



City Budget
2012

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 day-to-day operating costs for City services.

2012–2021 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	3
PART II: 2012 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles	4
2012 Recommended Service Levels	5
2012 Service Deliverables	6
PART III: 2012 RECOMMENDED BASE BUDGET	
2012 Recommended Base Budget	7
2012 Recommended Service Changes	8
2013 and 2014 Outlook	11
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2012 Recommended New/Enhanced Service Priority Actions	N/A
PART V: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	12
Issues Referred to the 2012 Operating Budget Process	N/A
APPENDICES	
Appendix 1: 2011 Performance	16
Appendix 2: 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers	19
Appendix 3: Summary of 2012 Recommended Service Changes	21
Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions	N/A
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	22

Contacts: **Judy Skinner**
 Manager, Financial Planning
 Tel: (416) 397-4219

Dennis Carter
 Senior Financial Planning Analyst
 Tel: (416) 397-4298

PART I: RECOMMENDATIONS

2012 Recommended Operating Budget

(In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	46,405.2	43,986.7	45,660.9		45,660.9	(744.3)	(1.6)		
REVENUE	34,827.7	31,515.2	34,552.8		34,552.8	(274.9)	(0.8)		
NET EXP.	11,577.5	12,471.5	11,108.1		11,108.1	(469.4)	(4.1)		
Approved Positions	389.0		388.0		388.0	(1.0)	(0.3)		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(1,138.8)	(1,138.8)		10.0%

Recommendations

The City Manager and Chief Financial Officer recommend that:

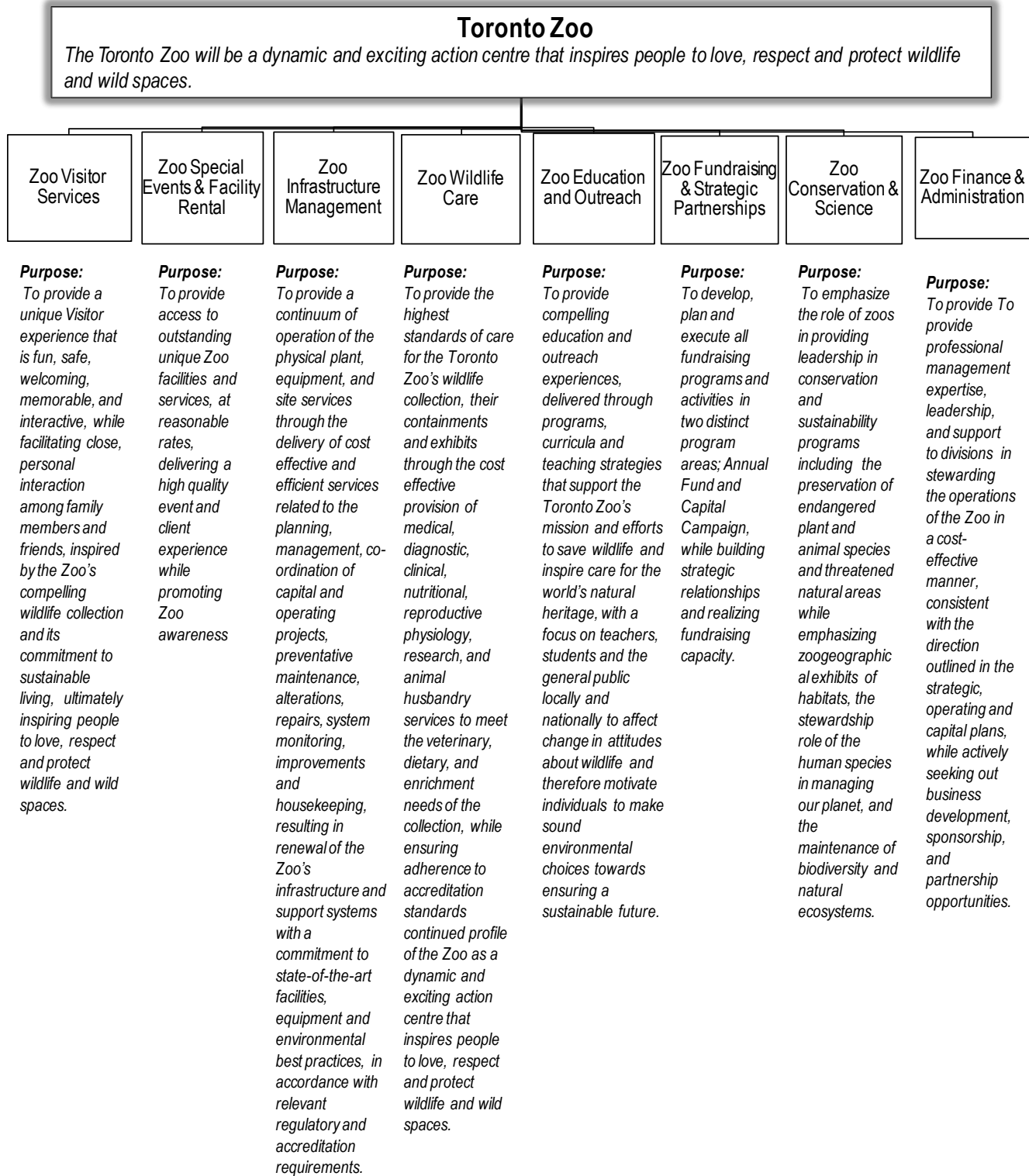
1. City Council approve the 2012 Recommended Operating Budget for Toronto Zoo of \$45.661 million gross and \$11.108 million net, comprised of the following services:

