

The Future of Toronto Zoo Governance

September 5, 2012

Table of Contents

3. Executive Summary

5. Overview & Introduction

10. Vision

10. A New Zoo for a New Time

10. Key Factors for Considering a Shift in Governance

13. Financial Model for the Toronto Zoo

14. The Changing Role of 21st Century Zoos

14. Where Do Zoos Fit In?

15. Why Zoos?

15. Conservation through breeding, species support, and reintroduction

16. Examples of successful reintroduction by the Toronto Zoo

Black-footed ferrets

The Vancouver Island Marmot

18. An overview of Toronto Zoo conservation programs

18. Captive Breeding

18. Habitat and Species Specific Research

18. Research and Veterinary Programs

19. Invasive Species Management

20. Horticulture

20. The Animal Health Centre

20. Conservation through Education

21. Some of the education programs being offered at the Toronto Zoo include

22. Role of the University of Toronto, Scarborough Campus

23. Harris Decima Research

24. Key Benchmarks for the Public/Private Governance Structure

24. Governance Benchmarks: AZA Zoos

26. Organizational Structure for the Toronto Zoo

28. Board Committees - Primary Roles/Functions

29. Funding Benchmarks: AZA US Zoos with a Shift in Governance

32. Funding Strategies & Opportunities for the Public/Private Governance Model

32. Reconnecting with donors - individuals, foundations and corporations

32. New strategic partners to fulfill the regional vision for the Toronto Zoo

32. Increased sponsorships

32. Timely implementation of best practices in managing the visitor expectations and experiences.

32. Five-year loan of giant pandas

34. Financial Projections & Assumptions

34. Financial Impacts of Shifting to a New Governance & Operating Model

40. Recommendations & Next Steps

40. Create the Toronto Zoological Society to manage and operate the Toronto Zoo

40. Develop Management Agreement with City of Toronto to operate and manage the Toronto Zoo

41. Maintain labour agreement with CUPE 1600 (or their alternate)
Over time, Reduce the City of Toronto's annual operating investment in the Zoo

41. Maintain annual funding for the State of Good Repair of City Assets

41. Create new partners and funding opportunities with the private sector

41. Develop transition timeline to implement the shift in governance

41. Develop a plan to fulfill the Zoo's Vision

42. Works Cited



Executive Summary

To meet the mandate of the Toronto Zoo, its funding requirements, and expectations of the community, there is a burgeoning opportunity for a fundamental change within the Zoo's governance structure.

To explore the best practices within zoo governance models, two consulting firms were hired – each with unique experience and perspectives that would add value to the creation of a new model for the Toronto Zoo. It was determined that the team of Mansfield Communications Inc. and Schultz and Williams would be needed to develop a series of recommendations based within established best practices of zoo governance and tailor them to the requirements of Toronto region stakeholders.

Mansfield Communications was retained because of its familiarity with Toronto municipal government, its expertise within stakeholder engagement and deep knowledge of the Zoo's current structure. Schultz and Williams was engaged because of their extensive experience working with zoos throughout North America to develop effective operational and financial models. In collaboration with a number of different stakeholders, these two firms produced this report.

Best practices in North America have shown that Zoos function optimally when they are managed and governed independently while engaged within limited partnerships with various levels of government. These structures best enable zoos to evolve to meet their changing mandates while engaging the private sector within robust and effective partnerships, thereby reducing the financial requirements of the public sector.

The body of this report recommends that the Toronto Zoo implement a new structure of governance. An independent Board of Directors should be created under the Toronto Zoological Society, who will in turn be able to develop the plans and partnerships needed to maintain and enhance the Zoo's position as a world class conservation, education and tourism destination.

The dual role of the Toronto Zoo is not well understood. While continuing to be one of the largest tourist attractions within the Greater Toronto Area, the Zoo's global responsibilities regarding conservation, species preservation and ongoing education have never been more important. However, once these programs are optimized through a new structure (and subsequently, additional funding from the private sector), they will provide the community with even greater contributions to both regional and world-wide biodiversity efforts.

Ultimately, the Toronto Zoo will become a "Living Campus Zoo" – an important part of the Rouge National Urban Park (RNUP) – the world's largest urban green space that will grow to become a distinctive and valued community asset. This vision is currently endorsed by 95% of Toronto residents who support conservation, education and environmental initiatives between the Toronto Zoo, RNUP and the University of Toronto (Harris-Decima July 19-22, 2012).

Within a new structure of governance, this report indicates that over time the contributions from the City of Toronto will steadily decrease - enabling a financially viable and independent operation that will maintain fiscal responsibility to the taxpayers of Toronto.



Overview & Introduction

The Toronto Zoo is the city's premier centre for education and awareness about the animal world. Far more than just a tourist attraction, the Zoo plays a major role in conservation efforts and programs to ensure species survival. Recent developments—from the launch of a national urban park, to upcoming animal exhibits and a proposed new governance model—stand to make the Zoo even better.



The Toronto Zoo opened August 15, 1974 in beautiful Rouge Valley. It currently plays host to more than 5,000 animals with approximately 300 exhibits in a vast natural 284 hectare (710 acre) setting. The Zoo boasts 10 kilometers (six miles) of walking trails and employs 268 permanent full-time staff, 330 part-time or seasonal staff and dozens of volunteers.

The facility is divided into seven zoogeographic regions: Indo-Malaya, Africa, the Americas, Australasia, Eurasia, Canadian Domain and the Tundra Trek. The Zoo attracts approximately 1.3 million visitors annually.

Public education is a critical component of the Toronto Zoo's mission. In addition to exhibits, the Zoo runs summer camps for kids and a unique "Animal Outreach Program". This initiative involves Zoo staff doing interactive presentations with exotic animals—everything from camels to bald eagles—at corporate functions, community events and private affairs. The Zoo is also a leader in species reintroduction, natural habitat preservation and reproductive research.

Last summer, a report from KPMG examined the financial impact of privatizing the Zoo. The end-result of privatization, however, could be a Zoo that looked like an amusement park, with no emphasis on education and conservation, and a steep admission price. In response to the report, City Council voted in favour of issuing a Request for Expression of Interest (REOI) to determine options for the Toronto Zoo.



Over three-quarters of zoos in North America have opted for what has become a "best practice" public/private partnership model – one with a long-term management and operating agreement serving to link the parties. This model stresses independent governance, a community-based Board leadership and focus with an arm's length relationship with city government.

Under a public/private partnership model, City of Toronto operating funds would be drastically reduced while managerial authority would reside with the Zoo. The Toronto Zoo would operate with a more entrepreneurial perspective; one focused upon building business, community and academic partnerships, while boosting corporate and individual fundraising. The City of Toronto would annually allocate resources to pay for capital building maintenance, as the property and buildings will continue to be owned by the City of Toronto.

At present, the Zoo relies on the City of Toronto for operating funds (total operating revenue for 2013 is projected at $53.8 million, with $11.1 million of that coming from the city). Unlike other successful zoos within North America (including Calgary), Toronto City Council exerts a great deal of authority over Zoo matters, including responsibility for making appointments to the Zoo Board.

Now is the time for a change in governance model for the Toronto Zoo

Last year, the federal government announced RNUP will become Canada's first national urban park. The park is situated within an hour's drive of millions of people and is also accessible by public transit. By virtue of its location, Toronto Zoo stands to become the crown jewel of the Rouge—a natural destination to visit while camping, hiking or site seeing in the park.

In 2012 a steadying increase in attendance from the previous year is largely due to good weather and new animal exhibits (such as the penguin chicks and Hudson the polar bear), increasing attendance is also a testament to the role the Toronto Zoo plays as an important centre for conservation, education and tourism.



This spring, the Zoo acquired three rare, white lions. In 2013, a pair of giant panda bears will take up residence for a five-year stay at the Toronto Zoo. On loan from China, these bears are a proven draw. The last time pandas were in Toronto (for a brief period in 1985), annual Zoo attendance increased to 1.9 million visitors, drawing visitors from throughout the Greater Toronto region, and beyond.

In 2015, Toronto will host the Pan Am Games, which will attract athletes and tourists from around the world.

Not all the recent news about the Zoo has been good, however.

In April, 2012, the Toronto Zoo lost its accreditation with the International Association of Zoos and Aquariums (AZA). Losing accreditation can make it harder for the Zoo to either loan or receive animals from other zoos and institutions. The AZA cited a faulty governance model that “politicizes” zoo management. As an example, the AZA pointed to City Council’s decision in October 2011 to move three elephants to a California animal sanctuary overruling the Zoo Board of Management’s previous decision to work with AZA accredited institutions. The Toronto Zoo will reapply for accreditation on March 1, 2013.

By changing the governance model to reflect a more independent, entrepreneurial spirit, the Toronto Zoo will be well-positioned to regain its AZA accreditation.

An entrepreneurial approach would strengthen private-sector investment in new facilities, exhibits and programs. The arrival of the giant pandas, for example, will open new sponsorship and fundraising opportunities. Establishing an arm’s length relationship with City Hall, meanwhile, would give the Zoo more autonomy and encourage charitable donations. As it stands, there is the fear—grounded or not—among the public that any money donated to the Zoo might end up in municipal general coffers to bolster the city budget. This fear is a large disincentive for any potential donor or sponsor.

Beyond the governance model, other changes are in the air.

