

Toronto 2017 BUDGET



OPERATING BUDGET NOTES



Toronto Zoo

2017 OPERATING BUDGET OVERVIEW

The Toronto Zoo is one of the largest zoos in Canada, home to over 5,000 animals representing 500 species on more than 700 acres of land adjacent to Canada's new Rouge National Urban Park. The Zoo offers full year access to seven bioregion displays with over 10 kilometers of walking trails, including gift shops, exhibits, rides, food services and guest services.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$52.086 million gross and \$11.574 million net as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	51,065.0	52,086.1	1,021.1	2.0%
Revenues	39,180.0	40,512.0	1,332.0	3.4%
Net Expenditures	11,885.0	11,574.1	(310.9)	(2.6%)

Toronto Zoo's 2017 Preliminary Operating Budget meets the budget reduction target of 2.6% through two new revenue enhancements which will increase the admission and retail revenues without affecting the level of service.

toronto.ca/budget2017

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Fast Facts

- Toronto Zoo has gained significant knowledge from the panda exhibit. Great advances have been made in the research of Reproductive Physiology and Artificial Insemination of the species. This resulted in the birth of twin panda cubs in late 2015, a Canadian first, and generated heightened interest in the Zoo throughout 2016.
- Collaborative efforts with Parks Canada are moving forward to maximize potential benefits associated with the location of the Toronto Zoo adjacent to the Rouge National Urban Park.
- The Zoo has over 5,000 animals representing over 500 species.

Trends

- In 2016, Toronto Zoo will meet its attendance target as a result of the popular panda cubs, lion cubs, polar bear cubs, and baby rhino.
- The Zoo will increase its attendance target by 10,000 in 2017 in anticipation of the higher number of visitors and public interest in the last full calendar year of the Panda exhibit.
- The Zoo expects that visitor traffic in 2018 will return to pre-Panda levels in the range of 1.3 million visitors.

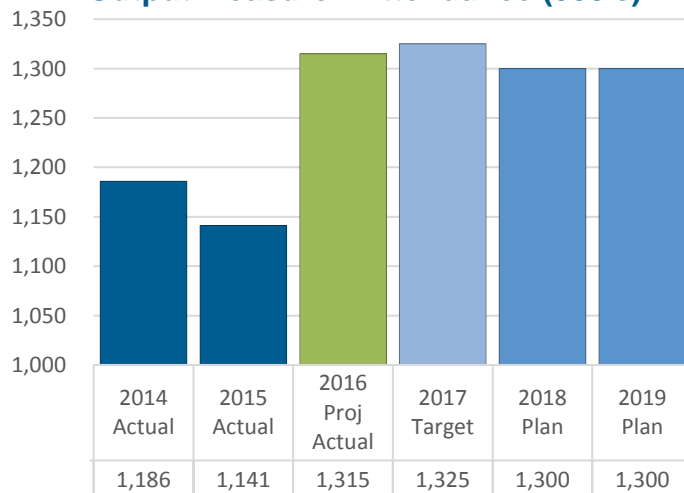
Key Service Deliverables for 2017

Toronto Zoo is responsible for the care of over 5,000 animals which represents seven zoo geographic regions. As a living centre for education and science, the Zoo is committed to providing compelling experiences and inspiring passion to protect wildlife and habitats.

The 2017 Preliminary Operating Budget will enable Toronto Zoo to:

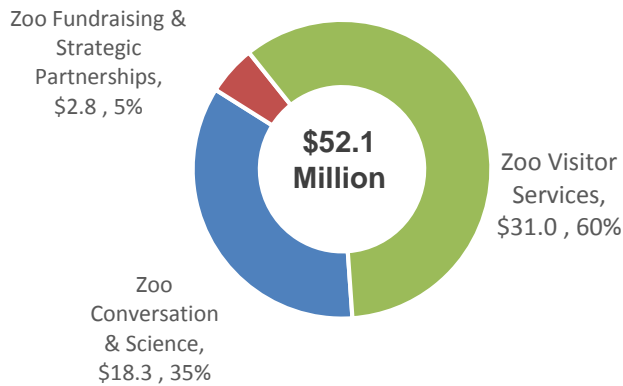
- Continue implementing the five (5) year Strategic Plan.
- Finalize the new Master Plan.
- Continue collaborative efforts with Parks Canada to maximize the potential benefits associated with the location of the Toronto Zoo adjacent to the Rouge National Urban Park.
- Finalize various land use and relationship agreements with the City and TRCA.
- Obtain / maintain accreditation with various accrediting and regulatory authorities.
- Pursue all available grants to deliver optimal conservation and research programs.
- Support the establishment of an independent fundraising charitable organization to raise funds for capital projects, exhibit improvements and conservation and educational programs.
- Advance the Zoo as a zoo-based conservation centre of excellence.
- Enhance the guest experience to appeal to a more diverse audience and inspire conservation action.