<u>Services:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Conservation, Education & Wildlife	11,864.1	9,943.8
Marketing & Communications	7,849.5	1,315.9
Operations & Administration	17,001.8	12,517.4
General Management and Development	8,809.5	6,336.0
Animal & Endangered Species	136.0	
Revenue & Recoveries		(19,005.0)
Total Program Budget	45,660.9	11,108.1

2. The Chief Executive Officer of the Toronto Zoo report back on the funding requirements for Giant Pandas as part of the 2013 Budget process.

PART II: 2012 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

2012 Recommended Services and Service Types

Service	Type
Visitor Services	Admissions
	Parking
	Membership Management
	Rides & Retail
	Food & Restaurants
	Safety & Security
Zoo Education & Outreach	Custodial Services
	Teacher Workshops
	Off Site classes and lectures
	On Site classes and lectures
	Camps: Overnight, Day
Zoo Special Events & Facility Rental	Zoo Volunteer Outreach
	Personal / Family Occasions / Events
	Corporate Retreats
	Group Picnics
Zoo Fundraising & Development	Catering
	Annual Fundraising Drives
	Capital Investments
	Strategic Partnerships
	Sponsorships
Zoo Infrastructure Management	Business Development
	Horticulture
	Specialized Zoo Fleet Maintenance
	Electrical and Utility Management
	Zoo Infrastructure Maintenance
	Zoo Waste Management
Zoo Wildlife Collection Care	Zoo Exhibit Design and Graphics
	Wildlife Health
	Reproductive Physiology
	Wildlife Nutrition
Zoo Curatorial	Wildlife Care
	Zoo conservation and sustainability
	Zoo educational curriculum
	Zoo animal acquisition and transfer
Zoo Administration	Endangered species
	Financial Management (including Budgeting)
	Purchasing and Procurement
	Human Resource Management including Payroll
	Governance and Board Management
	Marketing and Communication
	Information and Technology

2012 Service Deliverables

The 2012 Recommended Operating Budget of \$45.661 million gross and \$11.108 million net will provide funding to:

- Achieve attendance targets of 1,300,000 and a high level of visitor satisfaction through:
 - Addition of exciting new animals;
 - Highly interactive / experiential short-term exhibits;
 - Comprehensive special event plans;
 - Addition of new Winter based activities to stimulate attendance in the non-peak season;
 - Utilization of social media / database development in efforts to strategically build awareness, attendance and customer loyalty;
 - Customer service excellence, wayfinding, 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 to meet accreditation by the American Zoo and Aquarium Association (AZA), the Canadian Association of Zoo's and Aquariums (CAZA), and Canadian Council of Animal Care (CCAC).
- Continue progress towards acquisition of giant pandas;
- Participate in RFEI process in consultation with City staff;
- Oversee the relocation of the elephants;
- Continue implementation of the Zoo's "green plan" with initiatives for 2012-2013;
- Develop public/private sector partnerships and strategic alliances;
- Pursue all available grants to deliver optimal conservation and research programs.
- Continue to develop the Zoo's "Green Plan" in support of the Climate Change priority, outlining infrastructure and program initiatives to further the "greening" of the Zoo site.
- Continue to provide the Zoo experience to 1,300,000 visitors, 7 days a week all year, protect and nurture over 5,000 animals representing over 460 species, and maintain facilities and equipment on the 287 hectares (710 acre) site.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
					2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	46,405.2	45,660.9	(744.3)	(1.6)		
REVENUE	34,827.7	34,552.8	(274.9)	(0.8)		
NET EXP.	11,577.5	11,108.1	(469.4)	(4.1)		
Approved Positions	389.0	389.0	(1.0)	(0.3)		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(1,138.8)	(1,138.8)	0.0	10.0%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$11.108 million net includes service change reductions of \$1.139 million net, meeting the 2012 reduction target of \$1.139 million.
- The 2012 Recommended Base Budget for Toronto Zoo of \$45.661 million gross and \$11.108 million net is \$0.469 million or 4.1% below the 2011 Approved Operating Budget.
- Service changes of \$1.139 million net include savings from efficiencies of \$0.171 million, revenue changes of \$0.742 million net minor service changes of \$0.023 million and major service changes of \$0.164 million.