The Toronto Zoo is poised to become a centre of excellence in conservation. For example, the Zoo is building on its relationships with the University of Toronto and University of Guelph. Strengthening such partnerships will augment the Zoo's educational component and reinforce its commitment to animal preservation and environmental protection. A proactive approach will set the Zoo on a progressive course for the future. A course that will see the emergence of a "New Zoo" that is independent of operating funds from the City of Toronto.

This vision of a new governance model significantly restructures the Zoo's fundraising and contributed revenue programs from individuals and corporations. The ultimate goal is to create a viable and sustainable financial model with an independent governance structure driven by a dynamic Board – a Board that represents the best interests of one of the best zoos in the world.





Vision

The Toronto Zoo will serve as a global leader that integrates conservation and preservation with scientific research - acting as a centre of excellence in education. The Zoo will be the destination of choice for both residents and tourists to experience wildlife and its wild places.

Ultimately, The Toronto Zoo will become a "Living Campus Zoo" – an important part of the RNUP – the world's largest urban green space that will grow to become a distinctive and valued community asset.

A New Zoo for a New Time

Aspirations:

- A "Living Campus Zoo" within Canada's largest national (urban) park;
- Flagship institution in Canada for the preservation and protection of exotic and endangered species, and the conservation of their habitats around the world;
- Connect more Canadians to nature and create inspirational guest experiences;
- Showcase best Canadian interactive wildlife exhibits and programs in the world;
- An organization that is both fiscally and environmentally sustainable;
- Ultimately, the City of Toronto's operating cost investment in the Zoo will be zero.

Key Factors for Considering a Shift in Governance

In the recent decade, the transition of zoos from publicly owned and managed to publicly owned but independently managed has been the trend in cities across the US. In most cases, the shift was driven by the need to change or expand the base of financial support for the zoo, and/or to allow the zoos to make changes to adapt to the market more quickly. Today, nearly 76% of AZA-accredited zoos are independently managed – with ownership and a continued financial responsibility and support still required from the public sector. Every zoo that has had a transition in governance has reported positive impacts and growth, despite the fact that most public-sector entities were motivated by a financial crisis to expedite the transition.

Within Canada, the Calgary Zoo and the Vancouver Aquarium are just two examples of successful, viable and sustainable AZA-accredited institutions that are independently managed and operated under a public/private partnership model.

In addition to stabilizing the financial challenges, there are a number of additional objectives for shifting the governance and management structure of a zoo. Typically, the four primary objectives for a shift in governance are to:

I. Solidify and/or reduce the public entity's (City) financial investment (contribution) in the Zoo

- Since the Toronto Zoo will continue to invest in new animal exhibits and visitor amenities, reducing the City's exposure to increased operating expenditures from these new animal exhibits and amenities is a key consideration.

Note:

- In 1990, the Toronto Zoo's operating budget was $19.1MM with the City providing $10.0MM in operating support or 52.4% of the Zoo's total operating revenues;
- In 2012, the Toronto Zoo's operating budget was $44.5MM with the City providing $11.1MM in operating support or 24.3%;
- Over the past 22 years, the Toronto Zoo's self-generated revenues have increased by $25.5MM or 344%.

II. Eliminate the inefficiency associated with public managed entities that typically impact purchasing and procurement policies and procedures, staffing, contracts, insurance requirements and bidding. In addition, a new governance model allows the Zoo to create and operate within "best practices" by developing fund balances to successfully manage shifts in visitation, weather and economic down-turns – what is earned at the Zoo is invested in the Zoo.

III. Strengthen private financial support from individuals, corporations and foundations for the Zoo.

- Investment in new facilities, exhibits and attractions that will be identified through a new facility master plan;
- Provides new opportunities to engage the community in supporting a regional asset by offering new experiences, programs, activities and events that create an additional reason to visit the Zoo. Additionally, there is an opportunity to introduce market-based pricing while promoting the Zoo's mission as a leading education and conservation institution;
- The Zoo will be better positioned to gain the support of the community to secure funding from other levels of government.

IV. Provide flexibility and an entrepreneurial management approach to meet the challenges of offering an exceptional visitor experience.

- Achieve improved business efficiencies, timeliness and overall effectiveness of operations.

Based on our experience in creating other successful public-private partnerships, to fulfill the opportunities within a shift in governance, the following "success factors" must be in place:

- Leadership: from the City and the Toronto Zoological Society (the new governing entity). The Board of the Zoological Society must be drawn from the leaders and key stakeholders of the Greater Toronto Area;

The single most important factor in a successful transition is effective leadership

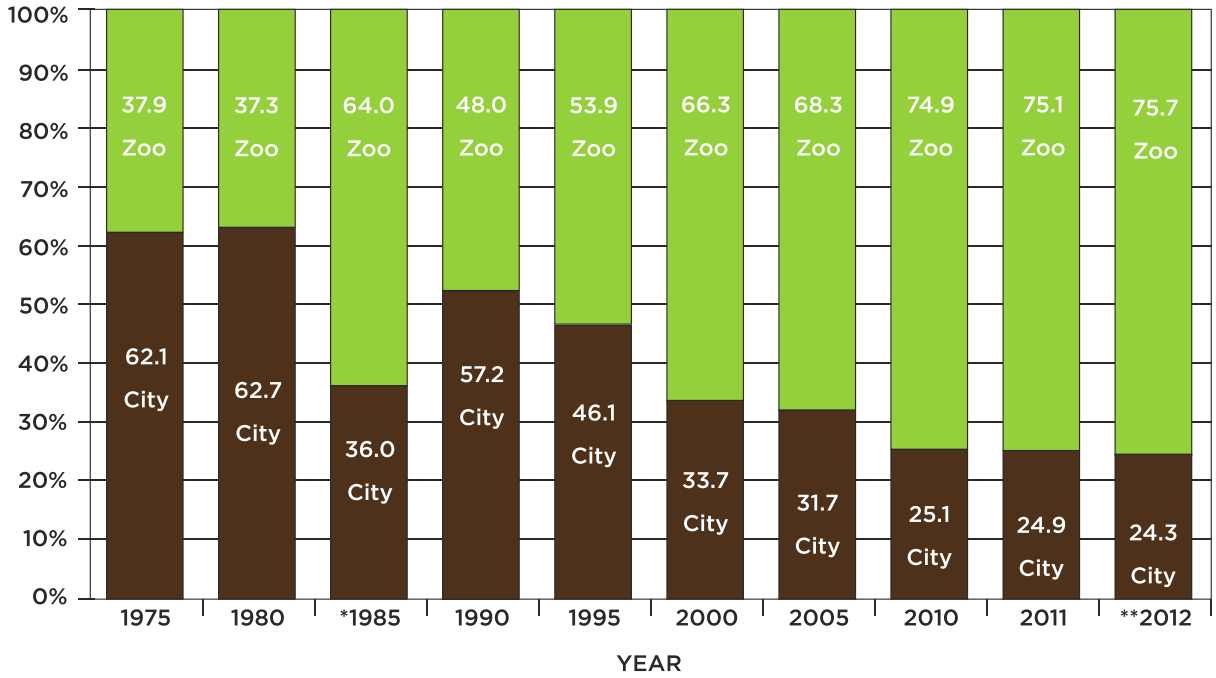
- Willingness: to get the deal done in the best interest of all parties; position the shift in governance from a point of "success, not failure";
- Financial Support and Commitment from the City: the City needs to be positioned as "the major donor" – at least in the short-term, until the private sector donors and contributors embrace the plan. The City needs to offer "stability" in the funding model, at least in the early years of the transition;
- Creativity: must be used within the creation of the key financial and operational considerations within the agreement between the City and the Toronto Zoological Society (the new governing entity);
- A Plan of Action: a realistic, achievable and sustainable ten-year "roadmap".

There are a number of key components that are critical to the success and growth of the Toronto Zoo, including:

- The development of a long-term funding agreement with the City of Toronto, similar to the agreement between the City of Calgary and the Calgary Zoo, that offers "win/win" opportunities for the City of Toronto and the new Toronto Zoological Society. Most importantly, the agreement would allow the Toronto Zoo to remain a valued and treasured community asset that is enjoyed and cherished by its residents for its fun and engaging experiences and its commitment to conservation and education;
- The creation of a dynamic new management structure and organization that responds to the needs and opportunities of a weather-dependent cultural and recreational attraction;
- Promoting and embracing the Toronto Zoo's new vision as a regional destination asset;
- Engaging a Board of Directors that are business, corporate and community leaders;
- Creating viable and sustainable business and management plans and strategies that build awareness of the Toronto Zoo and promote the compelling mission and successes of the region's most dynamic recreational and cultural attraction;
- Continuing the City's investment in the Zoo's Capital Works Program by annually allocating at least $6MM, plus potential carry-forwards, to maintain the state of good repair of the Zoo's assets; renew the Zoo's infrastructure and support systems; create dynamic habitats that celebrate biodiversity and connect people with nature, offering compelling education and outreach experiences to inspire people to care about wildlife and protect habitats.

Financial Model for the Toronto Zoo

City of Toronto Support - Trend
% of Total Toronto Zoo Expenditures



* 1985 Year of the Panda

** 2012 Council Approved

The Changing Role of 21st Century Zoos

The challenges our natural world is currently facing are no secret. Climate change, degradation of environments, alteration of land, over-exploitation of natural resources, and increasing urbanization all play a role in the decline of the natural world (Smith, 2003). The majority of environmental challenges identified are the consequence of large-scale processes, due in the most part to profligate consumption by the developed world. Forests will continue to be cleared by slash and burn agriculture and endangered species will be illegally traded or hunted for food. It is against this backdrop that the current extinction crisis, with a rate of species loss an order of magnitude higher than that of background levels, continues apace (Balmford A. e., 1998).