Output Measure - Attendance (000's)

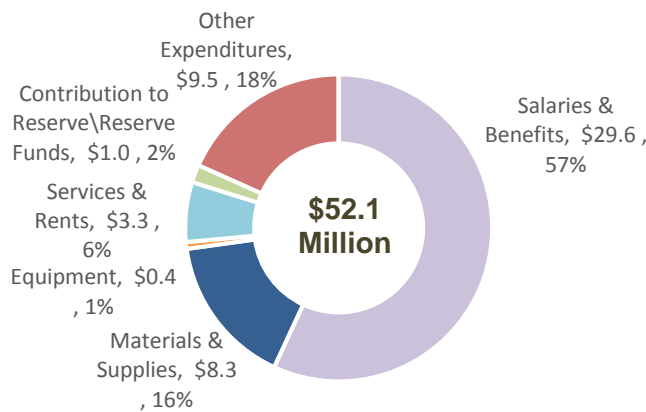


Where the money goes:

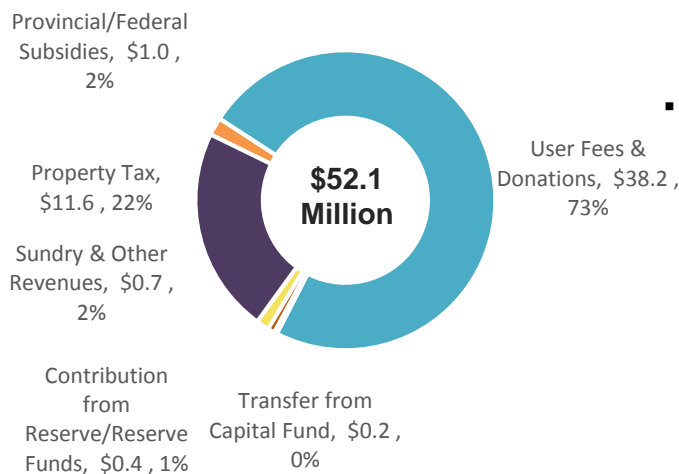
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Support the Establishment of a New Independent Fundraising Entity** to focus on Zoo campaigns and raise funds for exhibit improvements, and conservation and education programs.
 - ✓ Toronto Zoo will seek to increase sponsorship and donations to support the capital and operating costs thereby reducing the future property tax pressures on the City.

- **Review of 2016 Revenue Estimates** showed that the Zoo recently experienced a higher attendance and higher adult admissions than planned which resulted in higher admission revenues and merchandise sales.
 - ✓ Toronto Zoo will continue to explore opportunities to maximize revenue in the peak season of the Panda Exhibit in 2017, through focused seasonal programming and guest amenities and services.
 - ✓ The 2017 Preliminary Operating Budget is based on 10,000 higher attendance for 2017.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for Toronto Zoo of \$52.086 million in gross expenditures provides funding for three services: Zoo Conservation & Science, Zoo Fundraising & Strategic Partnerships, and Zoo Visitor Services.

- Net expenditures of \$11.574 million represents a decrease of 2.6% to the 2016 Approved Net Budget through measures taken based on the following:
 - Base volume revenue changes resulting from the favourable visitor mix experienced in 2016 (\$0.755 million)
 - An increase to peak season admission rates in 2017 (\$0.577 million)

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Toronto Zoo of \$52.086 million gross, \$11.574 million net for the following services:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Zoo Conservation & Science	18,253.9	16,247.1
Zoo Fundraising & Strategic Partnerships	2,788.2	320.7
Zoo Visitor Services	31,044.0	(4,993.7)
Total Program Budget	<u>52,086.1</u>	<u>11,574.1</u>