2013 and 2014 Outlook:

- There are no 2013 and 2014 outlooks included in the 2012 Recommended Base Budget. The Toronto Zoo's 3-Year Collective Agreement negotiated in 2010 expires in March 2013.
- Approval of the 2012 Recommended Operating Budget will reduce 1 position from the 2011 approved staffing complement as highlighted below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	389.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	389.0
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(1.0)
Total Recommended Positions	388.0

2012 Recommended Service Change Summary
(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Expenditure Reduction based on Actual Experience		(38.5)	(38.5)	(0.3%)				
Base Expenditure Changes		(38.5)	(38.5)	(0.3%)				
Base Revenue Changes								
Sub-Total Base Budget Changes		(38.5)	(38.5)	(0.3%)				
Service Efficiencies								
Reduction Finance Part-Time hours		(28.0)	(28.0)	(0.2%)				
Advertising Reduction		(143.0)	(143.0)	(1.3%)				
Sub-Total Service Efficiencies		(171.0)	(171.0)	(1.5%)				
Revenue Adjustments:								
2012 Admission Fee Strategy Change			(523.2)	(4.5%)				
Ride Price Increase			(18.0)	(0.2%)				
Membership Price Increase			(184.0)	(1.6%)				
Zoo Camp Revenue			(17.0)	(0.1%)				
Sub-Total Revenue Adjustments			(742.2)	(6.5%)				
Minor Service Impact:								
Reduction of Splash Island Hours		(23.0)	(23.0)	(0.2%)				
Transition of Exhibits	(1.0)	(70.0)	(70.0)	(0.6%)				
Sub-Total Minor Service Impacts		(93.0)	(93.0)	-0.8%				
Major Service Impact:								
Transition of Elephants		(94.0)	(94.0)	(0.8%)				
Sub-Total Major Service Impacts	-	(94.0)	(94.0)	(0.8%)				
Total Service Changes	-	(358.0)	(1,100.2)	(9.7%)				
Total Changes	-	(396.5)	(1,138.7)	(10.0%)				

2012 Recommended Service Changes

- The 2012 service changes consist of base budget changes, service efficiencies, revenue changes and service changes with minimal impact to the visitor that total \$1.139 million net.

Base Expenditure Changes

Expenditure Reductions Based on Actual Experience (\$0.039 million)

- Based on a detailed review of 2011 spending, various non-salary expenditures were adjusted resulting in savings of \$0.038 million net
- These non-salary expenses include educational materials, equipment and photographic supplies.

Service Efficiencies

Reduction in Finance part-time hours (\$0.028 million)

- Toronto Zoo will reduce clerical part-time hours, equivalent to 0.25 positions, as a result of efficiencies gained by its improved accounting system, resulting in saving of \$0.028 million.

Advertising Reductions (\$0.143 million)

- Toronto Zoo will reduce the number of media buys during 2012 to reduce advertising costs by \$0.143 million or 10% of the 2011 Advertising Promotions Budget of \$1.438 million.

Revenue Adjustments

2012 Admission Fee Strategic Change (Increase Revenue \$0.523 million)

- Toronto Zoo will implement an admission pricing strategy that sets fees higher for "peak" months and fees lower for "non-peak" months, as noted below. The changes are expected to stimulate a moderate shift and increase attendance in the shoulder season (November to March) effective in the spring of 2012. These are market driven fees and are in compliance with the User Fee Policy approved by Council September 26 and 27, 2011.

	2011 Price	2012 Peak Price	2012 Non Peak price
	\$	\$	\$
General Admission	23.00	25.00	20.00
Child Admission	13.00	15.00	10.00
Senior Admission	17.00	20.00	15.00

Ride Price Increase (Increase Revenue \$0.018 million)

- The Program will increase the following rental fees:
 - Wagon from \$6.00 to \$8.00
 - Single Stroller from \$5.00 to \$6.00
 - Double Stroller from \$8.00 to \$10.00
- The proposal to increase fees is supported by the service provider and is a viable proposal. These are market driven fees and are in compliance with the User Fee Policy.