With the world population now over 7 billion (United Nations, 2012) and counting, our needs as humans aren't getting any less. We all need, at the very least, shelter, food, and water. As the population continues to grow, expected to reach 8.9 billion in 2050 (United Nations 2012), pressure on already straining environments will only continue to mount.

Of the 63,837 species examined by the International Union for Conservation of Nature (IUCN), 19,817 are threatened with extinction – nearly a third of the total **(IUCN Red List, 2012).**

Where Do Zoos Fit In?

Traditionally known as recreation-based attractions, zoos around the world have been joining the effort to conserve our natural world more and more over the last two decades. This is done through programs such as the "Species Survival Plan," which helps to manage specific, and typically threatened or endangered, species populations within zoos and aquariums. In addition, there are reproductive programs that assist with the care and management of captive and free-ranging populations in an effort to maintain their reproductive health and ensure the preservation of genetic diversity.

Another major role that zoos play in the bigger conservation picture is educating the public. Truly successful conservation education should influence people's attitudes toward wildlife and conservation and inspire behaviour changes that are consistent with better stewardship of the environment. Today's zoos face the challenge of serving two functions - effectively educating the public while retaining their recreational value.

Why Zoos?

The role of zoos in conservation is complex – it is multi-faceted, it varies from institution to institution, and it changes over time in response to the values of the public, its scientific peers, and its critics. Traditionally, the contributions of zoos to conservation have involved their expertise in breeding threatened species, their responsibility to educate and influence large numbers of people, and the opportunity to conduct a wide range of scientific studies, including the development of veterinary medicine, on a vast diversity of otherwise inaccessible animals (Conway & Hutchins, 1995).

These traditional roles that zoos play in conservation are played out ex situ (away from the original habitats of the animal species in question). No other conservation sector has a comparable capacity and infrastructure to pursue these functions to the same extent. That said, many zoos around the world, including the Toronto Zoo, carry out and support conservation activities in situ (in the field), where the species in question live. Zoos' conservation activities are no longer confined to their physical facilities.

Conservation through breeding, species support, and reintroduction

Zoos are uniquely skilled in the husbandry of endangered species, at coordinating complex meta populations across the globe, and have on several occasions saved critically reduced populations from certain extinction (Balmford A. , 1996).

The release of either wild-caught or captive-born animals into an area in which they have either declined or disappeared, as a result of human pressures (e.g. overhunting) or from natural causes (e.g. epidemics), is an important tool for conservation. As such, zoos have evolved as conservation vehicles substantially in the past few decades. The first World Zoo Conservation Strategy, which was released in 1993, stated explicitly that "the time has come for the zoo community as a whole to come forward and clarify its commitment to conservation." The strategy also reproduced the well-known trajectory that demonstrates how zoos have evolved from being 20th century living museums to the anticipated environmental resource centers of the 21st century, with accompanying changes in their themes, subjects, concerns, and exhibits.

While theory advanced and reintroduction methods and organizations came into existence, several high-profile species were being saved from extinction and, for each, the release of captive-bred individuals was being done as a key component of species recovery strategies. Some of the earliest examples of successful reintroduction include: the black-footed ferret, Californian condors, Arabian oryx, and the golden lion tamarin. There have been many other successful species reintroduced to the wild since, and zoos around the world, including the Toronto Zoo, continue to work with critically endangered species to help ensure their ongoing survival in the wild.

Examples of successful reintroduction by the Toronto Zoo

Black-footed ferrets

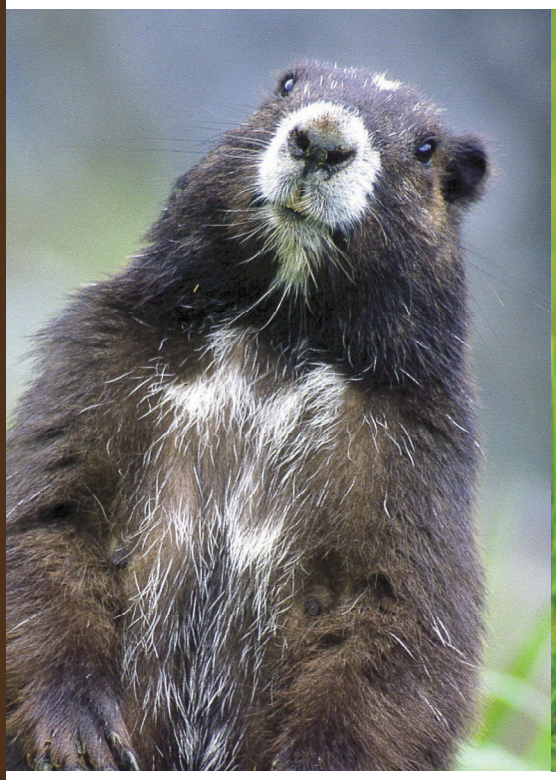




For the third year in a row, 15 captive-bred black-footed ferrets, some of which were born and raised at the Toronto Zoo, were introduced to the wild last October. The Toronto Zoo conservation experts partnered with Parks Canada, Calgary Zoo, and the Saskatchewan Ministry of Environment in the recovery strategy as well as national and international conservation partners towards restoring a fully functioning prairie ecosystem. Since their reintroduction, this once extirpated native species has been closely monitored, and last year Grassland ferret trackers had the unique experience of spotting three new ferret families on three different prairie dog colonies. This confirms how quickly the ferrets are adapting to their new home on the Canadian prairie.

The Toronto Zoo's Canadian black-footed ferret conservation breeding facility has been supporting international ferret recovery in the USA and Mexico for the past 20 years. Since then, the Zoo has been undertaking black-footed research into areas including semen freezing, analysis of estrous cycles, diets, and other vital issues. In 2004, the Toronto Zoo spearheaded Canadian recovery efforts and has participated in ferret releases and monitoring in the USA and Mexico and has assisted Parks Canada, the Saskatchewan Ministry of the Environment, and the Calgary Zoo in habitat assessment and in studies of the ferrets' food species, black-tailed prairie dogs (Toronto Zoo, 2011).

The Vancouver Island Marmot





In 2011, the Toronto Zoo, along with the Calgary Zoo, received top honours for North American Conservation from the Association of Zoos and Aquariums (AZA) for their joint work on the Vancouver Island Marmot recovery program. This award recognizes exceptional efforts toward regional habitat preservation, species restoration, and support of biodiversity in the wild.

The Vancouver Island marmot (VIM) is one of 14 marmot species worldwide and exists nowhere in the world except on Vancouver Island, British Columbia. It is one of only five endemic mammal species in Canada. Marmots are true hibernators and the largest member of the squirrel family. The VIM requires highly specialized habitat with small colonies found within Vancouver Island's scattered patches of sub-alpine meadow. Alteration of lands surrounding this habitat, small population size, and predator prey dynamics are the leading causes to the rapid decline in the population of this species. The population was in such a dire situation that their numbers drastically dwindled and in 2003, a meager 30 individuals existed in the wild, making the VIM North America's most endangered mammal.

The Vancouver Island Marmot Recovery Team (VIMRT) was established in 1988 to develop and implement a Recovery Plan for the dwindling species, and in 1996 it was determined that captive breeding and reintroduction was the only solution to prevent extinction. The Toronto Zoo received the first six wild marmots to initiate the captive breeding component and Calgary Zoo and Mountainview Conservation Society soon

joined the program. In 2001, the Tony Barrett Mt. Washington Marmot Recovery Centre on Vancouver Island received the first captive born marmots from the zoo facilities to begin reintroductions to the wild.

To date, a total of 492 pups have been weaned and 375 marmots released back to the wild. The wild population is now estimated at 300-350 marmots and there are currently 129 individuals in the captive breeding program. There is still a lot of work to be done to ensure the VIM remains a national Canadian treasure, but it is the hard collaborating efforts accomplished to date that have made great strides in saving this critically endangered species (Association of Zoos and Aquariums, 2011).

An overview of Toronto Zoo conservation programs

Captive Breeding:

As outlined above, captive breeding and reintroduction is the process of breeding rare and endangered species in human-controlled settings and, if possible, releasing these animals back into their natural habitats. By doing this, the Toronto Zoo hopes to help increase wild populations of animals that are, right now, struggling to survive on their own.

Some of the animals currently being bred at the Zoo are (Toronto Zoo, 2012):

* Black-footed ferret;
* Rouge Park turtle;
* Vancouver Island marmot;
* Puerto Rican crested toad;
* Trumpeter swan;
* Wyoming toad.

Habitat and Species Specific Research:

Habitat loss is one of the greatest threats to biodiversity on Earth today. According to the International Union for Conservation of Nature (IUCN), habitat loss is the primary threat to 85% of all threatened or endangered species around the world. In Canada, 90% of Carolinian forests, which hold over 40% of the endangered and threatened species in Canada, have been converted to farmland or towns.

Habitat fragmentation is as serious a problem as habitat loss. Many species, especially migratory ones, have difficulty surviving in habitats that are broken into fragments created by disturbances such as roads, pipelines and railways.

