendance over the 5 years. To support the servicing of the increased attendance levels additional part-time/seasonal staffing will be required in the areas of guest services, special events, retail, animal care, safety and security and facilities and services. All additional staffing will be non-permanent. 31.4 FTE's additional non-permanent staffing will be required, which will be discontinued upon departure of the pandas at the end of the exhibit. The agreement with the Chinese government requires additional costs for breeding and research studies as well as the additional animal care costs to provide appropriate levels of care and enrichment for the pandas. Service Level Change: In the first year of the Panda Exhibit, visits to the Zoo will increase from 1,300,000 to 1,600,000. ADMIN:	7,826.8	7,826.8	0.0	31.4	0.0	0.0
Total Recommended New/Enhanced:			7,826.8	7,826.8	0.0	31.4	0.0	0.0

Category Legend - Type

- N1 - Enhanced Services - Operating Impact of 2013 Capital
- N2 - Enhanced Services - Service Expansion
- N3 - New Service - Operating Impact of 2013 Capital
- N4 - New Services
- N5 - New Revenues
- N6 - New User Fee Revenue

Appendix 5

Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			\$			
Animal Endangered Species	XR 3006	Projected Beginning Balance	829.9	829.9	829.9	829.9
		Proposed				
		Withdrawals (-)		(136.0)		
		Contributions (+)		136.0		
Balance at Year-End			829.9	829.9	829.9	829.9

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			\$			
Vehicle Equipment Reserve Toronto Zoo	XQ1703	Projected Beginning Balance	619.1	619.1	619.1	619.1
		Proposed				
		Withdrawals (-)		(300.0)		
		Contributions (+)		333.0		
Balance at Year-End			619.1	652.1	619.1	619.1

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
Insurance Reserve Fund	XR1010	21,130.0	198.6		
Insurance Reserve Fund	XR1010		(198.6)		
Sick Bank Reserve	XR1007	20,700.0	186.3		
Sick Bank Reserve	XR1007		(186.3)		
Total Reserve / Reserve Fund Draws / Contributions			-	-	-

Appendix 6 (iii)
2013 Recommended User Fee Rate Changes
Other Adjustments

Ref #	User Fee Description	Fee Category	Fee Unit/Basis	2012 Fee (A)	Inflationary Adjusted Fee (B)	Other Adjustments ('C)	2013 Recommended Fee (D)	2013 Incremental Revenue
1	TORONTO ZOO General Admission to the Toronto Zoo - Non-peak time	Market Based	Daily	\$20.00	N/A	\$3.00	\$23.00	\$5,124,828
1.1	General Admission to the Toronto Zoo - Peak time	Market Based	Daily	\$25.00	N/A	\$3.00	\$28.00	
2	Admission to the Toronto Zoo- Children (ages 4-12), non-peak time	Market Based	Daily	\$10.00	N/A	\$3.00	\$13.00	
2.1	Admission to the Toronto Zoo - Children (ages 4-12) -Peak time	Market Based	Daily	\$15.00	N/A	\$3.00	\$18.00	
3	Admission to the Toronto Zoo - Seniors (over 65) -Non-peak time	Market Based	Daily	\$15.00	N/A	\$3.00	\$18.00	
3.1	Admission to the Toronto Zoo-Seniors (over 65) - Peak time	Market Based	Daily	\$20.00	N/A	\$3.00	\$23.00	
4	Admission - Post Secondary Student	Market Based	Daily	\$9.00	N/A	\$1.00	\$10.00	
5	Admission - Students - Grades 9-12 (Secondary)	Market Based	Daily	\$8.00	N/A	\$1.00	\$9.00	
6	Admission - Students - K - Grade 8 (Elementary)	Market Based	Daily	\$7.00	N/A	\$1.00	\$8.00	
8	Annual Family membership for two named adults and up to 4 children/grandchildren (ages 4 to 15) living in the same household.	Market Based	Annual	\$170.00	N/A	\$15.00	\$185.00	
9	Family membership for two named adults and up to 4 children/grandchildren (ages 4 to 15) living in the same household -	Market Based	Bi-Annual	\$260.00	N/A	\$27.00	\$287.00	
12	Dual membership for two named adults in the same household -Annual	Market Based	Annual	\$148.00	N/A	\$12.00	\$160.00	

Appendix 6 (iii)

2013 Recommended User Fee Rate Changes

Other Adjustments

Ref #	User Fee Description	Fee Category	Fee Unit/Basis	2012 Fee (A)	Inflationary Adjusted Fee (B)	Other Adjustments ('C)	2013 Recommended Fee (D)	2013 Incremental Revenue
	TORONTO ZOO							
13	Dual membership for two named adults in the same household. -Bi-Annual	Market Based	Bi-Annual	\$233.00	N/A	\$21.00	\$254.00	
14	Single family membership for one named adult and up to 4 children/grandchildren (ages 4 to 15) living in the same household -	Market Based	Annual	\$126.00	N/A	\$12.00	\$138.00	
15	Single family membership for two named adults and up to 4 children/grandchildren (ages 4 to 15) living in the same household. -Bi-	Market Based	Bi-Annual	\$195.00	N/A	\$19.00	\$214.00	
16	Individual membership provides full benefits for one named person - Annual	Market Based	Annual	\$82.00	N/A	\$8.00	\$90.00	
17	Individual membership for one named person -Bi-Annual	Market Based	Bi-Annual	\$130.00	N/A	\$13.00	\$143.00	
18	Senior membership for one named adult age 65 and over -Annual	Market Based	Annual	\$50.00	N/A	\$5.00	\$55.00	
19	Senior membership for one named adult age 65 and over-Bi-Annual	Market Based	Bi-Annual	\$83.00	N/A	\$8.00	\$91.00	
20	Senior couple membership (annual) for two named adults ages 65 and over -	Market Based	Annual	\$88.00	N/A	\$8.00	\$96.00	
21	Senior couple membership for two named adults ages 65 and over - Biannual	Market Based	Bi-Annual	\$139.00	N/A	\$15.00	\$154.00	
22	Student membership for one named student (with I.D. ages 16 and over) -Annual	Market Based	Annual	\$45.00	N/A	\$5.00	\$50.00	
23	Student membership for one named student (with I.D. ages 16 and over). - Biannual	Market Based	Bi-Annual	\$79.00	N/A	\$8.00	\$87.00	
60	Education programs - Zoo school	Market Based	Per Program	\$1,150.00	N/A	\$100.00	\$1,250.00	
	TORONTO ZOO - TOTAL							\$5,124,828