Membership Price Increases (Increase Revenue \$0.184 million)

- The proposal is to increase membership fees for all the various types of memberships. Membership sales have increased 23% since 2010. Membership will continue to provide good value to members even with an average increase in price of \$15.00 per family from \$145 to \$160.

Zoo Camp Fee Increase (Increase Revenue \$0.017 million)

- It is recommended that Zoo Camp fees increase by \$10.00 per camper week. The Program will increase the following camping fees:
 - Member's fees will be increased from \$250 to \$260 per week
 - Non-Member's fees will be increased from \$270 to \$280 per week
- These are market driven fees and are in compliance with the User Fee Policy.

Minor Service Impacts*Transition of Exhibits from North Zoo Site (Reduction of \$0.070million)*

- After a thorough review of exhibit costs, the Toronto Zoo identified opportunities to reduce expenses. The Zoo will move exhibits from the valley land of the North Zoo Site and reduce 1 vacant position. The relocation will also eliminate accreditation issues arising from these older exhibits.

Reduction of Splash Island Hours (Reduction of \$0.023 million)

- Splash Island operating hours will be revised to 10:00 am to 5:00 pm, a 1 hour reduction resulting in savings of \$0.023 million. There will no reduction to service during operating hours.

Major Service Impacts*Transition of Elephants (Reduction of \$0.094 million)*

- The Zoo's 3 elephants will be relocated out of the Zoo in 2012 resulting in savings in animal feed and supplies.

2013 and 2014 Outlook:

- There are no 2013 and 2014 outlooks included in the 2012 Recommended Operating Budget. The Toronto Zoo's 3-Year Collective Agreement negotiated in 2010 expires in March 2013. Progression Pay increases are already included in the 2012 Recommended Operating Budget as the adjustments are based on March, 2012 anniversary date.

PART V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Core Service Review Approvals

- 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 following review was recommended for Toronto Zoo:
 - the City Manager 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;
- This review is pending and the City Manager will be reporting, as appropriate, to Standing Committee and/or City Council or through the City's operating budget processes.

Relocation of the Elephant Herd

- City Council on October 24 and 25, 2011, adopted the following Motion (MM13.9):
Directing the Board of Management of the Toronto Zoo:
 1. Toronto Zoo staff make the necessary arrangements with the Performing Animals Welfare Society (PAWS) sanctuary to physically transfer the 3 elephants, Iringa, Toka and Thika to its facility in California and to transfer legal ownership to PAWS as soon as arrangements can be made by PAWS to safely transport the elephants and permits can be obtained.
 2. Toronto Zoo staff work with the PAWS sanctuary on transport and permit arrangements, with the PAWS sanctuary to have the primary responsibility for the safe and humane transport of the elephants to their facility in California, at their cost, while complying with all applicable laws and standards.
 3. Parts 1 and 2 above be subject to the legal and financial commitments of PAWS and ZooCheck with respect to their contribution to the costs of the transfers

being appropriately documented, to the satisfaction of the City Solicitor and the City Manager.

4. Toronto Zoo staff report to the Board of Management of the Toronto Zoo on the cost savings achieved in Zoo operations once the elephant transfer has been affected, and that the Board reduce its future operating budget by a corresponding amount.
- The 2012 Recommended Operating Budget includes a reduction of \$0.094 million resulting from the relocation of Elephants out of the Zoo in 2012. The savings arise from the elimination of Elephant feed and supplies. Without any foreseen delays the total time required to obtain the permits from both the US and Canadian governments are approximately 4 months limiting the move to March 2012 at the earliest.

Base Budget Volume Changes

- The overall economic spending climate in the market throughout the summer was one of caution as visitor traffic to cultural attractions in the GTA was down 8.2% over the summer. The Zoo, while trending with this economic climate, remained a popular destination and visits were only down 6.8% over the summer. The attendance shortfall of 103,440 visitors (6.8%) resulted in revenue shortfalls totalling approximately \$3.3 million in Admission, Parking, Retail and Rides revenue. Cost containment measures initiated in June have offset \$2.4 million of this revenue shortfall.
- As part of the 2012 Operating Budget Process, the base budget was reviewed in conjunction with the actual year-to-date results for 2011 and the need for the revenue and expenditure adjustments of \$1.017 million, was determined.
- This adjustment will bring the 2012 attendance forecast and revenue in line with the 2011 experience. Correction of the attendance mix results in a reduction to base revenue from user fees of \$0.361 million. Secondly, based on the attendance experienced in 2011, an adjustment in the attendance volume to 1.3 million visitors (from 1.325 million) results in a further reduction of \$0.286 million to base revenue from user fees. Additionally, softness in Membership sales / renewals has made it necessary to adjust the membership base to 30,500 members (from 33,500), resulting in a base revenue reduction of \$0.245 million. The change in attendance volume also necessitated an adjustment to reduce food services, retail & rides revenue by \$0.125 million.
- The following expenditure reductions resulted from a detailed line-by-line review with cost centre managers as part of the 2012 Budget Process. Savings arising from these expenditure reductions offset the revenue adjustments outlined above and is also a result of the continuation of cost containment measures implemented in 2011 to address lower revenues:

➤ Salaries & Benefits	\$0.189 million	reduced part-time hours
➤ Materials & Supplies	\$0.267 million	utilities and negotiated supplies lower
➤ Equipment	\$0.095 million	extended use of existing equipment.
➤ Services & Rents	\$0.361 million	reduced requirements for operations
➤ Cost of Sales	\$0.105 million	lower sales projections

Future Year Issues

Giant Pandas

- Over the past ten months, the Toronto Zoo has been collaborating with a consortium of other Canadian Zoos, the Canadian government and Chinese authorities/institutions to bring giant pandas to Canada for a cooperative conservation, scientific research and education program.

Status of Negotiations

- Negotiations between the Chinese Association of Zoological Gardens (CAZG) and the consortium are currently in process and details are not available at this time. The areas of negotiation include but are not limited to: conservation fees, duration/timing at each respective zoo, breeding scenarios, transportation, legal/insurance, technical staff training, conservation programs, identification of breeding pair of healthy giant pandas from captive programs, etc. Negotiations to date have been positive and are expected to result in an agreement between all parties.

Project Funding

- Over the last few years, Zoo staff visited the four other zoos in the United States with pandas, including the National Zoo in Washington, the San Diego Zoo, Zoo Atlanta and the Memphis Zoo, to research giant panda programs and facilities.
- Zoo staff developed a preliminary draft investment concept plan for the Toronto Zoo's giant panda exhibit to be situated as part of the Eurasia re-development plan. Due to the consortium approach, new AZA Giant Panda design standards and new insights gained from visits to giant panda facilities, it is estimated that the total cost of the exhibit and associated amenities will be approximately \$8 –\$10 million. This represents a significant reduction in cost from the original giant panda proposal that was in excess of \$16 million for a longer exhibit of pandas at the Toronto Zoo alone.
- To design, build, and finance the giant panda project using no City funding, as well as to achieve a potential shorter construction timeline tied to giant pandas arriving from China, it is proposed that the Toronto Zoo seek one or more private sector partners to provide the investment required. Under such an arrangement, the Toronto Zoo will

outline its needs (i.e. a capital investment for the design and construction of a giant panda area with visitor amenities) and proceed with a Request for Proposal. This public-private partnership (PPP) is described in a report that went to the Zoo Board of Management in February 2010.

- Toronto Zoo would ensure, working with the private partner(s), that the facility meets the animal management needs for the giant panda and provides an excellent visitor experience, consistent with the planning approach for all our animal habitat projects at the Zoo.
- However, in the event that there is not a positive response to the Request for Proposals for a public-private partnership, the Zoo proposes that funds raised by its Development Division will be used for the construction of the Giant Panda Conservation, Scientific Research, and Education Program. In this eventuality, in order to bridge a short term cash flow shortfall, the Board may request a repayable loan (\$0.850 million) from the City to fund the upfront design portion of the giant panda exhibit, which will be used to support the fundraising program.
- No funding for the Giant Panda exhibit is included in the 2012 Recommended Capital Budget. The Toronto Zoo is requested to report on the funding requirements for Giant Pandas as part of the 2013 Budget submission.