The Toronto Zoo is dedicated to help solve these problems, by restoring habitats for native species in Canada, and all over the world (Toronto Zoo, 2012).

Research and Veterinary Programs:

* Reproductive biology: The Toronto Zoo is the only Canadian zoo with a reproductive physiologist on staff. Located within the Animal Health Centre,

the Reproductive Physiology unit consists of two laboratories, the Endocrinology Lab and Gamete Biology Lab, where staff, students and visiting scientists work together to investigate fundamental problems related to reproduction in non-domestic species. The goal of this and every zoo reproductive unit is to assist with the care and management of captive and free-ranging populations in an effort to maintain reproductive health and ensure the preservation of genetic diversity (Toronto Zoo, 2012);

* Veterinary programs: housed in the Animal Health Centre, this is where the Zoo takes care of its animals to maintain their health. Anything from diet arrangements, handling of animals, quarantine and disinfection, to major surgeries and veterinary research, all takes place at the Animal Health Centre, improving animal care and conservation, every day. The Animal Health Centre staff notably includes students enrolled in veterinary colleges. These students join the team on fellowships to absorb theories and practices of zoological veterinary medicine (Toronto Zoo, 2012);
* Nutrition research: In 1974, Toronto Zoo was the first zoo in North America to employ a full-time nutritionist and, to date, remains the only zoo in Canada to do so. The Animal Nutrition Centre has developed balanced diets to ensure the optimal health and wellbeing of a wide variety of species (Toronto Zoo, 2012);
* Behavioural research: by studying the patterns of animal behaviour, the Zoo can tell if the animals are happy, sad, sick, or bored. Zoo researchers also spend time coming up with ways to keep the animals entertained in their exhibits. This includes giving the animals toys to play with, designing puzzles for animals to think and learn with, and hiding food to emphasize natural foraging. Although behaviour isn't as well studied as other aspects of animal care, it is just as important, because when the animals are happy, they are also healthy, and that's the ultimate goal of Toronto Zoo (Toronto Zoo, 2012).

Invasive Species Management:

Invasive species are plants and animals that spread rapidly, often displacing native flora and fauna and causing harm to surrounding environments. Invasive species are often alien or exotic, having been introduced through human activity to areas outside of their natural range. Invasive species can have highly damaging effects on new habitats as they alter natural ecosystem functions. They also often have negative impacts on biodiversity as they form monocultures that replace all diversity within an area. Biological invasion by alien species is second only to the destruction of natural habitats as the leading cause of biodiversity loss.

The Toronto Zoo is a leader in animal and plant conservation. As such, there is an emerging Invasive Species Management Program. This program encompasses continuing research, education and management initiatives to help prevent and control the spread of invasive species (Toronto Zoo, 2012). Some of the invasive species that the Zoo works with are:

* Canada Goose;
* Garlic mustard (Alliaria petiolata);
* Dog strangler vine;
* Phragmites or Common Reed (Phragmites australis);
* Rusty crayfish.

Horticulture:

The Toronto Zoo is about much more than just animals. In fact, the Zoo's plant collection is even more extensive than its animal collection. The programs developed in the Horticulture Unit include conservation studies of endangered plants and habitats and an international seed exchange. The Zoo is also involved in restoration ecology, wetland and meadow creation, and forest recovery projects that occur on and off site (Toronto Zoo, 2012).

The Animal Health Centre:

The on-site Animal Health Centre (AHC) is home to staff of the Animal Health and Reproductive Physiology branches. Facilities include two reproductive research laboratories, an animal hospital, animal holding areas, and a necropsy room. Animal Health staff can meet most medical and surgical needs of the Zoo's Animal Collection with the hospital equipment and facilities of the AHC. A clinical laboratory is available for routine analysis of blood, fecal, urine and microbiology samples and for water quality testing to monitor the status of aquaria and exhibit moats. The clinical area includes a large treatment room, X-ray room, sterile surgery, and an ICU/nursery room. It is equipped to provide gas anesthesia, dentistry, and ultrasound and endoscopic examinations in addition to standard clinical procedures.

The animal holding areas of the AHC include indoor and outdoor hospital/quarantine enclosures for birds and mammals. In addition, the AHC's Research Wing incorporates separate quarantine and holding/breeding rooms for reptiles, amphibians, fishes, and invertebrates, including the conservation breeding programs of the Puerto Rican crested toad, ngege (tilapia), seahorses, and several invertebrate species. The Black-footed ferret and Vancouver Island marmot breeding programs also come under the auspices of this department (Toronto Zoo, 2012).

Conservation through Education

With an estimated 1.3 million visitors every year, the public is one of the Toronto Zoo's greatest opportunities to expand its conservation efforts (Toronto Zoo, 2012)"beyond the walls". Citizen knowledge and cooperation is of immeasurable value to successful conservation programs. The zoo offers its visitors many educational resources to ensure that they are aware of, and can participate in, many wildlife conservation projects.

Zoos serve as hands-on learning experiences for children of all ages offering fun, engaging and up-close experiences with wildlife. In some cases, it is the visitor's first opportunity to engage or come face-to-face with wildlife. Zoos serve to "connect" visitors to wildlife through formal and informal education programs and classroom experiences. The use of digital formats only further expands the role of zoos in providing timely information about wildlife and the natural resources they inhabit.

Some of the education programs being offered at the Toronto Zoo include:

* Zoo School: the Toronto Zoo is a registered private school, and awards its Zoo School students with high school credits. It incorporates learning about environmental issues and equips students with the knowledge they need to live sustainable lives. Having the Zoo as their classroom provides a unique experience for students to learn about current environmental issues (Toronto Zoo, 2012);
* Operation Conservation: Operation Conservation is a grant-funded program offered to grade six students from low income neighbourhoods. A select group of students visit the Toronto Zoo to learn about conservation issues and receive a VIP experience (Toronto Zoo, 2012);
* Zoo Camp: Every year specially trained Zoo Camp counselors take 2,000 campers under their wings. Through games, songs, behind the scenes tours and animal interactions, campers are taught about biodiversity and the need to protect it (Toronto Zoo, 2012);
* Great Lakes Outreach: The Great Lakes Program takes the Toronto Zoo's conservation messages to the classroom reaching over 13,000 students in Ontario each year, teaching them about sustainable water use practices (Toronto Zoo, 2012);
* Turtle Island Conservation: Toronto Zoo's Turtle Island Conservation programme (TIC) respectfully shares the hopes and goals of First Nation partners in our commitment to the preservation of biodiversity. TIC partners with First Nation communities to preserve community knowledge and significant natural and cultural landscapes (Toronto Zoo, 2012);
* ECOexecutives: This unique sustainability workshop engages senior level management from the corporate world by connecting biodiversity to their bottom line. Executives visit the Zoo for inspirational behind the scenes tours, lessons on sustainability issues and green technologies and a professionally facilitated workshop. Participants leave motivated and armed with tools to return to their businesses and implement the action plan created (Toronto Zoo, 2012).

Role of the University of Toronto, Scarborough Campus

The University of Toronto's Scarborough Campus (UTSC) is located within 7 kilometers of the Toronto Zoo. As the fastest growing campus within the University of Toronto network, UTSC is expected to double in size over the next 17 years, from 10,000 to 20,000 students.

UTSC currently has a very robust environmental science and Biology program, including several co-operative programs with the Toronto Zoo. These programs, including an expanded post graduate studies initiatives, will result in a more intensified relationship with the Toronto Zoo.

As the largest educational institution in the region, UTSC will play a pivotal role in the expansion of educational programs (and ultimately job creation) in the fields of environmental science, conservation and preservation.

U of T is currently researching, and considering the addition of new Animal Health and Conservation programs to its course offerings to meet the growing need for professionals in the area.

As an illustration of the school's commitment to the "living campus", UTSC has entered into a memorandum of understanding with Parks Canada. UTSC has committed to have a physical presence of study and education within the RNUP, further developing our collective understanding of the biology and natural ecosystems within this exciting new urban park.

Harris Decima Research

In an effort to measure public opinion within the Toronto Census Metropolitan Area (CMA), Schultz & Williams and Mansfield Communications conducted a poll the week of July 19-22nd, 2012. 400 respondents were asked a variety of questions with a degree of accuracy of +/- 6%. The following results are from decided respondents.

1. Given this widespread movement, would you support or oppose an initiative by the Toronto Zoo to follow the trend and become a community based model with an independent Board of Directors?

a) Fully Support 28%
b) Somewhat support 46%
c) Somewhat oppose 14%
d) Fully oppose 11%

Total Support = 74%

2. Do you think the fulfillment of this Toronto Zoo mandate is greater achieved through being publicly/community owned and operated or privately owned & operated?

a) Public/Community owned 71%
b) Private 29%

3. Are you more likely to give a donation to a zoo that is run by a community appointed Board of Directors or are you more likely to donate to the Toronto Zoo run by the City of Toronto government appointed Board of Directors?

a) Community appointed Board 64%
b) City appointed Board 36%

4. Given the proximity of the Toronto Zoo to both the RNUP and UofT, would you support or oppose these entities jointly working together to further conservation, education and environmental initiatives?

a) Strongly support 46%
b) Support 49%
c) Oppose 3%
d) Strongly oppose 2%

Total Support = 95%

Key Benchmarks for the Public/Private Governance Structure

Governance Benchmarks: AZA Zoos

We have provided a governance overview of leading AZA Zoos including institutions that have undergone a shift in governance from a city-managed to private not-for-profit institution (noted in italic font in the table below).

