



Toronto Zoo

2014 OPERATING BUDGET OVERVIEW

What We Do

The Toronto Zoo is one of the largest zoos in the world, housing and caring for 5,000 animals over 710 acres, focused on activities that nurture a culture of protect wildlife. The Zoo offers full year access to seven bioregion displays with over 10 km of walking trails and including gift shops, exhibits, rides and guest service.

2014 Budget Highlights

The total cost to operate the Toronto Zoo in 2014 is \$51.665 million, offset by revenue of \$40.222 million for a net cost of

(In \$000s)	Approved 2013 Budget	Recommended 2014 Budget	Change	
			\$	%
Gross Expenditures	54,102.9	51,664.8	(2,438.0)	(4.5)
Gross Revenue	42,454.6	40,221.5	(2,233.1)	(5.3)
Net Expenditures	11,648.3	11,443.4	(204.9)	(1.8)

Toronto Zoo's 2014 Recommended Operating Budget represents a 1.8% decrease from the 2013 Approved Budget for 2013 Net Operating Costs; various reduction strategies have been included in order to achieve remain at or below the Approved 2013 Net Operating Plan.

The Zoo has increased attendance levels and public service level as a result of the Panda Exhibit opening to the public in 2013, featuring an Interpretive Centre, Exhibit and Holding.

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Fast Facts

- Over 5,000 animals representing over 500 species.
- 710 acres of land. One of the largest zoos in the world.
- Representing seven zoogeographic regions: Indo-Malaya, Africa, the Americas, Australasia, Eurasia, Canadian Domain and the Tundra Trek.
- Over 10 km of walking trails.

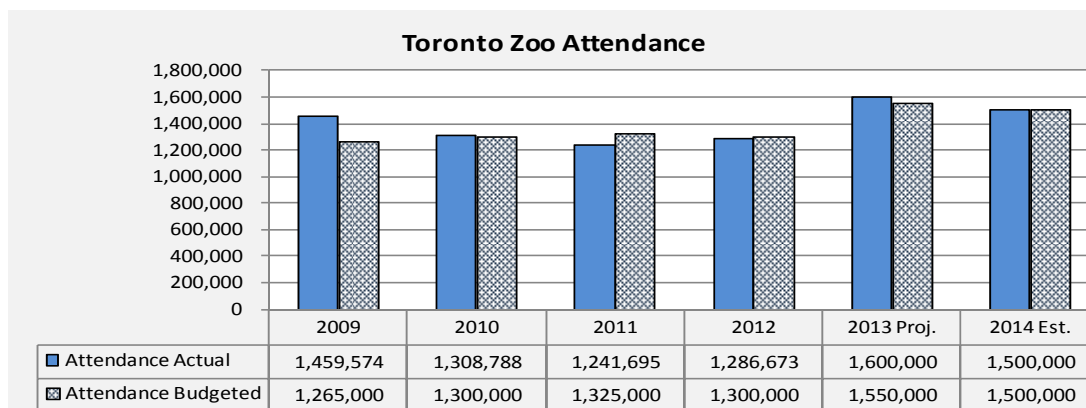
Trends

- Attendance has declined from 2009 to 2012, but increased in 2013 due to the new Giant Panda Exhibit.
- Retail sales per visitor are projected to increase in 2013 and 2014 due the interest in Panda related memorabilia.
- Memberships sold have increased consistent with attendance trends are projected to increase in 2013 due to the Panda Exhibit.

Our Service Deliverables for 2014

Toronto Zoo is responsible for over 5,000 animals representing seven zoogeographic regions, as a dynamic and exciting action centre that inspires to love, respect and protect wildlife and wild spaces. The 2014 Operating Budget will fund:

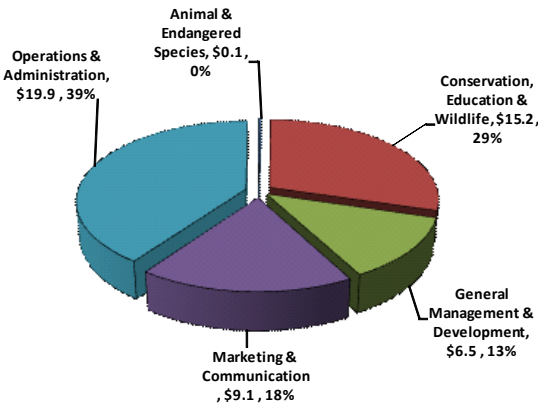
- Continuation of the Panda Exhibit, as part of a 5-year commitment that signed with the Chinese government to provide 2 giant pandas to the Toronto Zoo for exhibition and research study.
- Achieve high level of visitor satisfaction through:
 - Highly interactive / experiential educational programming;
 - Opening the revitalized Eurasia Wilds;
 - Winter based activities to stimulate attendance in the non-peak season;
 - Comprehensive menu of special events;
 - Growth of membership base, donor base, and school visits to build affinity and enhance community support.
 - Service excellence for visitors and members.
- Continue progress on the major fundraising campaign to raise funds for capital projects, exhibit improvements and conservation and education programs.
- Continue implementation of the Zoo’s “green plan” with initiatives for 2014.



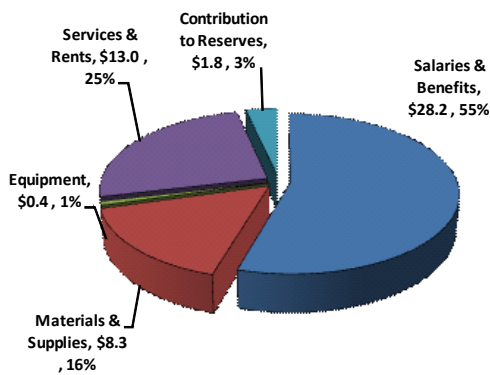
2014 Budget Expenditures & Funding

Where the money goes:

2014 Operating Budget by Service
\$51.665 Million

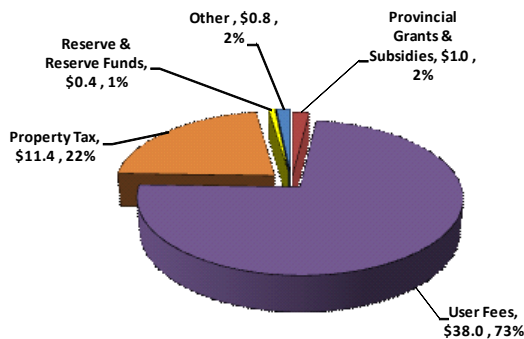


2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source
\$51.665 Million



Our Key Challenges and Priority Actions

- The Panda Exhibit related attendance is projected to decline in future years, consistent with experiences from other zoos. In order to mitigate this decline and maintain attendance levels, the Zoo will promote the Giant Panda Experience Exhibit, increase involvement by opening the Eurasia Wilds Exhibit and deliver highly interactive educational programming.
- The Zoo experiences a lower attendance during the winter months, in order to stimulate visitor interest, the Zoo will deliver and promote winter based activities.
- In order to enhance the visitor experience through new and exciting exhibits as well as to maintain the Zoo service excellence for its visitors and members, the Zoo will continue its efforts on sustaining and growing fundraising, diversify support from the City of Toronto and further increase public/private sector partnerships.
- To ensure delivery of optimal conservation and research programs, as well as "green plan" initiatives, the Zoo will pursue alternative funding options such as available grants and fundraising initiatives.