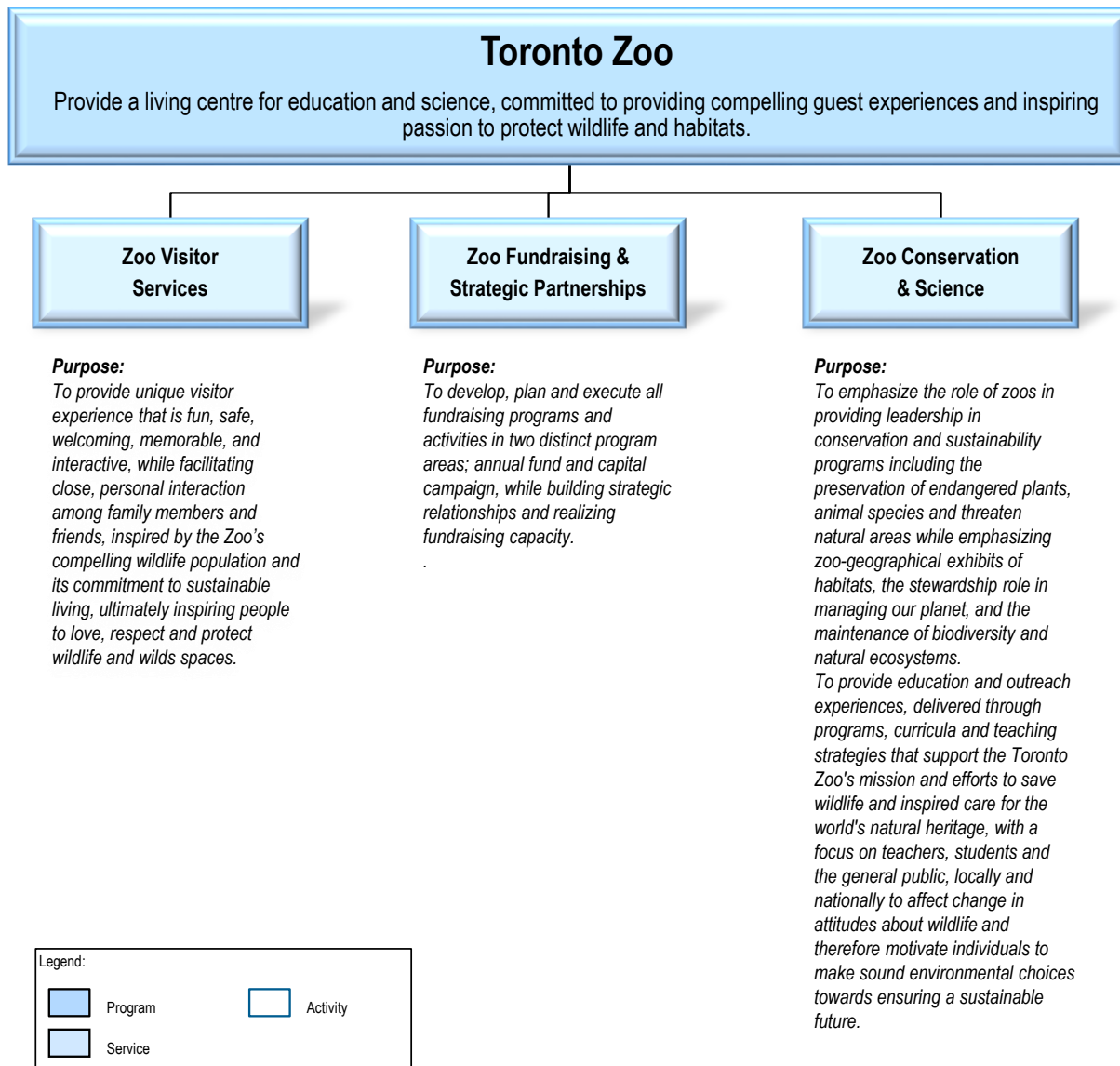
2. City Council approve the 2017 service levels for Toronto Zoo as outlined on pages 15, 17, and 20 of this report, and associated staff complement of 394.0 positions.
3. City Council approve the 2017 new user fees, technical adjustments to user fees, market rate user fee changes, rationalized user fees, and other fee changes above the inflationary adjusted rate for Toronto Zoo identified in Appendix 7, for inclusion in the Municipal Code Chapter 441 "Fees and Charges".



Part 1:

2017-2019 Service Overview and Plan

Program Map



Service Customer

Zoo Visitor Services

- Visitors
- Schools and School Boards
- Community Groups
- Tour Groups

Indirect (Beneficial)

- Residents
- Businesses (Hotels & Restaurants)
- Strategic Partners
- Staff - City Divisions
- Staff - Agencies and Boards

Zoo Fundraising & Strategic Partnering

- Businesses & Corporations
- Media Partners
- Provincial & Federal Government
- Non-Profit Organizations
- Donors & Philanthropic Entities

Indirect (Beneficial)

- Residents
- Strategic Partners
- Staff - City Divisions
- Staff - Agencies and Boards

Zoo Conservation & Science

- Educators
- Conservationists
- Educational Institutions
- Wildlife Researchers & Societies
- Zoological Institutes & Accrediting Bodies

Indirect (Beneficial)

- Residents
- Environmental Organizations
- Staff - City Divisions
- Staff - Agencies and Boards
- Provincial & Federal Government