In addition, we have noted the governance structure of three AZA Canadian zoos (shown in the shaded portion of the table below) – Note: as of June 2012, the only other AZA accredited Canadian institution is the Biodome de Montreal as the Toronto Zoo's AZA membership is currently suspended.

Institution	*Size of Board*	*"Public" Partner Representation*	*Ex-Officio Members*	*Advisory*	*Term Limits*	*Composition*
Calgary Zoo	25	*No*	*No*	*No*	*Yes*	*Community Leaders*
Vancouver Aquarium	42	*No*	*No*	*No*	*No*	*Community Leaders*
Zoo Granby	13	*No*	*No*	*No*	*Yes*	*Community Leaders*
Brookfield Zoo (Chicago)	44	No	No	Yes - Legacy	Yes	Stakeholders
Dallas Zoo	8	*No*	*2 of the 8*	*Yes -DZS*	*No*	*Community Leaders*
Denver Zoo	41	*No*	*No*	*Yes - Honorary/Emeritus*	*Yes*	*Stakeholders*
Detroit Zoo	58	*No*	*No*	*No*	*Yes*	*Stakeholders*
Houston Zoo	34	*No*	*No*	*Emeritus*	*Yes*	*Stakeholders*
San Diego Zoo	12	No	No	Emeritus & Foundation	Yes	Stakeholders
Tulsa Zoo	13	*1 - Mayor*	*No*	*Yes - Society*	*Yes*	*Community Leaders*
Woodland Park Zoo (Seattle)	47	*No*	*Park Super-intendent*	*Emeritus*	*Yes*	*Stakeholders*
Zoo Atlanta	50	*No*	*No*	*Emeritus*	*Yes*	*Stakeholders*

Some key findings related to the governance structures of Zoos:

- All of the benchmarked institutions are managed and governed by independent not-for-profit institutions operating under a long-term management agreement with their respective public-sector partner (typically "City");
- Only one of the benchmarked zoos (Tulsa) has Board representation from its public-sector partner (City);
- All but the Dallas Zoo has term limits for the Board with the opportunity to re-apply (if not holding a Board Officer position) with one-year of absence from the Board –

most allow the "retired" Board member to continue to serve on a Board Committee;

* All of the Boards have members that are considered leaders in their respective communities with over 50% of the noted Boards strongly encouraging/requiring annual "financial commitments." We have noted that the Dallas and Tulsa Zoos have "community leaders" instead of "stakeholders" as their respective Boards are composed of individuals who reflect the local community and not the broader more regional communities that the Zoo serves;
* Although the average size of the benchmarked zoos is "30" members, the Boards are all managed via "Board Committees" with both current, Emeritus and non-Board members serving of the various Committees. For each of the benchmarked Zoos, the Executive Committee of the Board has the power and authority to act on behalf of the Board, if needed, with the full Board approving the acts of the Executive Committee at subsequent meetings;
* It should be noted that the two zoos that most recently incurred a shift in governance (Dallas and Tulsa) have a Board composition that is less than 15 members with the world-famous San Diego Zoo managed by a Board of Directors that reflects only 12 members. The Dallas Zoo and the San Diego Zoo have a separate Society or Foundation that helps to raise private contributions for the zoo's operations and capital investments while the other six benchmarked zoos are managed within one governance structure.



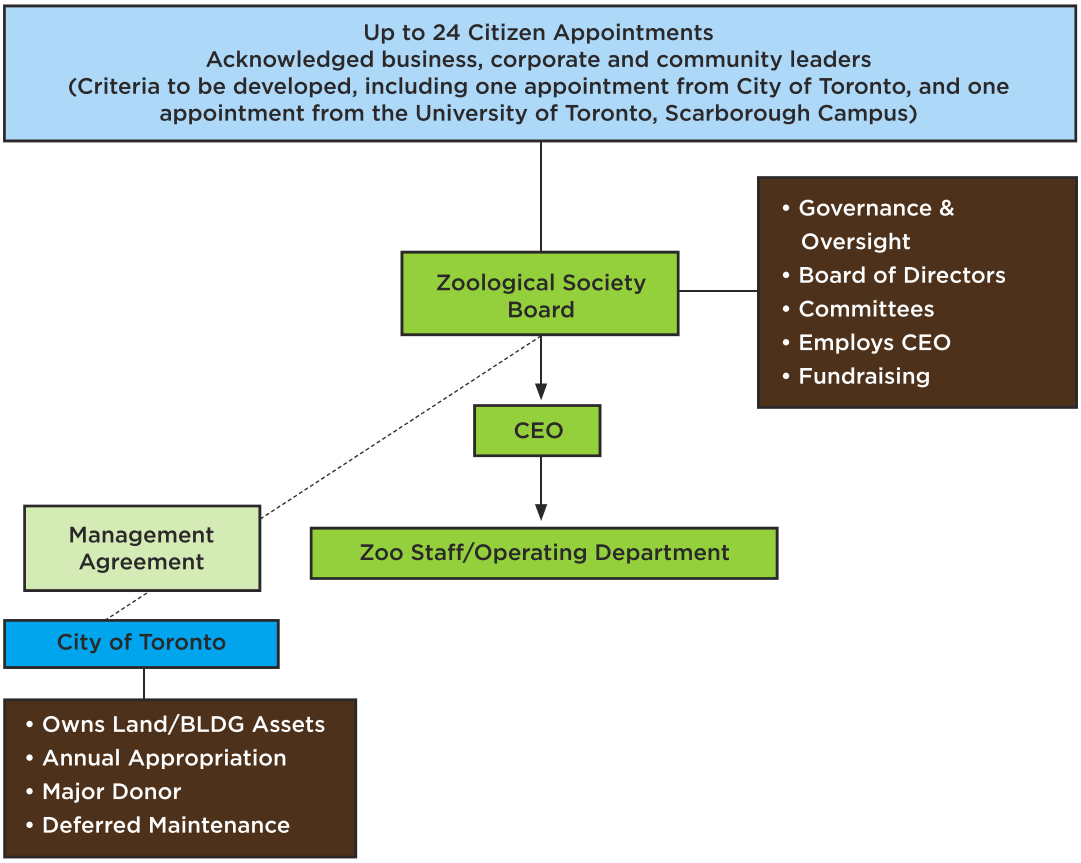
Organizational Structure for the Toronto Zoo

The proposed organizational structure for the Toronto Zoo is outlined below with the City of Toronto retaining ownership of the land and facility assets and the Toronto Zoological Society serving as the management operating entity. The "partnership" is guided by a long-term management agreement between the City and the Society. The Society will be governed by a Board of Directors comprised initially of up to 24 individuals from the greater Toronto region who are prominent corporate, community and business leaders. It is envisioned that that the City of Toronto would have one non-political appointment with an additional appointment from the University of Toronto, Scarborough Campus. It is anticipated that in future years with the growth of the Zoo and the development of the RNUP, the Board may decide to increase the number of Board members to 35 – 40, to draw additional community and regional leaders and representatives onto the Board. Nomination criteria or standards for new Board members will be developed including professional qualifications and expectations related to financial giving, meeting participation and Committee involvement.

It is anticipated that the initial 24 members of the Board will have "staggered" three year terms, with some members holding one, two and three year terms to effectively manage the rotation of Board members in future years. Thereafter, Board members would be appointed to three year terms with the option of serving on the Board for at least two terms, excluding any years in which a member serves as a Board Officer. Once the Board is initially constituted and appointed, the Board's Nominating Committee will cultivate, identify and recommend, based on the nominating criteria, new Board members to be approved by the full Board to serve a three-year term. In addition, annually, the Board's Nominating Committee will review the engagement and commitment of each Board member in serving on the Society Board to ensure that all Board members exceed the standards adopted by the Board.

The Toronto Zoological Society would be responsible for all operations of the Toronto Zoo including personnel, equipment, supplies, financing, expansion and other functions associated with the growth and development of the facilities.

The Board will hire the Chief Executive Officer (CEO) to manage and operate the Toronto Zoo. The CEO will then employ Zoo staff to execute the plans and programs at the Toronto Zoo.


Up to 24 Citizen Appointments
Acknowledged business, corporate and community leaders
(Criteria to be developed, including one appointment from City of Toronto, and one appointment from the University of Toronto, Scarborough Campus)
Zoological Society Board
• Governance & Oversight
• Board of Directors
• Committees
• Employs CEO
• Fundraising
CEO
Management Agreement
Zoo Staff/Operating Department
City of Toronto
• Owns Land/BLDG Assets
• Annual Appropriation
• Major Donor
• Deferred Maintenance



The Board of Directors will manage the Toronto Zoo through the use of "Committees," involving both Board and non-Board members (typically community stakeholders or professional experts) given that the real work of the Board will be completed at the Committee level. Committees, other than the Executive Committee, will make recommendations, as necessary, to the full Board for further action.