II: RECOMMENDATIONS

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2014 Recommended Operating Budget for Toronto Zoo of \$51.665 million gross and \$11.443 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Animal & Endangered Species	136.0	0.0
Conservation, Education & Wildlife	15,171.0	14,139.1
General Management & Development	6,473.9	3,936.5
Marketing & Communications	9,143.5	8,728.6
Operations & Administration	20,740.4	9,059.8
Revenue & Recoveries	0.0	(24,420.6)
Total Program Budget	<u>51,664.8</u>	<u>11,443.4</u>

2. City Council approve Toronto Zoo's 2014 recommended service levels, as outlined on page 7, and associated staff complement of 410.2 positions.
3. City Council approve the 2014 user fee discontinuations for Toronto Zoo as identified in Appendix 6 (Fees Recommended for Discontinuation) for revision of the Municipal Code Chapter 441, User Fees and Changes.

III: 2014 SERVICE OVERVIEW AND PLAN

Program Map

Toronto Zoo strives to be a dynamic and exciting action centre that inspires people to love, respect and protect wildlife and wild spaces by providing the following services:



Purpose:
To provide a unique Visitor experience that is fun, safe, welcoming, memorable, and interactive, while facilitating close, personal interaction among family members and friends, inspired by the Zoo's compelling wildlife collection and its commitment to sustainable living, ultimately inspiring people to love, respect and protect wildlife and wild spaces.

Purpose:
To develop, plan and execute all fundraising programs and activities in two distinct program areas; Annual Fund and Capital Campaign, while building strategic relationships and realizing fundraising capacity.

Purpose:
To emphasize the role of zoos in providing leadership in conservation and sustainability programs including the preservation of endangered plant and animal species and threatened natural areas while emphasizing zoogeographical exhibits of habitats, the stewardship role of the human species in managing our planet, and the maintenance of biodiversity and natural ecosystems.
Also to provide compelling education and outreach experiences, delivered through programs, curricula and teaching strategies that support the Toronto Zoo's mission and efforts to save wildlife and inspire care for the world's natural heritage, with a focus on teachers, students and the general public locally and nationally to affect change in attitudes about wildlife and therefore motivate individuals to make sound environmental choices towards ensuring a sustainable future.

Service Customer

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

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

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

2014 Service Deliverables

The 2014 Recommended Operating Budget of \$51.665 million gross and \$11.443 million net for Toronto Zoo will fund:

- Continuation of the Panda Exhibit, as part of a 5-year commitment that signed with the Chinese government to provide 2 giant pandas to the Toronto Zoo for exhibition and research study.
- Achieve high level of visitor satisfaction through:
 - Highly interactive / experiential educational programming;
 - Opening the revitalized Eurasia Wilds;
 - Winter based activities to stimulate attendance in the non-peak season;
 - Comprehensive menu of special events;
 - Growth of membership base, donor base, and school visits to build affinity and enhance community support.
 - Service excellence for visitors and members.
- Continue progress on the major fundraising campaign to raise funds for capital projects, exhibit improvements and conservation and education programs.
- Continue implementation of the Zoo’s “green plan” with initiatives for 2014.
- Further increases to public/private sector partnerships and strategic alliances.

Service Profile: Toronto Zoo



Service Profile: Zoo Visitor Services

What we do

- Provide a unique Visitor experience that is fun, safe, welcoming, memorable, and interactive, while facilitating close, personal interaction among family members and friends,

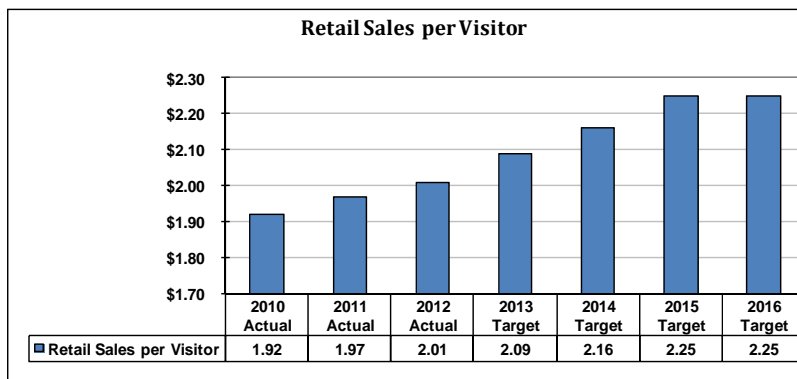
inspired by the Zoo’s compelling wildlife collection and its commitment to sustainable living, ultimately inspiring people to love, respect and protect wildlife and wild spaces.

2014 Recommended Service Levels

Service	Activity Type	Service Levels
		2014 Recommended
Zoo Visitor Services	General Admission - Admissions	1,500,000 Visitors
	General Admission - Parking	Facilitate parking for 300,000 cars
	General Admission - Membership Services	Achieve 33,000 household memberships
	General Admission - Rides & Retail	Achieve revenue of \$2.97 per visitor in retail sales
	General Admission - Food & Restaurants	Achieve revenue of \$4.35 per visitor in food sales
	Facility Rentals - Personal / Family Occasions / Events	<i>Under development</i>
	Facility Rentals - Corporate Retreats	<i>Under development</i>