Table 1
2017 Preliminary Operating Budget and Plan by Service

(In \$000s)	2016		2017 Preliminary Operating Budget			2017 Preliminary vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual*	Base	New/Enhanced	Total Budget	\$	%	2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Zoo Conservation & Science											
Gross Expenditures	17,968.5	18,384.5	18,253.9		18,253.9	285.4	1.6%	(822.0)	(4.5%)	(145.0)	(0.8%)
Revenue	2,006.7	1,723.0	2,006.7		2,006.7	(0.0)	(0.0%)				
Net Expenditures	15,961.7	16,661.5	16,247.1		16,247.1	285.4	1.8%	(822.0)	(5.1%)	(145.0)	(0.9%)
Zoo Fundraising & Strategic Partnerships											
Gross Expenditures	2,915.8	1,432.4	2,788.2		2,788.2	(127.5)	(4.4%)				
Revenue	2,467.6	1,610.0	2,467.5		2,467.5	(0.0)	(0.0%)				
Net Expenditures	448.2	(177.6)	320.7		320.7	(127.5)	(28.5%)				
Zoo Visitor Services											
Gross Expenditures	30,180.7	31,037.9	31,044.0		31,044.0	863.3	2.9%	(603.0)	(1.9%)		
Revenue	34,705.7	36,338.1	36,037.7		36,037.7	1,332.0	3.8%	(607.7)	(1.7%)		
Net Expenditures	(4,525.0)	(5,300.2)	(4,993.7)		(4,993.7)	(468.7)	10.4%	4.7	(0.1%)		
Total											
Gross Expenditures	51,065.0	50,854.8	52,086.1		52,086.1	1,021.1	2.0%	(1,425.0)	(2.7%)	(145.0)	(0.3%)
Revenue	39,180.0	39,671.1	40,512.0		40,512.0	1,332.0	3.4%	(607.7)	(1.5%)		
Total Net Expenditures	11,885.0	11,183.7	11,574.1		11,574.1	(310.9)	(2.6%)	(817.3)	(7.1%)	(145.0)	(1.3%)
Approved Positions	394.0	386.0	394.0		394.0						

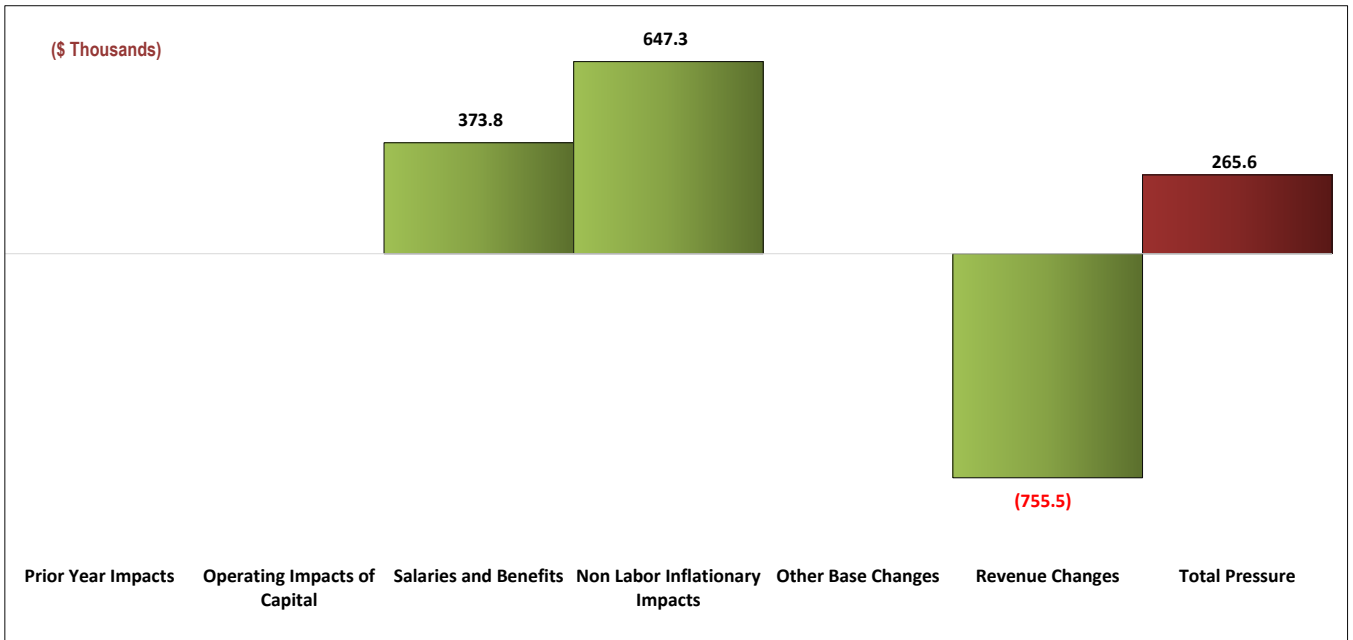
*Based on 2016 Q3 Operating Variance

Toronto Zoo's 2017 Preliminary Operating Budget is \$52.086 million gross and \$11.574 million net, representing a 2.6% decrease to the 2016 Approved Net Operating Budget and meets the reduction target as set out in the 2017 Operating Budget Directions approved by Council.