Typically, a Board would have an Executive Committee and at least five standing Committees – as outlined below. For example, we have identified below the primary roles, functions and responsibilities of the standing Board Committees:

Board Committees - Primary Roles/Functions

Executive Commitee

- Officers and Chairs of the five Standing Committees
- Act on behalf of the Board, when necessary
- Staff Leadership Reviews & Compesnsation

Standing Sommittees

Nominating Commitee

- Identification & Cultivation of new Board Members
- Annual Evaluation of Board Members
- Nominating the Officers and Committee Chairs

Audit Commitee

- Review of annual audit, findings and management letter
- Selection of accounting/audit firm

Development Commitee

- Committee could include non-Board Members
- Identification & Engagement of potential donors/grants
- Review of annual Development Plan & Milestones

Investment Commitee

- Review of Investment Fund Manager performance
- Review/establish Investment strategies/returns

Finance Commitee

- Review annual operating budget goals & assumptions
- Review monthly/quaterly financial performance/statements
- Set policies as necessary



Funding Benchmarks: AZA US Zoos with a Shift in Governance

Schultz & Williams recently completed a funding survey of six AZA zoos that have completed a shift in governance from a public-managed facility to a new public/private partnership governance model. S&W analyzed the funding shifts from pre/post governance transition for the following zoos with the date of transition noted: Atlanta (1985), Woodland Park (Seattle) (2002), Sacramento (1997), Houston (2002), Detroit (2006) and Dallas (2009) Zoos.

The shift in governance of the six zoos provided the following summary findings:

- Annual attendance for all seven zoos has increased from the transition year to the current year;
- Annual public-sector funding (City) as a percentage of the zoos' total operating revenues in 2010 averaged 31.3% - compared to the Toronto Zoo's 24.3% in 2012 and the Calgary Zoo's 20% in 2012.

Note:

- We utilized 2010 data as all of the benchmarked zoos were able to provide financial data as of this date;
- The annual percentage of public-sector support ranged from a high of 53.2% for the Dallas Zoo (shift occurred in 2009) to a low of 11% for the Sacramento Zoo; Zoo Atlanta (privatized in 1985) does not receive any public-sector operating support due to the management agreement that was in place at that time. However, Zoo Atlanta continues to have significant financial challenges and debt even with pandas on exhibit. (See Chart 1)

Benchmark Zoo	2010 City Support	2010 Total Revenue	City Supporters as % of Total $$$
Dallas Zoo	$10,800,000	$20,285,000	53.2%
Detroit Zoo	$7,587,335	$37,792,000	20.1%
Houston Zoo	$8,381,000	$29,002,000	28.9%
Sacramento Zoo	$582,421	$5,312,000	11.0%
Woodland Park Zoo	$10,022,523	$30,159,000	33.2%
Zoo Atlanta	$0	$15,000,000	0.0%
Note: Zoo Atlanta has not received City funding support since 1990. Unfortunately, at the time of transition in 1985, the City and the Society agreed to eliminate City support within 5 years of the transition date.			

* Earned and contributed operating revenues increase significantly within all six zoos from the year of transition to 2010 – (See Chart 2 and Chart 3). Note: the decline in the Dallas Zoo's contributed revenues was planned and reflects the impact of the zoo transitioning in 2009. Therefore, there is only one year of reporting. The contributed revenues declined as a result of the Zoo's strategic planning as unrestricted revenues were utilized in 2009 to fund part of the transition (one-time) costs of the shift in governance.

EARNED	Transition Year	Post Transition Period	% Increase
Dallas Zoo	$3,697,000	$6,240,000	%69
Detroit Zoo	$9,972,879	$14,690,178	%47
Houston Zoo	$6,067,000	$18,690,178	%200
Sacramento Zoo	$2,292,828	$3,635,804	%59
Woodland Park Zoo	$10,815,424	$15,027,314	%39
Zoo Atlanta	$2,000,000	$13,000,000	%550

CONTRIBUTED	Transition Year	Post Transition Period	% Increase
Dallas Zoo	$4,340,000	$3,245,000	-25%
Detroit Zoo	$6,396,419	$15,514,969	143%
Houston Zoo	$1,077,000	$2,393,000	122%
Sacramento Zoo	$490,835	$1,093,974	123%
Woodland Park Zoo	$2,933,513	$5,108,908	74%
Zoo Atlanta	$240,000	$2,000,000	733%

Note:

By comparison, the Calgary Zoo reported $1,247,000 in operating donations and sponsorships in 2010 ($1,994,000 in 2009) while the Toronto Zoo reported $990,000 in 2010 net of programs/project revenues ($870,000 in 2009, net of programs and project revenues). The Toronto Zoo's "contributed revenues" are primarily from annual giving, direct response, adopt-an-animal, major gifts and sponsorships.

Based on our review of the Calgary Zoo's finances and our review of the financial statements of the Royal Ontario Museum and Ontario Science Centre, there are opportunities to significantly increase the Toronto Zoo's operating revenues that are generated from contributed sources including: sponsorships, annual giving, and major gifts. The Ontario Science Centre, with its 1.3 million visitors, generated $1,502,000 in operating sponsorships and donations in 2010 and $1,544,000 from sponsorships and donations in 2009. A compelling case for support, coupled with a new Zoo vision, and the leadership support of business and community stakeholders, will position the Zoo to cultivate, solicit and engage the Toronto community to support its vision and future funding needs.

* Zoos that have transitioned from public-managed to a public/private partnership model have raised significant capital funding for their facilities and programs (non-operating) – (see chart 4). The chart below reflects total private and public resources generated since the date of transition.

Capital $$$	Privately Raised	Publicly Raised
Dallas Zoo	$7,500,000	$26,000,000
Detroit Zoo	$36,536,000	$62,117,000
Houston Zoo	$62,000,000	$5,200,000
Sacramento Zoo	$2,918,899	$2,300,000
Woodland Park Zoo	$53,872,961	$90,041,200
Zoo Atlanta	$47,000,000	$30,000,000



Funding Strategies & Opportunities for the Public/ Private Governance Model

The time is right for a shift in governance at the Toronto Zoo. It is poised to leverage the opportunities, partnerships and audiences needed to create a viable, sustainable operational and financial plan that ensures that the Toronto Zoo remains a dynamic, treasured community asset for the residents and visitors of Toronto. The proposed financial plan is based on industry best practices and provides opportunities for the City of Toronto to share in the Zoo's successes, and the fulfillment of the Zoo's regional vision, while significantly reducing its annual operating investment in the Zoo.

The Toronto Zoo's viable, sustainable financial plan leverages a number of strategic opportunities that are critical for the Zoo's success, and in part become critical to supporting the shift in governance:

Reconnecting with donors - individuals, foundations and corporations

The shift in governance allows the Zoo to engage, cultivate and connect with major donors throughout the Toronto region, given that the Zoo will have control over its own institutional destiny. This includes the management of its financial resources, the visitor experience, the animal collection and future facility growth and development.

One of the keys to "reconnecting" with donors is having a Board of Directors that are top-tiered leaders and stakeholders within the Toronto community – "people give to people" fundraising approach.

A successful and engaged development program at the Toronto Zoo could double or triple the Zoo's current net operating return from these programs today while securing new capital investment resources for implementing the Zoo's facility master plan projects.

New strategic partners to fulfill the regional vision for the Toronto Zoo

The regional vision for the Toronto Zoo will attract new strategic partners – ones who share similar values and who will bring new resources, new audiences and greater awareness of the Zoo's core mission and compelling vision. These new strategic

partners will only seek to partner with the Zoo under its new governance model given that their involvement must leverage new opportunities for themselves and new audiences/partners.

Increased sponsorships

An independent, Board-governed organizational structure will raise the "brand" profile of the Toronto Zoo – allowing it to attract new and significant sponsorship relationships that will provide both financial support and awareness to the Zoo and its mission/programs.

The new five-year panda loan will provide the first opportunity to engage new sponsorships because of the visibility and awareness the pandas will create a synergy of change.

Timely implementation of best practices in managing the visitor expectations and experiences.

As a cultural and recreational attraction that charges an admission fee, the Zoo's visitors and members have high expectations related to the quality of the visitor experiences and services offered. To consistently exceed these high expectations, the Zoo must continue to implement, change and improve upon (within a very timely window) its interactions with visitors, members and guests. The organizational structure must be flexible and timely with a strong business focused approach in responding to visitor expectations and needs – characteristics that are greatly enhanced through an independent, Board-governed organizational structure.

Five-year loan of giant pandas

The shift in governance further enhances the five-year loan because it creates a "synergy of change" for the Toronto Zoo. The new governance model;

- Provides the financial capacity to reduce the City's operating investment in the Zoo;
- Raises the Zoo's profile, image and brand in attracting new donors, new audiences, new members and new sponsorship initiatives;
- Builds awareness of the Zoo's regional vision among its partners and the Toronto region;
- Allows the Zoo to have the time to position and implement its new vision as regional cultural and recreational destination.

Financial Projections & Assumptions

Financial Impacts of Shifting to a New Governance & Operating Model

In creating the new governance and operating model for the Toronto Zoo, the key financial goals outlined below were identified:

- Annually reduce the City of Toronto's current operating investment of approximately $11MM in the Toronto Zoo with the objective of eliminating the City's operating investment by 2022;
- Create a funding structure with the City of Toronto that annually maintains the City's current level of support for the Zoo's "State of Good Repair" at the Zoo ($6MM annually);
- Position the Toronto Zoo to remain a treasured community and regional asset for the residents of and tourists to Toronto by exhibiting world-class wildlife experiences; offering compelling educational and conservation programs; and providing the highest level of guest service;
- Create a strong, viable and sustainable financial plan under the guidance and support of an independent and dynamic Board of Trustees that includes community and business stakeholders who embrace the Zoo's mission and its future vision;
- Develop new partnerships with Toronto's leading academic, cultural and natural resource institutions or agencies to support the fulfillment of the Zoo's vision;
- Restructure the Zoo's current fundraising and contributed revenue programs, including a new "case for support," to annually engage individuals, businesses, corporations and foundations in supporting the Zoo's operating and capital investment programs, further leveraging the City's annual investment;
- Provide fun and engaging learning experiences for children of all ages and school groups from throughout the Toronto region to experience wildlife and its wild places.