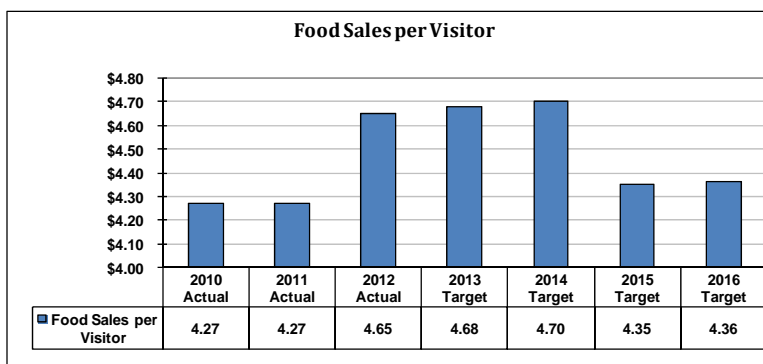
Performance Measures

Efficiency Measure – Retail sales per visitor



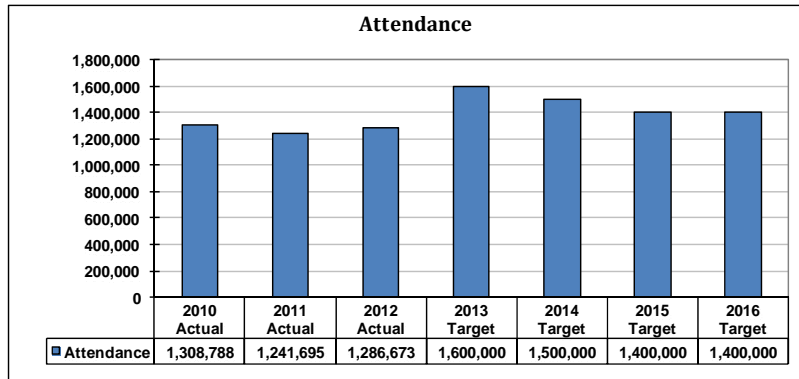
- Retail sales per visitor recovered from the poor spending in 2011 as the economic environment improved.
- Retail sales will continue increasing in 2014 and 2015 due to the Panda Exhibit related memorabilia sales.

Efficiency Measure – Food sales per visitor



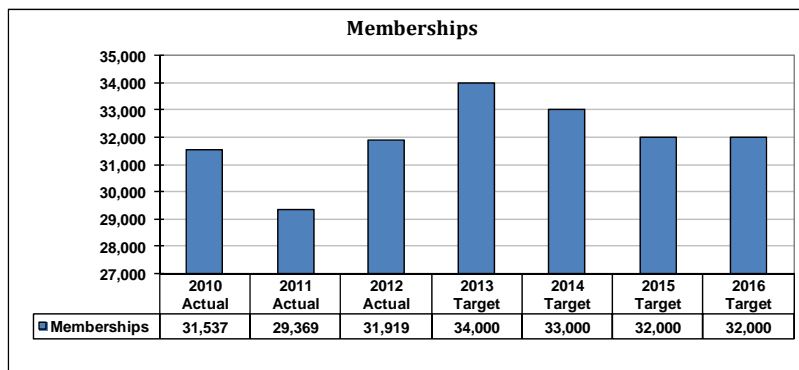
- Food Sales per visitor were sustained at the 2011 levels in 2012, the 2nd year of excellent yield on food.
- 2013 food sales have exceeded expectations. 2014 remains conservative for the projected attendance level. Increased attendance generally translates in lower food sales per visitor.

Effectiveness Measure – Number of zoo visits per year



- Attendance for 2013 has increased due to the first year of the new Panda Exhibit.
- Attendance expected to decline by 100,000 in 2014 consistent with experience of other Zoos.

Effectiveness Measure – Number of memberships sold



- Memberships in 2012 recovered from the 2011 level, which was affected by the economic climate.
- Memberships in 2013 are expected to increase due to the Panda Exhibit, and expected to start declining in 2014 consistent with attendance trend.

Service Profile: Zoo Fundraising and Strategic Partnerships

What we do

- Develop, plan and execute all fundraising programs and activities in two distinct program areas; Annual Fund and Capital Campaign, while building strategic relationships and realizing fundraising capacity.

2014 Recommended Service Levels

Service	Activity Type	Service Levels
		2014 Recommended
Zoo Fundraising & Strategic Partnerships	Annual Fundraising	0% increase in Fundraising dollars
	Capital Campaign	0% increase in Capital Fundraising dollars
	Strategic Partnerships	2% growth in partnerships
	Sponsorships	2% growth in sponsorship funding

Service Profile: Zoo Conservation & Science

What we do

- Emphasize the role of zoos in providing leadership in conservation and sustainability programs including the preservation of endangered plant and animal species and threatened natural areas while emphasizing zoogeographical exhibits of habitats, the stewardship role of the human species in managing our planet, and the maintenance of biodiversity and natural ecosystems.
- Provide compelling education and outreach experiences, delivered through programs, curricula and teaching strategies that support the Toronto Zoo’s mission and efforts to save wildlife and inspire care for the world’s natural heritage, with a focus on teachers, students and the general public locally and nationally to affect change in attitudes about wildlife and therefore motivate individuals to make sound environmental choices towards ensuring a sustainable future.

2014 Recommended Service Levels

Service	Activity Type	Service Levels
		2014 Recommended
Zoo Conservation & Science	Zoo conservation and sustainability	Promote public understanding of unique role the Zoo plays in conservation and research. Pursue grant funding for all eligible Zoo run programs
	Teacher Workshops	Provide workshops for 3,000 teachers
	Off Site classes and lectures	<i>Under development</i>
	On Site classes and lectures	Host 10,000 students for on-site workshops.
	Bush Camps (overnight)	Host over night camps for 3,000 campers
	Zoo Camps (ages 4 – 16)	Host day camp for 2,000 campers
	Zoo Volunteer Outreach	Deliver 60 volunteer outreach sessions.