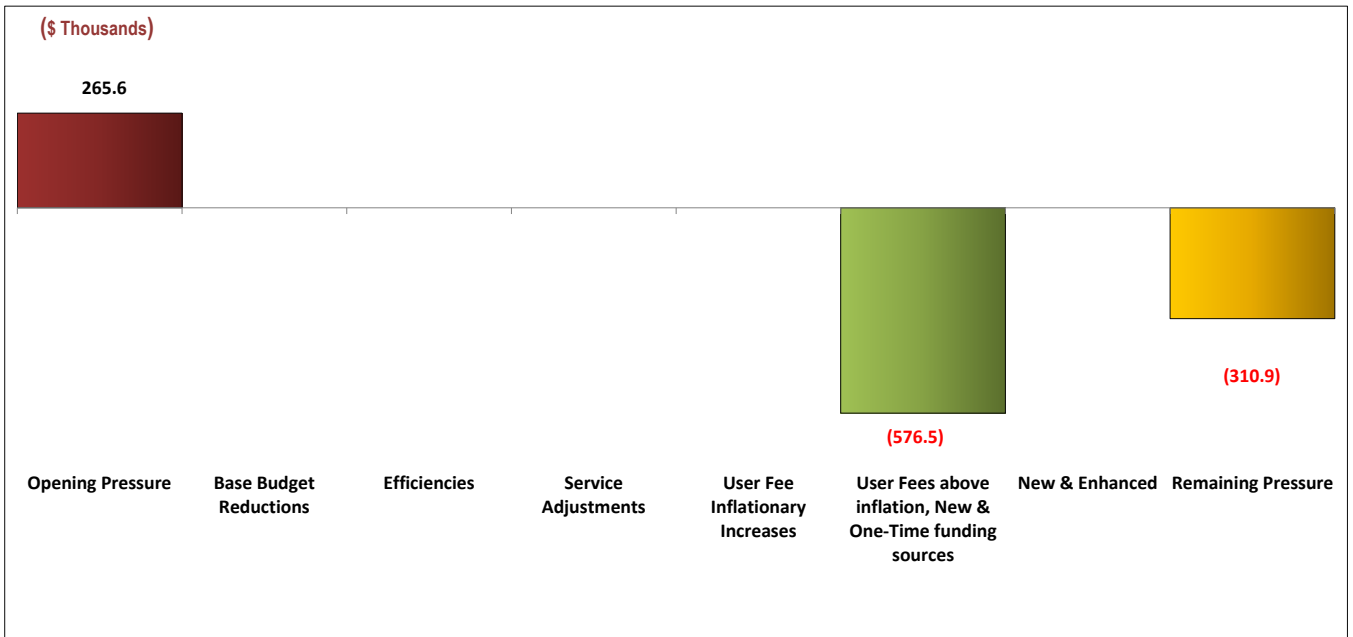
- Base pressures are mainly attributable to right sizing benefit OMERS Contribution costs of \$0.375 million, and inflationary adjustments to wildlife nutrition, gasoline and utilities of \$0.647 million.
- To help mitigate the above pressures, the Zoo was able to achieve the budget reduction target through a \$1 peak season fee increase in admission prices and the assumption of growing Zoo attendance driven by the final summer and full calendar year of the Giant Panda Exhibit.
- Approval of the 2017 Preliminary Operating Budget will not result in any changes to its total staff complement for Toronto Zoo, remaining unchanged at 394.0 positions.
- The 2018 and 2019 Plan decreases are primarily attributable to the departure of the Pandas resulting in decreased pressures on the maintenance and research expenses partially offset by reduced revenues.

The following graphs summarize the operating budget pressures for Toronto Zoo and the actions taken to offset these pressures and meet the -2.6% budget target decrease over 2016.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget						Total	
	Zoo Conservation & Science		Zoo Fundraising & Strategic Partnerships		Zoo Visitor Services			
	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes								
Salaries and Benefits								
Base Salaries & Benefits Changes	(153.4)		(142.2)		294.3		(1.2)	
Benefit Adjustment - OMERS Contribution	172.1		14.7		188.2		375.0	
Economic Factors								
Inflation, Utilities, Equipment, and Supplies	145.4				241.0		386.3	
Animal Feed, Wildlife Nutrition, and Gasoline	121.3				139.7		261.0	
Total Gross Expenditure Changes	285.4		(127.5)		863.3		1,021.1	
Revenue Changes								
Increase Visitor Attendance by 10,000					(755.5)		(755.5)	
Total Revenue Changes					(755.5)		(755.5)	
Net Expenditure Changes	285.4		(127.5)		107.8		265.7	