Appendix 1

2011 Performance

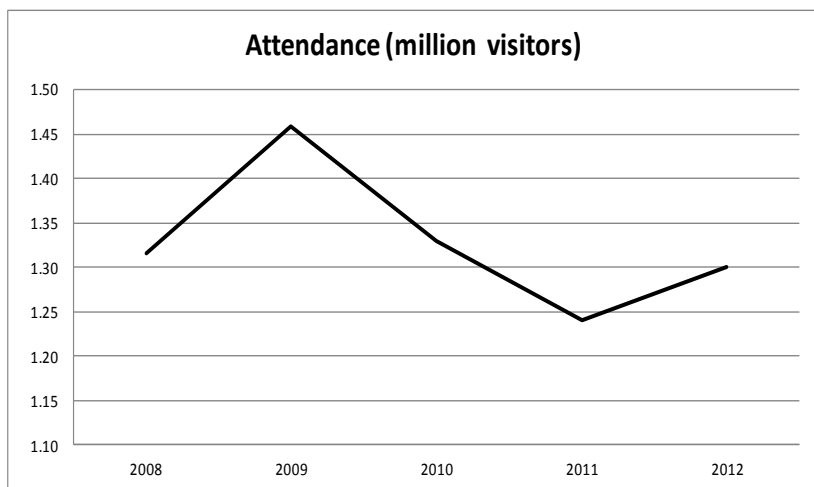
2011 Key Accomplishments:

In 2011, the Toronto Zoo achieved the following results:

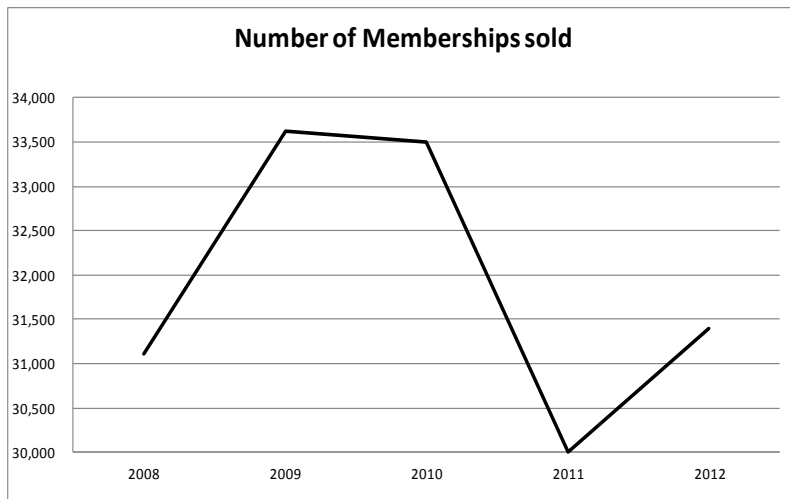
- ✓ Opened the new Penguin exhibit; a very popular exhibit with the public;
- ✓ Hosted “Sharks at Stingray Bay”, the fourth year of a special touch tank exhibit open from Victoria Day to Thanksgiving weekend;
- ✓ Stimulation of attendance by promoting the new Penguin exhibit and the regular program of events;
- ✓ Completed first full season of the renovated south end of the African Rainforest Pavilion, featuring the very popular ring-tailed lemurs and other high quality exhibits that improve the visitor experience;
- ✓ Completed detailed design of the Animal Health Centre;
- ✓ Continued detailed design of Eurasia area of the North Zoo Site Redevelopment and start of construction;
- ✓ Continued progress in relation to securing a Giant Panda exhibit;
- ✓ Consistent with the Zoo’s Green Plan and strategy to develop public/private sector partnerships and strategic alliances, worked towards an agreement to construct a 500kW Biogas Facility on Zoo managed lands;
- ✓ Received the North American Conservation Award from the Association of Zoos and Aquariums for joint work (with the Calgary Zoo) on the Vancouver Island Marmot Recovery Program;

2011 Performance

Effectiveness

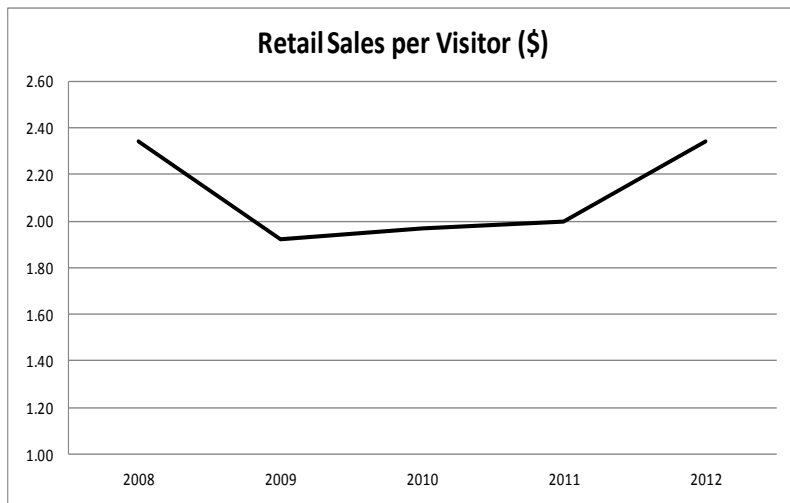


- The overall economic spending climate in the market throughout the summer was one of caution as visitor traffic to cultural attractions in the GTA was down 8.2% over the summer. Zoo visits were only down 6.8% over the summer.
- Attendance is projected to recover slightly to 1.3 million visits in 2012.