The new governance and operating structure for the Toronto Zoo creates the means for the new Board and the Zoo's leadership team to fulfill ALL of the above key financial goals, while continuing to build awareness and promote the brand of the Toronto Zoo as one of the City of Toronto's treasured and most loved cultural, educational and conservation resources.

We have created a ten-year financial "roadmap" for the Toronto Zoo that is guided by the following underlying planning assumptions:

- During the next ten-years, the Zoo will continue to exhibit and maintain engaging and compelling animal programs and experiences, commencing in spring of 2013 with the new five-year loan of the giant pandas;
    - After the initial five-year loan with pandas, the Zoo will implement new

exhibits and visitor amenities as outlined in the Zoo's facility master plan and supported by capital investments from the City of Toronto and its State of Good Repair funds and from the generous support of individuals and corporations through the Toronto region. It is projected that the Zoo will have raised over $30MM in contributions and donations in support of the Zoo's new capital investments over the next ten years.

* The financial projections include all operating revenues and expenses associated with managing the Zoo as an independent not-for-profit institution (Toronto Zoological Society) under a long-term management agreement with the City of Toronto. The Society will be responsible for, and will have sole management authority over, the operations and management of the Toronto Zoo, including managing the Zoo's animal collection;

* The financial projections include all operating revenues and expenses related to exhibiting giant pandas over the next five years (spring 2013 – spring 2018) as well as incremental revenues and expenses related to new capital investments in animal programs and visitor amenities;

* The Zoo's annual attendance baseline in 2013 is 1.3 million visitors (pre-pandas) with a new attendance peak achieved in calendar year 2013 with an estimate 1.6 million visitors projected to attend the Toronto Zoo to see the new panda exhibit. In sub sequent years, the Zoo's annual attendance is projected to range from 1.4 – 1.525 million visitors based on the five-year panda loan and the projected capital investment in new animal programs and visitor amenities;

* The five-year panda loan provides synergy for change because the Zoo will have new opportunities to increase sponsorships via corporate and community partners and establish new funding relationships with individuals, major donors and corporations. This will increase and support its new fund-raising initiatives for the its operating and future capital needs. This is a critical strategy for the Society because pandas provide the time for the Zoo's Board and leadership to cultivate and engage an "untapped" fund-raising market in support of the Zoo's mission and its future vision.

* The financial projections include:
  - The elimination of the City of Toronto's operating investment in the Toronto Zoo by 2022;
  - Implementation of "best practices" with managing the Zoo's operating revenues and expenses (which are identified as "leveraged assets" within the detail ten-year projections below);
  - Inflationary growth of the Zoo's operating revenues and expenses;
  - Identification of new annual fund-raising, sponsorship and development programs;
  - Net revenues generated and earned at the Zoo remain with the Society to support its re-investment opportunities and to insure its financial viability and sustainability;

- Cultivation of regional academic, educational and natural resource partners in the initial years with financial support from these new partners in subsequent years – Note: these initiatives could be accelerated but to be conservative in our projections, we have assumed partnership revenues would fully engage after 2016.

We have provided a consolidated ten-year financial summary of key milestone dates and financial outcomes below with the elimination of the City of Toronto Zoo's annual investment highlighted. In subsequent pages, we have provided detailed annual operating revenue and expense projections through the year 2022 based on the marketing focus identified for each of the years.

Of equal importance is the noted financial viability and sustainability of the Toronto Zoo throughout the next ten years with the elimination of the City support and the significant investment and success of the Zoo's fundraising, sponsorship and development programs – all consistent with the other AZA and Canadian cultural institutions.

Marketing Focus #1 Marketing Focus #2	50% New Animals Revised 2013	New Animals Refreshed P 2015	New Animals 2017	New Animals Rouge Park #2 2020	New Animals 2021	Attraction 2022
Attendance	1,600,000	1,400,000	1,500,000	1,450,000	1,500,000	1,525,000
Earned Operating Revenues	42,365,984	38,205,935	40,851,288	40,007,240	41,727,842	43,181,526
City of Toronto - General Appropriation	**11,173,500**	**9,173,500**	**7,173,500**	**5,173,500**	**2,673,500**	**0**
Development (Net)	300,000	600,000	800,000	1,000,000	1,000,000	1,000,000
TOTAL OPERATING REVENUE	53,839,484	47,979,435	48,824,788	46,180,740	45,401,342	44,181,526
TOTAL OPERATING EXPENSE	50,769,309	50,706,655	51,992,091	47,781,315	48,447,448	49,028,770
Excess (deficiency) of Revenue/Expenses	3,070,175	(2,727,219)	(3,167,303)	(1,600,575)	(3,046,105)	(4,847,245)
Subtotal: New Revenue Opportunities	$2,306,000	$3,600,000	$4,350,000	$2,200,000	$2,700,000	$4,000,000
Net Impact with Revenue Opportunities	$5,376,175	$1,372,781	$1,682,697	$1,099,425	#VALUE!	$152,755
Incremental Development: Operating	0	$3,000,000	$5,000,000	$2,500,000	$2,500,000	$2,500,000
Potential Total Financial Impact	**$5,376,175**	**$1,372,781**	**$1,682,697**	**$1,099,425**	**#VALUE!**	**$152,755**
Development Capital Projects: Restricted	0	$3,000,000	$5,000,000	$2,500,000	$2,500,000	$2,500,000

We have provided the detailed five-year financial projection of the Zoo's operating revenues and expenses for 2013 – 2017 based on the core planning assumptions outlined above:

We have provided the detailed five-year financial projection of the Zoo's operating revenues and expenses for 2013 – 2017 based on the core planning assumptions outlined above:

Marketing Focus #1 Marketing Focus #2	50% New Animals Revised 2013	New Animals 2014	New Animals Refreshed P 2015	New Animals Rouge Park #1 2016	New Animals 2017
Attendance	1,600,000	1,500,000	1,400,000	1,400,000	1,500,000
OPERATING REVENUE:					
City of Toronto - General Appropriation	**11,173,500**	**10,173,500**	**9,173,500**	**8,173,500**	**7,173,500**
Capital works contributions	171,000	171,000	171,000	171,000	171,000
Admission	17,534,180	16,438,294	16,140,407	16,140,407	17,293,294
Food services	7,255,719	6,802,236	6,348,754	6,348,754	6,802,236
Membership	4,373,132	4,099,811	4,017,815	4,017,815	4,304,802
Gift shop operations	4,785,317	4,486,235	4,187,153	4,187,153	4,486,235
Parking	3,449,561	3,233,964	3,018,366	3,018,366	3,233,964
Other revenue and recoveries	1,240,723	1,163,177	1,085,632	1,085,632	1,163,177
Rides & rentals	1,423,687	1,334,707	1,245,726	1,245,726	1,334,707
Education programs	1,132,665	1,061,873	991,082	991,082	1,061,873
Development (Net)	300,000	500,000	600,000	700,000	800,000
Funding from deferred revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL OPERATING REVENUE	**53,839,484**	**50,464,797**	**47,979,435**	**47,079,435**	**48,824,788**
OPERATING EXPENSES					
Operations and Administration	18,304,588	18,487,634	18,672,510	18,859,235	19,047,828
Conservation, Education and Wildlife	16,419,225	16,747,609	17,082,561	17,253,387	17,425,921
Marketing and Communications	3,653,837	3,726,914	3,801,452	3,839,467	3,877,862
Food Services	5,659,461	5,237,722	4,888,540	4,825,053	5,169,700
Gift Shop Operations	3,301,869	3,095,502	2,889,135	2,847,264	3,050,640
General Management	2,280,330	2,325,936	2,372,455	2,396,180	2,420,141
Development	0	0	0	0	0
Contingency	1,150,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL OPERATING EXPENSE	**50,769,309**	**50,621,317**	**50,706,655**	**51,020,585**	**51,992,091**
Excess (deficiency) of Revenue/ Expenses	3,070,175	(156,520)	(2,727,219)	(3,941,150)	(3,167,303)
REVENUE OPPORTUNITIES					
Sponsorship of New Animal Food	500,000	550,000	550,000	550,000	550,000
Sponsorships of New Animals	1,256,000	1,256,000	1,400,000	1,400,000	1,400,000
Non-reoccurring New Animal expenses	0	100,000	100,000	100,000	100,000
Operating Projects	0	300,000	200,000	200,000	200,000
Partnership Support	0	0	250,000	500,000	1,000,000
Leveraged Assets	550,000	825,000	1,100,000	1,100,000	1,100,000
SUBTOTAL	**$2,306,000**	**$3,031,000**	**$3,600,000**	**$3,850,000**	**$4,350,000**
Net Impact with Opportunity Revenues	5,376,175	2,874,480	872,781	(91,150)	1,182,697
Incremental Development: Operating	0	250,000	500,000	500,000	500,000
Potential Total Financial Impact	$5,376,175	$3,124,480	$1,372,781	$408,850	$1,682,697
Total Cumulative $$ Impact: $1.475MM	**$6,851,175**	**$9,975,655**	**$11,348,436**	**$11,757,286**	**$13,439,983**
Development Capital Projects: Restricted	**0**	**$2,000,000**	**$3,000,000**	**$5,000,000**	**$5,000,000**