Key cost drivers for Toronto Zoo are discussed below:

- Salaries and Benefits
 - The OMERS Contribution adjustment of \$0.375 million will align Toronto Zoo's benefit costs to actual experience.
- Economic Factors:
 - Inflationary increases for utilities, general equipment, and supplies total \$0.386 million.
- Revenue Changes:
 - Toronto Zoo anticipates a total attendance count of 1.325 million in 2017 representing an increase of 10,000 over the 2016 levels, driven by the last full year exhibit of the Giant Pandas. This volume increase will result in \$0.756 million in additional revenues (non-rate related).

Additionally, in order to achieve the budget reduction target, the 2017 Preliminary Operating Budget for the Toronto Zoo has included a user fee revenue change of \$0.577 million net for a total of \$1.332 million net in revenue adjustments in 2017, as detailed in Table 3 below.

Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary

Description (\$000s)	Service Changes						Total Service Changes			Incremental Change			
	Zoo Conservation & Science		Zoo Fundraising & Strategic Partnerships		Zoo Visitor Services		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Revenue Adjustments													
\$1 Peak Season Increase to Admission Prices						(576.5)		(576.5)		103.3			
Sub-Total						(576.5)		(576.5)		103.3			
Total Changes						(576.5)		(576.5)		103.3			

Revenue Adjustments (Savings of \$0.577 million net)

\$1 Peak Season Increase to Admission Prices

- Toronto Zoo periodically conducts comprehensive reviews of the Zoo's user fee rates to ensure that they are affordable by the public while keeping up with the market place and providing financial sustainability to the Zoo. The Zoo has not increased its peak season rates for the last three years and the revenue increases will be amplified by the increased attendance forecast.

Approval of the 2017 Preliminary Operating Budget for Toronto Zoo will result in reductions to the 2018 and 2019 net costs by \$0.817 million and \$0.145 million, respectively, as discussed in the following section.

Table 5
2018 and 2019 Plan by Program

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Other Base Changes (specify)										
Supplies Expenses (i.e., animal care)	(1,631.0)		(1,631.0)			(145.0)		(145.0)		
Contracted Services	206.0		206.0							
Sub-Total	(1,425.0)		(1,425.0)			(145.0)		(145.0)		
Anticipated Impacts:										
Attendance Decrease		(607.7)	607.7							
Sub-Total		(607.7)	607.7							
Total Incremental Impact	(1,425.0)	(607.7)	(817.3)			(145.0)		(145.0)		

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- In 2018, the Giant Panda Exhibits will no longer be at the Zoo. Therefore, the associated animal care expenses, research and development and other relevant costs are no longer required.

Anticipated Impacts:

- With the departure of the Giant Pandas, attendance is expected to decrease from 1.325 million to 1.300 million pending a re-negotiated agreement.

Note: The Zoo's Collective Agreement expires on March 31, 2017. Thus, no salary and benefit cost increases are shown for 2018 and 2019.



Part 2:

2017 Preliminary Operating Budget by Service

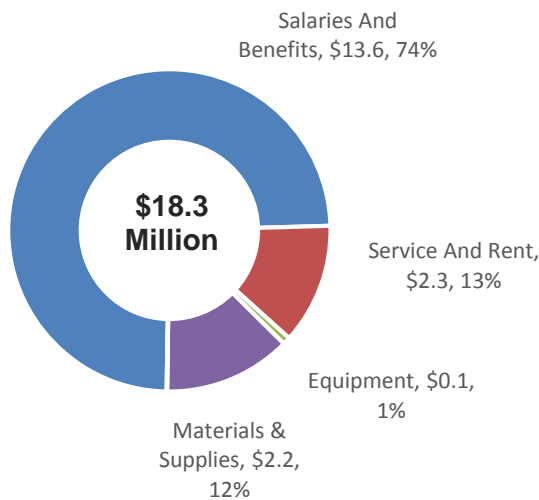
Zoo Conservation & Science



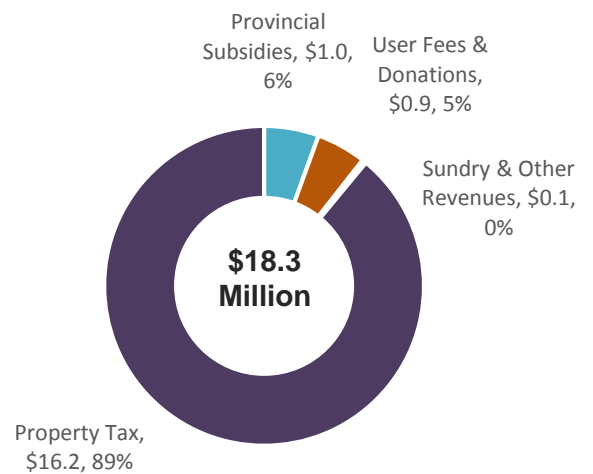
What We Do

- 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.