IV: 2014 Recommended Total Operating Budget

2014 Recommended Operating Budget (In \$000s)

(In \$000s)	2013		2014 Recommended Operating Budget					Incremental Change 2015 and 2016 Plan			
	Approved Budget	Projected Actual	2014 Rec'd Base	2014 Rec'd New/Enhanced	2014 Rec'd Budget	2014 Rec'd vs. 2013 Budget Approved Changes	2015		2016		
							\$	%	\$	%	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Conservation, Education & Wildlife											
Gross Expenditures	12,967.7	12,967.7	15,171.0		15,171.0	2,203.3	17.0	246.6	1.6	290.3	1.8
Revenue	1,929.3	1,929.3	1,031.9		1,031.9	(897.4)	(46.5)	-	0.0	-	0.0
Net Expenditures	11,038.4	11,038.4	14,139.1	-	14,139.1	3,100.7	28.1	246.6	1.7	290.3	2.0
Marketing & Communications											
Gross Expenditures	9,405.9	9,405.9	9,143.6		9,143.6	(262.4)	(2.8)	(444.0)	(4.9)	37.6	0.4
Revenue	7,628.9	7,628.9	415.0		415.0	(7,213.9)	(94.6)	-	0.0	-	0.0
Net Expenditures	1,777.0	1,777.0	8,728.6	-	8,728.6	6,951.5	391.2	(444.0)	- 5.1	37.6	0.5
Operations & Administration											
Gross Expenditures	19,370.6	19,304.2	20,740.4		20,740.4	1,369.9	7.1	(61.7)	(0.3)	313.5	1.5
Revenue	4,884.3	4,884.3	11,680.7		11,680.7	6,796.3	139.1	(564.1)	(4.8)	-	0.0
Net Expenditures	14,486.2	14,419.9	9,059.8	-	9,059.8	(5,426.5)	(37.5)	502.4	5.5	313.5	3.2
General Management & Development											
Gross Expenditures	12,222.7	12,222.7	6,473.9		6,473.9	(5,748.9)	(47.0)	(802.4)	(12.4)	68.6	1.2
Revenue	2,473.6	2,473.6	2,537.3		2,537.3	63.7	2.6	-	0.0	-	0.0
Net Expenditures	9,749.1	9,749.1	3,936.6	-	3,936.6	(5,812.6)	(59.6)	(802.4)	- 20.4	68.6	2.1
Animal & Endangered Species											
Gross Expenditures	136.0	136.0	136.0		136.0	-	-	-	-	-	-
Revenue	136.0	136.0	136.0		136.0	-	-	-	0.0	-	0.0
Net Expenditures	-	-	-	-	-	-	NA	-	NA	-	NA
Revenue & Recoveries											
Gross Expenditures	-	-	-		-	-	NA	-	NA	-	NA
Revenue	25,402.5	25,348.5	24,420.6		24,420.6	(981.9)	(3.9)	(1,735.7)	(7.1)	-	0.0
Net Expenditures	(25,402.5)	(25,348.5)	(24,420.6)	-	(24,420.6)	981.9	(3.9)	1,735.7	- 7.1	-	-
Total											
Gross Expenditures	54,102.9	54,036.5	51,664.8		51,664.8	(2,438.0)	(4.5)	(1,061.6)	(2.1)	710.0	1.4
Revenue	42,454.6	42,400.6	40,221.5		40,221.5	(2,233.1)	(5.3)	(2,299.9)	(5.7)	-	0.0
Total Net Expenditures	11,648.3	11,635.9	11,443.4	-	11,443.4	(204.9)	(1.8)	1,238.3	10.8	710.0	5.3
Approved Positions	419.4	419.4	410.2		410.2	(9.2)	(2.2)	(10.7)	(2.6)	-	-

The 2014 Recommended Operating Budget for Toronto Zoo of \$51.665 million gross and \$11.443 million net represents an expenditure decrease of \$0.205 million or 1.8% less than the 2013 Approved Operating Budget. The 2014 Recommended Operating Budget of \$11.443 million net achieves the 0% increase target set by the City when comparing to the 2013 Adjusted Operating Budget of \$11.443 million, after accounting for the reversal of one-time funding in 2013 for lump sum payable to unionized staff.

The 2014 Recommended Operating Budget by service reflects several significant re-allocations:

- Reallocation of employee benefits cost previously accounted for **General Management & Development** to its respective services in 2014.
- Reallocation of foodservice revenues from **Marketing & Communications** to **Operations and Administration**.

As a result of these re-allocations, these are the changes in funding to the services within the 2014 Recommended Operating Budget:

- **Conservation, Education and Wildlife**, reflects an expenditure increase of \$3.101 million or 28.1% of the 2013 Approved Operating Budget.
- **Marketing & Communications**, reflects an expenditure decrease of \$6.952 million or 391.2% of the 2013 Approved Operating Budget.
- **Operations & Administration**, reflects an expenditure decrease of \$5.427 million or 37.5% of the 2013 Approved Operating Budget.
- **General Management & Development**, reflects an expenditure decrease of \$5.813 million or 59.6% of the 2013 Approved Operating Budget.
- **Animal & Endangered Species**, reflects no expenditure changes year over year.
- **Revenues & Recoveries**, reflects a revenue decrease of \$0.982 million or 3.9% of the 2013 Approved Operating Budget.

Approval of the 2014 Recommended Base Budget will result in a reduction of the Program's approved staff complement from 419.4 to 410.2 positions.

2014 Recommended Total Staff Complement

Changes	2014 Budget	2015 Plan	2016 Plan
Opening Complement	419.4	410.2	399.5
In-year Adjustments			
Adjusted Staff Complement	419.4	410.2	399.5
Recommended Change in Staff Complement			
- Temporary Complement - capital project delivery			
- Operating impacts of completed capital projects			
- Service Change Adjustments	(9.2)	(10.7)	
- New / Enhanced			
Total	410.2	399.5	399.5
% Change over prior year	(2.2)	(2.6)	-

- As the number of zoo visitors decrease in the second year of the Panda Exhibit, the Zoo has reduced its temporary part-time staffing complement by 9.2 FTEs to reflect the expected visitor decrease.

**2014 Recommended Base Budget
(In \$000s)**

(In \$000s)	2013 Approved Budget	2014 Rec'd Base	Change		Incremental Change			
			2014 Recommended Base vs. 2013 Approved Budget		2015 Plan		2016 Plan	
By Service	\$	\$	\$	%	\$	%	\$	%
Conservation, Education & Wildlife								
Gross Expenditures	12,967.7	15,171.0	2,203.3	17.0	246.6	1.6	290.3	1.8
Revenue	1,929.3	1,031.9	(897.4)	(46.5)	-	0.0	-	0.0
Net Expenditures	11,038.4	14,139.1	3,100.7	28.1	246.6	1.7	290.3	2.0
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Revenue	7,628.9	415.0	(7,213.9)	(94.6)	-	0.0	-	0.0
Net Expenditures	1,777.0	8,728.6	6,951.5	391.2	(444.0)	(5.1)	37.6	0.5
Operations & Administration								
Gross Expenditures	19,370.6	20,740.4	1,369.9	7.1	(61.7)	(0.3)	313.5	1.5
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Revenue	2,473.6	2,537.3	63.7	2.6	-	0.0	-	0.0
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Animal & Endangered Species								
Gross Expenditures	136.0	136.0	-	0.0	-	0.0	-	0.0
Revenue	136.0	136.0	-	0.0	-	0.0	-	0.0
Net Expenditures	-	-	-	NA	-	NA	-	NA
Revenue & Recoveries								
Gross Expenditures	-	-	-	NA	-	NA	-	NA
Revenue	25,402.5	24,420.6	(981.9)	(3.9)	(1,735.7)	(7.1)	-	0.0
Net Expenditures	(25,402.5)	(24,420.6)	981.9	(3.9)	1,735.7	(7.1)	-	0.0
Total								
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Revenue	42,454.6	40,221.5	(2,233.1)	(5.3)	(2,299.9)	(5.7)	-	0.0
Net Expenditures	11,648.3	11,443.4	(204.9)	(1.8)	1,238.3	10.8	710.0	5.3
Approved Positions	419.4	410.2	(9.2)	(2.2)	(10.7)	(2.6)	-	0.0