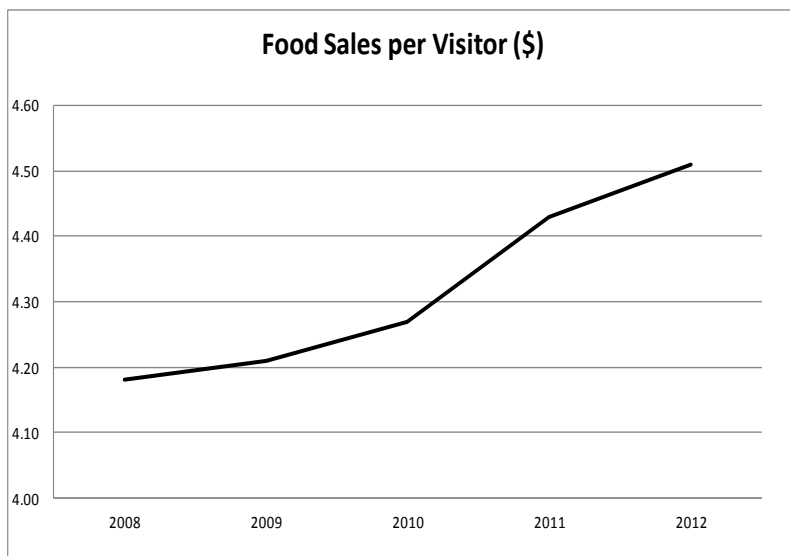


- Memberships in 2011 dropped off due to the cautionary economic climate.
- The 2012 membership drive has set the goal to reach the 2008 membership levels.

Efficiency



- Cautionary spending affected retail sales with no growth in 2011.
- Retail spending is projected to improve in 2012.



- Food services sales continued to grow after the extension of the service contract in 2010.
- Spending on food is projected to continue to improve in 2012.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	45,411.1	47,872.0	46,408.7	43,986.7	(2,422.0)	(5.2)
REVENUES	24,398.5	26,907.0	34,832.7	31,515.2	(3,317.5)	(9.5)
NET EXP.	21,012.6	20,965.0	11,576.0	12,471.5	895.5	7.7
Approved Positions	460.6	443.3	389.0	389.0	-	-

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- Toronto Zoo reported an unfavourable net expenditure variance of \$1.037 million or 19.6 per cent over the 2011 Approved Operating Budget for the 9 months ended September 30, 2011.
- This unfavourable variance was primarily the result of an 8.6% shortfall in general admissions (103,440 visits). The lower attendance resulted in \$3.3 million lower revenue including parking, admission retail and rides sales.
- Implementation of cost containment and hold backs contributed \$2.4 million in expenditure reductions to partially offset the impact of the revenue shortfall.
- The overall economic climate has impacted consumer spending on leisure / recreational activities with visitor traffic to cultural attractions in the GTA down by 8.2% over the prior year to the end of September.
- The reduced spending is expected to continue through 2011, with a projected year-end unfavourable net expenditure variance of \$0.896 million. The Toronto Zoo will continue to closely monitor expenditures and revenues, endeavoring to remain within the Council approved 2011 Operating Budget.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The attendance trend seen in 2011 has been reviewed and adjustments have been made to budgeted 2012 expenditures and revenues to bring the 2012 attendance forecast and revenue in line with the 2011 experience, resulting in expenditure reductions of \$1.017 million to offset an ongoing revenue reduction of \$1.017 million (see issues page 15).