2017 Service Budget by Expenditure Category (\$Ms)



Service by Funding Source (\$Ms)



2017 Service Levels Zoo Conservation & Science

Sub-Activity/Type	Status	2014	2015	2016	2017
Zoo Day and Overnight Camps	Approved	4,450	4,450	4,450	4,450
	Actual	4,932	4,677	4,846	
Zoo School (Grade 11 Credit Program)	Approved	36	36	36	36
	Actual	36	36	36	
Volunteer Engagement With Visitors / Public	Approved	850,000	750,000	750,000	750,000
	Actual	778,400	762,300	846,350	
Volunteer Hours Contributed	Approved	35,000	35,000	35,000	35,000
	Actual	31,937	30,963	31,435	
Great Lakes Conservation Student Outreach	Approved	20,000	20,000	20,000	20,000
	Actual	21,150	16,950	25,317	

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Toronto Zoo.

Zoo Conservation & Science Service's performance measures are based on volume, customer service quality, and community input.

Table 6
2017 Preliminary Service Budget by Activity

(\$000s)	2016		2017 Preliminary Operating Budget						Incremental Change					
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget		New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan	
					\$	%			\$	%	\$	%	\$	%
Zoo Conservation & Science														
Gross Expenditures	17,968.5	18,253.9		18,253.9	285.4	1.6%		18,253.9	285.4	1.6%	(822.0)	(4.5%)	(145.0)	(0.8%)
Revenue	2,006.7	2,006.7		2,006.7	(0.0)	(0.0%)		2,006.7	(0.0)	(0.0%)		0.0%		
Total Net Exp.	15,961.7	16,247.1		16,247.1	285.4	1.8%		16,247.1	285.4	1.8%	(822.0)	(5.1%)	(145.0)	(0.9%)
Approved Positions	162.1	162.1		162.1				162.1				0.0%		

The **Zoo Conservation & Science** provide 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.

The Zoo Conservation & Science's 2017 Preliminary Operating Budget of \$18.254 million gross and \$16.247 million net is \$0.285 million or 1.8% over the 2016 Approved Net Budget.

- In addition to the base budget pressures common to all services, this service is experiencing increased costs for providing animal feed at the Zoo.
- The attendance revenue (See **Zoo Visitor Services**, p. 19) will partially offset the above mentioned pressures.
- Decreased costs in 2018 and 2019 arise from the departure of the Pandas.

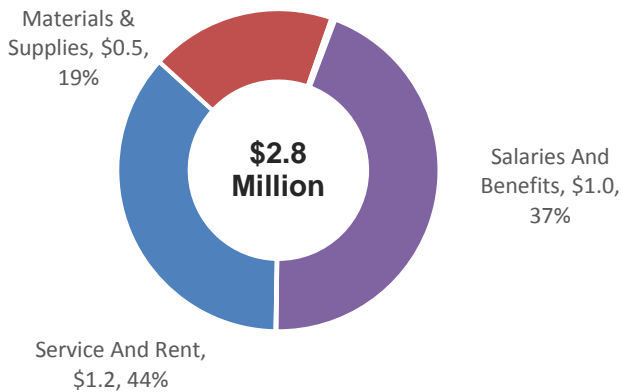
Zoo Fundraising & Strategic Partnerships



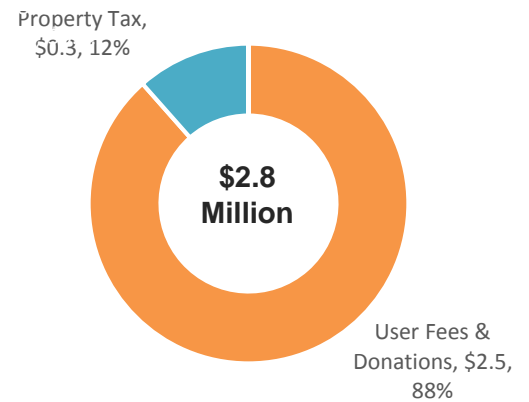
What We Do

- 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.

2017 Service Budget by Expenditure Category (\$Ms)



Service by Funding Source (\$Ms)



2017 Service Levels Zoo Fundraising & Strategic Partnerships

Sub-Activity/Type	Status	2014	2015	2016	2017
Sponsorships	Approved	675,000	675,000	675,000	675,000
	Actual	321,000	447,000	545,000	
Cost Per \$ Raised	Approved	0.74	0.73	0.73	0.73
	Actual	0.20	0.67	0.73	

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Toronto Zoo.