The 2014 Recommended Operating Budget for Toronto Zoo of \$51.665 million gross and \$11.443 million net represents an expenditure decrease of \$0.205 million or 1.8% versus the 2013 Operating Approved Operating Budget. The 2014 Recommended Operating Budget of \$11.443 million achieves the 0% increase target set by the City when compared to the 2013 Approved Operating Budget of \$11.443 million, adjusted for one-time funding in 2013.

The Zoo key cost drivers result in pressures of \$1.769 million, driven by Economic Factors of \$0.579 million, cost-of-living-adjustment, progression pay, and benefits increases of \$0.979 million and the operating impact at completed capital project requiring new staff for the Eurasia Exhibit opening of \$0.211 million. The Zoo will offset these pressures with base budget savings of \$1.763 million net and savings from efficiencies of \$0.211 million net.

Key cost drivers that result in the 2014 base budget pressures of \$1.769 million are detailed in the table below:

Key Cost Drivers
(In \$000s)

(In \$000s)	2014 Rec'd Base Budget
Gross Expenditure Changes	
Operating Impacts of Capital	
New staff for Eurasia opening	210.9
Economic Factors	
Economic Factors	579.2
COLA and Progression Pay	
COLA, Progression Pay, Benefits Increase	979.2
Total Changes	1,769.2
Net Expenditures	1,769.2

Operating Impacts of Capital

- Planned operating costs arising from the completion of the Eurasia Exhibit capital project includes 5 permanent positions at a cost of \$0.211 million, with staff to start halfway through 2014. The program now plans to absorb these costs to meet the 0% operating target. Existing staff will be adjusting assignments to staff the exhibit, although some overtime may result.

Economic Factors

- The 2014 Recommended Operating Budget includes funding for inflationary increases of \$0.579 million.

COLA and Progression Pay

- The 2014 Recommended Operating Budget provides funding to cover increases in labour costs of \$0.979 million, arising from the collective agreement effective April 1, 2013.

Base Revenue Changes

- As the number of zoo visitors decrease in the second year of the Panda Exhibit, the Zoo has budgeted for a net revenue decrease of \$0.871 million comprised of:
 - Revenue decrease of \$2.297 million for reduced attendance;
 - Decrease in 9.2 FTEs (temporary part-time staffing) and corresponding staffing cost decrease of \$0.319 million
 - Decrease in programming costs of \$1.106 million
- As the Panda exhibit revenue decreases, it is expected that the contribution to the Toronto Zoo Stabilization Reserve fund will decrease by the same amount of \$0.871 million, as the purpose of this reserve fund is to mitigate any potential expense shortfall related to the Panda Exhibit.

2014 Recommended Service Change Summary by Program
(In \$000s)

Description (\$000s)	2014 Recommended Service Changes				Net Incremental Impact			
	Position Change	Gross Exp.	Net Expense	% Change over 2014 Budget	2015		2016	
					Net Expense	Pos.	Net Expense	Pos.
	#	\$	\$	%	\$	#	\$	#
Base Changes:								
Base Expenditure Changes								
<i>Toronto Zoo to absorb/reduce corporate economic factors</i>		(579.2)	(579.2)	(5.0)	(553.2)		(538.5)	
<i>Gapping</i>		(692.0)	(692.0)	(5.9)				
<i>Deferral of maintenance and repairs to 2015</i>		(492.1)	(492.1)	(4.2)	492.1		-	
Base Expenditure Change	-	(1,763.3)	(1,763.3)	(15.1)	(61.1)	-	(538.5)	-
Base Revenue Changes								
Base Revenue Change	-	-	-	-	-	-	-	-
Sub-Total	-	(1,763.3)	(1,763.3)	(15.1)	(61.1)	-	(538.5)	-
Service Efficiencies								
<i>Not hire additional keepers and education staff for the Eurasia Wilds Exhibit</i>	(2.5)	(210.9)	(210.9)	(1.8)				
Sub-Total	(2.5)	(210.9)	(210.9)	(1.8)	-	-	-	-
Revenue Adjustments								
Sub-Total	-	-	-	-	-	-	-	-
Service Changes								
Sub-Total	-	-	-	-	-	-	-	-
Total Changes	(2.5)	(1,974.2)	(1,974.2)	(16.9)	(61.1)	-	(538.5)	-

The 2014 recommended service changes consist of base expenditure and revenue changes of \$1.763 million and service efficiency savings of \$0.211 million. In total, the Program has achieved reductions of \$1.974 million net bringing the 2014 Recommended Base Budget to \$11.443 million or 1.8% under the 2013 Approved Budget of \$11.636 million. It represents 0% increase of the 2013 Adjusted Budget of \$11.443 million after the reversal of the 2013 one time adjustment of \$0.205 million related to 1.5% lump sum payment for unionized staff.

The Zoo is proposing to further absorb their economic factors increase in 2015 and 2016 for incremental savings of \$0.553 million and \$0.538 million respectively.

The 2014 recommended service changes and 2015 and 2016 incremental impacts are discussed below:

Base Expenditure Changes: (Savings of \$1.763 million gross, \$1.763 million net)

Toronto Zoo to Absorb Corporate Economic Factors

- To meet the 0% target, inflationary increases of \$0.579 million will be absorbed through cost efficiencies.
- Gapping will result in savings of \$0.692 million and is identical to 2013 actual gapping levels.
- Maintenance and repairs as well as consulting service costs will be deferred as an expenditure reduction of \$0.492 million.

Service Efficiencies: (Savings of \$0.211 million gross, \$0.211 million net)

Absorb Staffing Impacts for the Eurasia Wilds Exhibit Opening.