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

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

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	24,762.3	24,411.8	26,243.8	26,067.8	26,673.1	429.3	1.6%	26,746.1	26,746.1
Materials and Supplies	6,075.7	5,649.3	6,447.1	5,345.1	6,180.1	(267.0)	(4.1%)	6,180.1	6,180.1
Equipment	1,083.7	446.5	735.0	735.0	640.0	(95.0)	(12.9%)	640.0	640.0
Services & Rents	10,786.4	9,858.8	11,306.4	10,549.3	10,599.9	(706.5)	(6.2%)	10,599.9	10,599.9
Cost of Sales	1,349.7	1,153.9	1,536.9	1,154.9	1,431.8	(105.1)	(6.8%)	1,431.8	1,431.8
Contributions to Capital									
Contributions to Reserve/Res Funds	136.0	136.0	136.0	136.0	136.0			136.0	136.0
Other Expenditures									
Interdivisional Charges									
TOTAL GROSS EXPENDITURES	44,193.8	41,656.3	46,405.2	43,988.1	45,660.9	(744.3)	(1.6%)	45,733.9	45,733.9
Interdivisional Recoveries									
Grants from others	609.3	991.9	972.5	972.5	972.5			972.5	972.5
Other Subsidies									
User Fees & Donations	27,865.5	27,793.9	31,047.2	27,736.1	30,772.3	(274.9)	(0.0)	30,810.3	30,810.3
Transfers from Capital Fund									
Contribution from Reserve Funds	136.0	136.0	136.0	136.0	136.0			136.0	136.0
Contribution from Reserve Sundry Revenues	691.5	1,215.1	2,672.0	2,672.0	2,672.0			2,672.0	2,672.0
TOTAL REVENUE	29,302.3	30,136.9	34,827.7	31,516.6	34,552.8	(274.9)	(0.8%)	34,590.8	34,590.8
TOTAL NET EXPENDITURES	14,891.5	11,519.4	11,577.5	12,471.5	11,108.1	(469.4)	(4.1%)	11,143.1	11,143.1
APPROVED POSITIONS	384.5	384.5	389.0	389.0	388.0	(1.0)	(0.3%)	388.0	388.0

2012 Key Cost Drivers

- Salaries and Benefits are the largest expenditure category and account for 58% of the total expenditures, followed by Services and Rents at 23%, Materials and Supplies at 14%, equipment at 1.4% , and Cost of Goods Sold at 3.1%
- The Toronto Zoo has offset a 3% increase in expenditures since 2009 with a 17% increase in revenue mostly through Admission price increases. Through successfully offsetting increased expenditures with increased revenues the Zoo has reduced the net expenditures by 26% since 2009.

Prior Year Impacts

- An increase of \$0.215 million for annualization of salary increases per the collective agreements signed in 2010, covering the period from April 1, 2010 to March 31, 2013.

- As part of the 2012 Budget Process, the base budget was reviewed in conjunction with the actual year-to-date results for 2011 resulting in the need for a \$1.017 million base budget reduction in Gross to offset the Revenue reduction of \$1.017 million.

Economic Factors Salary and Benefits

- An increase of \$0.455 million for step and progression, and actual fringe benefit expenses.
 - *Prior Year Impact:* As part of the 2012 Budget Process, the base budget was reviewed in conjunction with the 2011 actual, resulting in expenditure reductions of \$1.017 million to offset an ongoing revenue reduction of \$1,017 million. (see issues page 15)
 - *Salaries and Benefits:* The 2012 Recommended Operating Budget includes an increase to fringe benefits of \$0.117 million and an increase of \$0.338 million for COLA increases arising from the 3-year collective agreement settled in 2010.
 - *Revenue:* The 2012 Recommended Operating Budget includes an increase of \$0.742 million including increases due to admission fee adjustment (\$0.532 million), ride price increases (\$0.018 million), membership price increase (\$0.184 million), and Zoo camp price increase (\$0.017 million) to offset Salaries and Benefits and other inflationary increases.
- 2013–2014 Outlook: There are no 2013 and 2014 outlooks included in the 2012 Recommended Operating Budget. The Toronto Zoo's 3-Year Collective Agreement negotiated in 2010 expires in March 2013.

Appendix 3

Summary of 2012 Recommended Service Changes

Appendix 5

Inflows / Outflows to / from Reserve & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2013	2014
			\$	\$	\$
Animal Transaction Reserve Fund	XR 1029	Projected Beginning Balance*	278.3	278.3	278.3
		Proposed Withdrawals (-)	(136.0)		
		Contributions (+)	136.0		
		Balance at Year-End	278.3	278.3	278.3

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2013	2014
			\$	\$	\$
Vehicle Equipment Reserve - Toronto Zoo	XQ1703	Projected Beginning Balance*	190.1	158.1	158.1
		Proposed Withdrawals (-)	(365.0)		
		Contributions (+)	333.0		
		Balance at Year-End	158.1	158.1	158.1

* Based on 3rd Quarter Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 31, 2011 *	Proposed Withdrawals (-) /		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	31,346.0	191.4		
Sick Bank Reserve	XR 1007	3,779.0	186.3		
Sick Bank Reserve	XR 1007		(186.3)		
Total Reserve / Reserve Fund Draws / Contributions			191.4		

* Based on 3rd Quarter Variance Report