We have provided the detailed five-year financial projection of the Zoo's operating revenues and expenses for 2018 – 2022 based on the core planning assumptions outlined above:

Marketing Focus #1 Marketing Focus #2	50% New Animals 2018	Attraction Rouge Park #2 2019	New Animals 2020	New Animals 2021	Attraction 2022
Attendance	1,500,000	1,400,000	1,450,000	1,500,000	1,525,000
OPERATING REVENUE:					
City of Toronto - General Appropriation	**7,173,500**	**7,173,500**	**5,173,500**	**2,673,500**	**0**
Capital works contributions	171,000	171,000	171,000	171,000	171,000
Admission	17,293,294	16,624,620	17,218,356	18,312,092	19,117,294
Food services	6,802,236	6,348,754	6,575,495	6,802,236	7,036,796
Membership	4,304,802	4,017,815	4,161,309	4,304,802	4,453,243
Gift shop operations	4,486,235	3,977,795	4,119,859	4,261,923	4,408,886
Parking	3,233,964	3,320,203	3,438,781	3,438,781	3,438,781
Other revenue and recoveries	1,163,177	1,085,632	1,085,632	1,123,068	1,161,794
Rides & rentals	1,334,707	1,245,726	1,245,726	1,288,682	1,333,119
Education programs	1,061,873	991,082	991,082	1,025,257	1,060,611
Development (Net)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Funding from deferred revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL OPERATING REVENUE	**49,024,788**	**46,956,127**	**46,180,740**	**45,401,342**	**44,181,526**
OPERATING EXPENSES					
Operations and Administration	17,938,306	18,117,689	18,298,866	18,481,854	18,666,673
Conservation, Education and Wildlife	15,100,180	15,251,182	15,403,694	15,557,730	15,635,519
Marketing and Communications	3,916,640	3,955,807	3,995,365	4,035,318	4,055,495
Food Services	5,101,677	4,761,565	4,931,621	5,101,677	5,277,597
Gift Shop Operations	3,050,640	2,665,123	2,760,306	2,855,489	2,953,954
General Management	2,344,343	2,367,786	2,391,464	2,415,379	2,439,533
Development	0	0	0	0	0
Contingency	0	0	0	0	0
TOTAL OPERATING EXPENSE	**47,451,786**	**47,119,152**	**47,781,315**	**48,447,448**	**49,028,770**
Excess (deficiency) of Revenue/ Expenses	1,573,002	(163,025)	(1,600,575)	(3,046,105)	(4,847,245)
REVENUE OPPORTUNITIES					
Sponsorship of New Animals Food	0	0	0	0	0
Sponsorships of New Animals	0	0	0	0	0
Non-reoccurring New Animals expenses	0	0	0	0	0
Operating Projects	0	0	0	0	0
Partnership Support	1,000,000	1,000,000	1,000,000	1,500,000	2,500,000
Leveraged Assets	1,100,000	1,200,000	1,200,000	1,200,000	1,500,000
SUBTOTAL	**$2,100,000**	**$2,200,000**	**$2,200,000**	**$2,700,000**	**$4,000,000**
Net Impact with Opportunity Revenues	3,673,002	2,036,975	599,425	(346,105)	(847,245)
Incremental Development: Operating	500,000	500,000	500,000	500,000	1,000,000
Potential Total Financial Impact	$4,173,002	$2,536,975	$1,099,425	$153,895	$152,755
Total Cumulative $$ Impact: $1.475MM	**$17,612,985**	**$20,149,960**	**$21,249,385**	**$21,403,280**	**$21,556,035**
Development Capital Projects: Restricted	**$5,000,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**

Recommendations & Next Steps

Re-casting the Governance model for the Toronto Zoo is paramount to its long term success. The current model does not lend itself to the adoption of best practices and seriously jeopardizes the Zoo's future ability to serve its core mandates of education, species preservation, conservation and public enjoyment. It is our opinion that the Toronto Zoo Board of Directors consider and implement the following recommendations:

1. Create the Toronto Zoological Society to manage and operate the Toronto Zoo

We propose that the Toronto Zoo should be managed by an independent Board of Directors comprised of prominent corporate, community and business leaders, including citizen appointments from the City of Toronto (1) and the University of Toronto Scarborough Campus (1), in the fulfillment of the Zoo's vision. Among other duties, the Board would offer strategic guidance to the CEO.

The Board should initially be comprised of 24 members of which 8 will form the executive committee – a body that would be empowered to act on behalf of the Board and provide leadership within key strategic decisions. Other Board members would participate within sub-committees (as described within the body of this report) and act as resources to the executive committee.

To form the new Board, the nominating committee will be comprised of the Chairman of the existing Board of Directors, the Chairman on the Sub-Committee on Governance, and the Chief Executive Officer in conjunction with a third party executive search firm who would assist in identifying qualified individuals to serve on the Board. This process would broaden the pool of potential candidates while avoiding the impression of political favouritism.

The new Board of Directors should be in place by no later than December 15 of 2012.

2. Develop Management Agreement with City of Toronto to operate and manage the Toronto Zoo

The general terms and conditions for governing and operating the Toronto Zoo should be negotiated with the City of Toronto to achieve a long-term management agreement (25 years) with options for renewal (a second 25 year term) and include conditions for resolving conflicts and/or disputes.

3. Maintain labour agreement with CUPE 1600 (or their alternate)

The current employment agreement with unionized staff should remain intact.

4. Over time, Reduce the City of Toronto's annual operating investment in the Zoo

Develop a plan as part of the new management agreement between the City of Toronto and the Toronto Zoological Society to annually reduce the level of operating support that the City provides to the Zoo, currently $11.1MM in general operating revenues.

5. Maintain annual funding for the State of Good Repair of City Assets

As part of the management agreement with the City of Toronto, there should be provisions for the City to continue to maintain their assets as currently accounted for through the Capital Works Programs under the "State of Good Repair". The City should continue to provide $6.0MM (net) annually (adjusted to annual rates of inflation) to the Zoo.

6. Create new partners and funding opportunities with the private sector

Develop strategies to cultivate new partnerships with the private sector and solicit the financial support from organizations who share the Zoo's mission and core values. The Board will partner with firms who have the capacity to expand the Zoo's sponsorship programs, annual fund initiatives and new capital/facility investments as identified by the Zoo's facility master plan and the Zoo's mission-driven education and conservation programs.

7. Develop transition timeline to implement the shift in governance

Create a detailed timeline (with approval dates and responsibilities) to ensure a timely transition for a January 2013 transition date.

8. Develop a plan to fulfill the Zoo's Vision

Create a long-term master plan to achieve the Zoo's vision and core mandates which encompass conservation, species preservation, and scientific research – enabling the Zoo to act as a centre of excellence in education. The master plan should clearly define the process (including key benchmarks and milestones) for the Toronto Zoo to become the "Living Campus Zoo" within the RNUP. This will ensure the Zoo's critical placement within the world's largest urban green space - one that will enhance its position as a distinctive and valued community asset.

Works Cited

Association of Zoos and Aquariums. (2011, September 21). Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/pdfs/Toronto%20Zoo%20Calgary%20Zoo.pdf

Balmford, A. (1996). Designing the Ark: setting priorities for captive breeding. Conservation Biology, 719-727.

Balmford, A. e. (1998). The challenges to conservation in a changing world. Cambridge: Cambridge University Press.

Conway, W., & Hutchins, M. (1995). Ethics on the ark: Zoos, Animal Welfare and Wildlife Conservation. Washington and London: Smithsonian Institution Press.

IUCN Red List. (2012). Retrieved August 03, 2012, from http://www.iucnredlist.org

Smith, D. (2003). The State of the World Atlas. London: Earthscan Publications LTD.

Toronto Zoo. (2011, October 19). Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/pdfs/20111019%20-%20BFF%20Release%20Final.pdf

Toronto Zoo. (2012). Behavioural Research. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/behavioural.asp

Toronto Zoo. (2012). Captive Breeding and Reintroduction. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/captive-breeding.asp

Toronto Zoo. (2012). Conservation-Education Programs. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/outreach.asp

Toronto Zoo. (2012). Education & Camps. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/EducationAndCamps/

Toronto Zoo. (2012). Habitat Conservation. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/habitat.asp

Toronto Zoo. (2012). Horticulture. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/horticulture.asp

Toronto Zoo. (2012). Invasive Species Management. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/invasive.asp

Toronto Zoo. (2012). Nutrition Research. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/nutrition.asp

Toronto Zoo. (2012). Reproductive Biology. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/Conservation/reproductive.asp

Toronto Zoo. (2012). Veterinary Programs. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/veterinary.asp?mbset=1

Toronto Zoo. (2012). Veterinary Programs. Retrieved August 03, 2012, from Torontozoo.com: http://www.torontozoo.com/conservation/veterinary.asp?pg=fac

United Nations. (2012). Population Facts, No. 2012/1. Department of Economic and Social Affairs.



Prepared by:


mansfield
COMMUNICATIONS


S&W
Schultz & Williams
development, management, marketing