- The \$0.211 million operating cost arising from the completion of the Eurasia Exhibit capital project was forecasted for 2014 for five permanent full-time positions starting halfway through the year. The keeping and education workload associated with the new Eurasia Wilds Exhibit will be absorbed with existing staff positions.

2014 Recommended New / Enhanced Service Priority Actions

There are no New / Enhanced Service Priority Actions Recommended for Toronto Zoo.

**2015 and 2016 Plan
(In \$000s)**

Description (\$000s)	2015 - Incremental Increase					2016 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Progression Pay, COLA and Fringe Benefits	426.8		426.8	3.7	(7.9)	336.8		336.8	2.9	0.5
Maintenance and repairs deferred from 2014	492.1		492.1							
Sub-Total	918.9	-	918.9	8.0	(7.9)	336.8	-	336.8	2.9	0.5
Anticipated Impacts:										
Decrease on contribution to/from Sick Leave Reserve	(63.7)	(63.7)	-							
Panda revenue/expense reduction for Year 3 and 4	(1,980.7)	(2,299.9)	319.1		(19.9)	373.2		373.2		
Sub-Total	(2,044.4)	(2,363.6)	319.1	2.8	(19.9)	373.2	-	373.2	3.3	-
Total Incremental Impact	(1,125.5)	(2,363.6)	1,238.1	10.8	(27.8)	710.0	-	710.0	6.2	0.5

Approval of the 2014 Recommended Budget for Toronto Zoo will result in a 2014 incremental cost of \$0.585 million and a 2015 and 2016 incremental increase of \$1.569 million and \$1.229 million respectively to maintain the 2014 level of service.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- Progression Pay, COLA and Fringe Benefits increase of \$0.427 million in 2015 and \$0.339 million in 2016.
- Maintenance and repair costs estimated at \$0.492 million deferred from 2014, will be needed in 2015.

Anticipated Impacts

- Panda Exhibit revenue will decrease by \$0.319 million in 2015 and \$0.373 million in 2016 consistent with the trend observed in comparable zoos and forecasted as per the Zoo's 5-Year Plan for the Panda Exhibit.

V: ISSUES FOR DISCUSSION

Key Program Issues

Fund Raising Campaigns

- Early in 2006, Ketchum Canada Inc. (KCI) was retained to assist the Zoo in evaluating the Zoo's potential to secure increased funding to support future capital needs. In July 2006, DVA Navion was engaged to undertake a feasibility study for a major capital campaign, consistent with standard practice of many organizations organizations embarking on a capital fundraising campaign.
- In 2009, following the dissolution of the Toronto Zoo Foundation, 5.7 positions and \$1.005 million were transferred from the Foundation to Toronto Zoo to continue the fund raising programs previously delivered by the Foundation. By agreement with the Board of Management, the Foundation's financial assets of approximately \$6.0 million were deposited with the Toronto Community Foundation and the Toronto Zoo was authorized to draw down these funds, in accordance with the terms of the Trust Agreement between the Toronto Zoo Foundation, the Toronto Community Foundation and the Board of Management.
- The 2012 Approved Operating Budget included \$1.997 million gross and \$0 net for the anticipated costs of the 2012 Capital Campaign. No significant revenue from Capital Campaign fund raising was received by year-end 2012. However, cost containment initiatives to offset the \$1.997 million shortfall in revenues were implemented to ensure \$0 net cost to the City. The 2013 Capital Campaign fund raising costs have been recovered to date and will need to continue to be monitored.
- Fund raising efforts were influenced by changes in the economy and were severely hampered by the uncertainty of possible privatization inherent with the REOI.
- As part of its consideration of the "Response to Zoo Board Governance Report" (EX34.7) at its meeting of October 8,9,10 and 11, 2013, City Council determined that The Zoo will continue as a City agency, and requested that the Zoo Board of Management bring forward a new Strategic Plan, including a new Facility Master Plan. This clarification of Zoo governance will support planning for the future and set the stage for renewed fund-raising.

Appendix 1

2013 Service Performance

2013 Key Accomplishments

In 2013, Toronto Zoo achieved the following results:

- ✓ Completed preparations for the successful transfer of the Giant Pandas from China
- ✓ Successfully negotiated various key sponsorship agreements for food and beverage related services, education and other support;
- ✓ Opened the first ever drive through paddock for the Zoomobile in the Eurasia Wilds;
- ✓ Successfully negotiated a new 4-year collective agreement;

2013 Financial Performance

2013 Budget Variance Analysis (In \$000s)

(\$000s)	2011 Actuals	2012 Actuals	2013 Approved Budget	2013 Projected Actuals*	2013 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	42,411.4	43,591.6	54,102.9	54,036.5	(66.4)	(0.1)
Revenues	30,871.6	32,527.8	42,454.6	42,400.6	(54.0)	(0.1)
Net Expenditures	11,539.8	11,063.8	11,648.3	11,635.9	(12.4)	(0.1)
Approved Positions	389.0	389.0	419.4	419.4	-	-

* Based on the 3rd Quarter Operating Budget Variance Report

2013 Experience

- The Toronto Zoo reported net under-spending of \$0.635 million or 20.1% for the nine-month period ended September 30, 2013 due to higher-than-expected visitor revenues resulting from a greater mix of adults and seniors, as well as greater than anticipated interest in the Giant Panda Experience, driving higher retail and food sales per visitor. Consulting and utility costs are slightly favourable as at September 30, 2013, but are expected to be on budget at year-end.
- At this time, it is forecasted that the Toronto Zoo will be favourable to budget by \$0.012 million or 0.1% at year-end.

Impact of 2013 Operating Variance on the 2014 Recommended Budget

- There is no impact of 2013 Operating Variance on the 2014 Recommended Budget. However, for the 2nd year Panda exhibit attendance is expected to decline, consistent with the experience of other zoos.

Appendix 2

2014 Recommended Total Operating Budget By Expenditure Category

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

Category of Expense	2011	2012	2013	2013	2014	2014 Change from		2015	2016
	Actual	Actual	Budget	Projected Actual	Rec'd Budget	2013 Approved Budget	%	Plan	Plan
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	26,300.1	27,398.4	28,227.7	28,227.7	28,195.8	(31.9)	-0.1%	28,568.6	29,278.6
Materials and Supplies	5,351.0	5,299.7	8,416.3	8,349.9	8,270.0	(146.3)	-1.7%	8,228.5	8,273.5
Equipment	535.1	512.7	650.5	650.5	365.9	(284.6)	-43.8%	335.9	335.9
Services & Rents	9,040.9	8,937.1	13,698.2	13,698.2	13,022.9	(675.3)	-4.9%	12,460.8	12,460.8
Cost of Sales	1,048.3	1,307.6	-	-	-	-			
Contributions to Reserve/Res Funds	136.0	136.0	3,110.2	3,110.2	1,810.3	(1,299.9)	-41.8%	1,009.2	1,009.2
Total Gross Expenditures	42,411.4	43,591.6	54,102.9	54,036.5020	51,664.8	(2,438.0)	-4.5%	50,603.0	51,358.0
Grants from Others	934.2	719.8	1,011.5	1,011.5	1,011.5	-	0.0%	1,011.5	1,011.5
User Fees & Donations	28,781.3	30,546.0	40,278.6	40,224.6	37,981.8	(2,296.8)	-5.7%	35,681.9	35,681.9
Contribution from Reserve Funds	136.0	136.0	322.3	322.3	386.0	63.7	19.8%	386.0	386.0
Other (Retail, Food)	1,020.1	1,126.0	842.2	842.2	842.2	-	0.0%	842.2	842.2
Total Revenues	30,871.6	32,527.8	42,454.6	42,400.6	40,221.5	(2,233.1)	-5.3%	37,921.6	37,921.6
Total Net Expenditures	11,539.8	11,063.8	11,648.3	11,635.9	11,443.4	(204.9)	-1.8%	12,681.4	13,436.4
Approved Positions	389.0	389.0	419.4	419.4	410.2	(9.2)	-2.2%	399.5	399.5

2014 Key Cost Drivers

Salaries and Benefits

- Salaries and benefits are decreasing by \$0.032 million or 0.1%, driven by the one-time 1.5% lump sum payment in 2013, gapping savings of \$0.692 million, decrease in 9.2 FTEs (temporary part-time staffing) and corresponding staffing expenditure decreases of \$0.319 million. This is partially offset by progression pay increases of \$0.120, and COLA & Benefits increases of \$1.063 million.

Materials and Supplies

- Materials and Supplies are decreasing by \$0.146 million or 1.7% driven by stationery and office supplies costs decrease of \$0.036 million and a miscellaneous materials decrease cost of \$0.110 million.

Equipment

- Equipment costs are decreasing by \$0.285 million or 43.8%. These are equipment costs that were incurred as part of the Pandas last year arrival and are not repeated in 2014

Services & Rents

- Services and rents are decreasing by 0.675 million or 4.9%, driven by a decrease of \$0.494 million in miscellaneous expenses and \$0.182 million in advertising and promotion. These decreases are related to the arrival of the Pandas last year and are not repeated in 2014.

Contribution to Reserves / Reserve Funds

- Contributions to Reserves / Reserve funds is decreasing by \$1.300 million or 41.8% driven by a decrease in the contribution to the Toronto Zoo Stabilization Reserve of \$0.871 million driven by the second year Panda Exhibit revenue decrease (consistent with other zoos past experience), a decrease in contribution for 2014 salary increases of \$0.492 million, partially offset by an increase in contributions to the Sick Leave Reserve for \$0.064.

User Fees & Donations

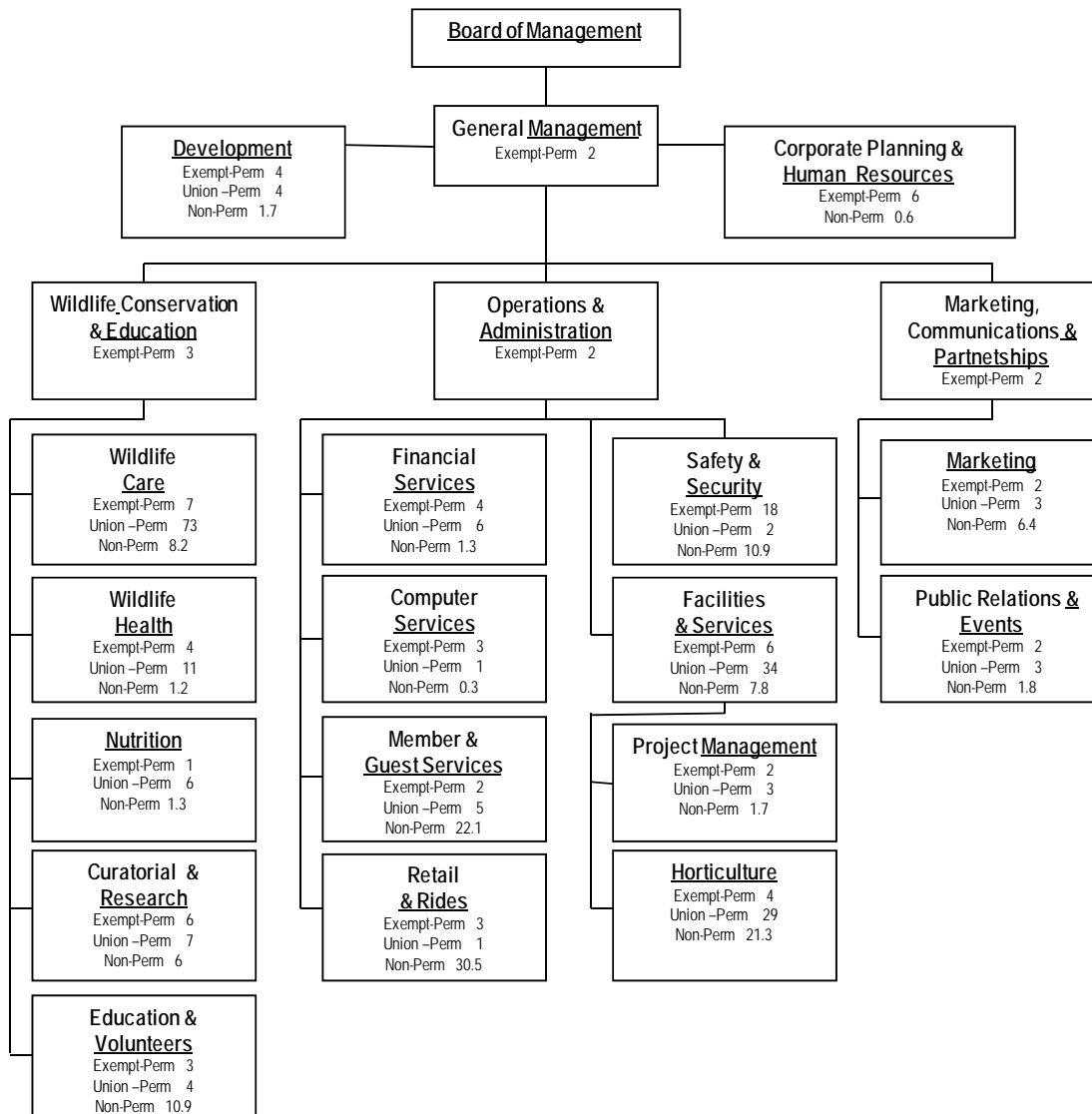
- A revenue decrease of \$2.297 million or 5.7% is projected, driven by the expected attendance decline of the Panda Experience Exhibit, consistent with other zoos past attendance trends.

Contribution from Reserve Funds

- The Zoo projects to increase the draw from the Sick Leave Reserve by \$0.064 million, which has a net zero impact on the operating budget as it is offset by the contribution to the reserve for the same amount.

Appendix 2 - Continued

2014 Organization Chart



2013 Full and Part Time Staff

Category	Permanent/Full Time	Non-Permanent	Total
Exempt	86.0	10.0	96.0
Unionized	192.0	122.2	314.2
Total	278.0	132.2	410.2

Appendix 3

Summary of 2014 Recommended Service Changes

User Prompt Summary:

Funds Center:	Toronto Zoo
Projection ID:	ABC - Projection (2014 - 2016)
Fiscal Year:	2014
Budget Year:	2014
Form Status:	All
Budget Change Budget Stages:	All
Division EF Budget Stages:	All
IDC/IDR Budget Stages:	All

**2014 Operating Budget - Staff Recommended Service Change
Summary by Service
(\$000s)**

Form ID		Agencies - Cluster Program: Toronto Zoo	Adjustments				2015 Plan Net Change	2016 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

2014 Staff Recommended Base Budget Before Service Change: **51,875.7** **40,221.5** **11,654.2** **412.7** **1,027.2** **710.0**

1219 **Absorb Staffing Impacts of Eurasia**

51 | 0 **Description:**

The 3 additional keepers and 2 education staff planned for the Eurasia reopening will not be hired, all their work will be re-distributed among existing staff positions.

Service Level Impact:

None. Eurasia will open in Spring 2014 with existing staff but additional overtime could occur.

Service: Conservation, Education & Wildlife

Total Staff Recommended:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0
Staff Recommended Service Changes:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0

Summary:

Staff Recommended Service Changes:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0
Total Staff Recommended Base Budget:	51,664.8	40,221.5	11,443.3	410.2	1,238.1	710.0

Category:

- 51 - Efficiency Change
- 52 - Revenue Change
- 59 - Service Change

**2014 Operating Budget - Staff Recommended Service Change
Summary by Activity
(\$000s)**

Form ID		Agencies - Cluster Program: Toronto Zoo	Adjustments				2015 Plan Net Change	2016 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

2014 Staff Recommended Base Budget Before Service Change:	51,875.7	40,221.5	11,654.2	412.7	1,027.2	710.0
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1219	Absorb Staffing Impacts of Eurasia
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51	0	Description:
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The 3 additional keepers and 2 education staff planned for the Eurasia reopening will not be hired, all their work will be re-distributed among existing staff positions.

Service Level Impact:

None. Eurasia will open in Spring 2014 with existing staff but additional overtime could occur.

Service/Activity: Conservation, Education & Wildlife / NA

Total Staff Recommended:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0
Staff Recommended Service Changes:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0

Summary:

Staff Recommended Service Changes:	(210.9)	0.0	(210.9)	(2.5)	210.9	0.0
Total Staff Recommended Base Budget:	51,664.8	40,221.5	11,443.3	410.2	1,238.1	710.0

Category:

- 51 - Efficiency Change
- 52 - Revenue Change
- 59 - Service Change

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013*	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		897.4	897.4	897.4	897.4
Animal Endangered Species	XR3006				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(136.0)		
<i>Contributions (+)</i>			136.0		
Total Reserve / Reserve Fund Draws / Contributions		897.4	897.4	897.4	897.4
Balance at Year-End		897.4	897.4	897.4	897.4

* Based on the 3rd Quarter Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013*	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		652.3	652.3	652.3	652.3
Vehicle Equipment Reserve	XQ1703				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(333.0)		
<i>Contributions (+)</i>			333.0		
Total Reserve / Reserve Fund Draws / Contributions		652.3	652.3	652.3	652.3
Balance at Year-End		652.3	652.3	652.3	652.3

* Based on the 3rd Quarter Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013*	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		2,253.7	2,253.7	3,617.9	3,689.0
Zoo Stabilization Reserve Fund	XQ2032				
<i>Proposed</i>					
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			1,364.2	71.0	71.0
Total Reserve / Reserve Fund Draws / Contributions		2,253.7	3,617.9	3,689.0	3,760.0
Balance at Year-End		2,253.7	3,617.9	3,689.0	3,760.0

* Based on the 3rd Quarter Variance Report

**Corporate Reserve / Reserve Funds
(In \$000s)**

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013*	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		36,428.0	36,428.0	37,567.3	40,670.2
Sick Bank Reserve	XR1007				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(250.0)		
<i>Contributions (+)</i>			250.0		
Total Reserve / Reserve Fund Draws / Contributions		36,428.0	36,428.0	37,567.3	40,670.2
Other program / Agency Net Withdrawals & Contributions			1,139.3	3,102.9	5,402.9
Balance at Year-End		36,428.0	37,567.3	40,670.2	46,073.1

* Based on the 3rd Quarter Variance Report

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013*	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
		\$	\$	\$	\$
Projected Beginning Balance		18,307.1	18,307.1	36,762.2	51,417.2
Insurance Reserve Fund	XR1010				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(201.2)		
<i>Contributions (+)</i>			201.2		
Total Reserve / Reserve Fund Draws / Contributions		18,307.1	18,307.1	36,762.2	51,417.2
Other program / Agency Net Withdrawals & Contributions			18,455.1	14,655.0	15,090.4
Balance at Year-End		18,307.1	36,762.2	51,417.2	66,507.7

* Based on the 3rd Quarter Variance Report

Appendix 6

2014 User Fee Rate Changes

There are no year over year changes in Toronto Zoo User Fees.

Fees Recommended for Discontinuation

Rate Description	Service	Fee Category	Fee Basis	2013 Approved Rate	Reason for Discontinuation
General Admission - Stingrays & Sharks	Operations & Administration	Market Based	Per Walkthrough / Visit.	\$2.5	Exhibit discontinued
School Group Admission - Stingrays & Sharks	Operations & Administration	Market Based	Per Student per walkthrough / Visit	\$1.0	Exhibit discontinued