Toronto Zoo's Strategic Plan (2015 – 2020) anticipates that an independent charitable foundation to be created which will improve and enhance fundraising, sponsorship and strategic partnerships initiatives in the next several years.

Table 6
2017 Preliminary Service Budget by Activity

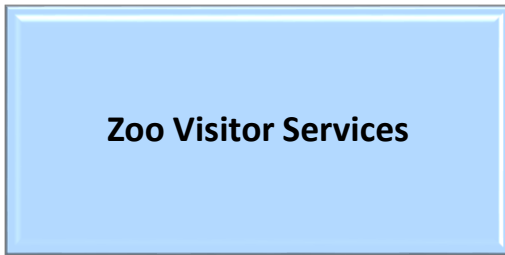
(\$000s)	2016	2017 Preliminary Operating Budget							Incremental Change					
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan	
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
Zoo Fundraising & Strategic Partnerships														
Gross Expenditures	2,915.8	2,788.2		2,788.2	(127.5)	(4.4%)		2,788.2	(127.5)	(4.4%)				
Revenue	2,467.6	2,467.5		2,467.5	(0.0)	(0.0%)		2,467.5	(0.0)	(0.0%)				
Total Gross Exp.	448.2	320.7		320.7	(127.5)	(28.5%)		320.7	(127.5)	(28.5%)				
Approved Positions	10.2	10.2		10.2				10.2						

The **Zoo Fundraising & Strategic Partnerships** build an organization that is fiscally and environmentally sustainable for the long term in supporting the Toronto Zoo's overall objectives and goals.

The Zoo Fundraising & Strategic Partnerships' 2017 Preliminary Operating Budget of \$2.788 million gross and \$0.321 million net is \$0.128 million or 28.5% below the 2016 Approved Net Budget.

- In addition to the base budget pressures common to all services, this service is experiencing increased OMERS contribution costs.
- This service will adjust the expenditures to align with actual experience which will result in a reduction of \$0.128 million

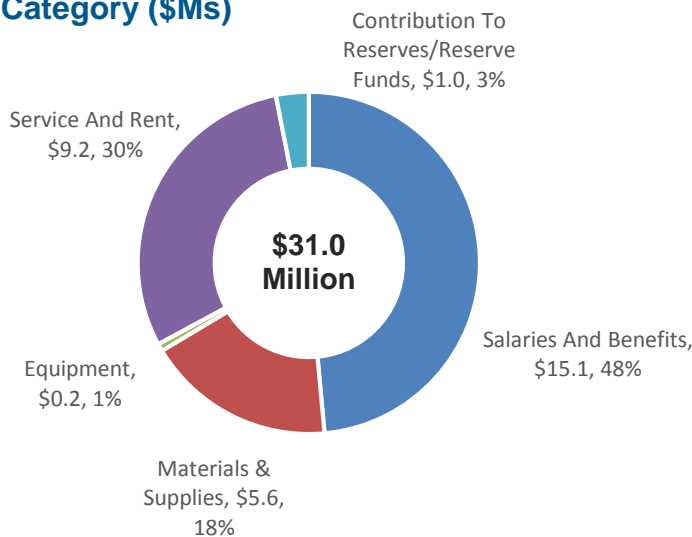
Zoo Visitor Services



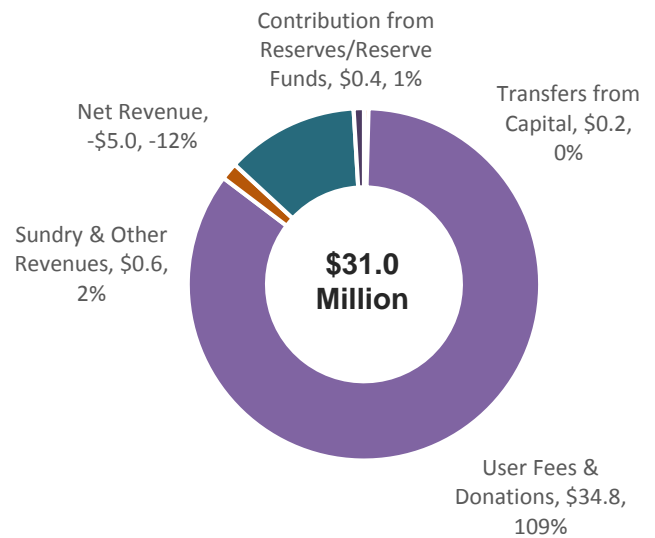
What We Do

- Provide a unique visitor experience that is fun, interactive, memorable, and safe, while facilitating close personal interaction among family members and friends, inspired by the Zoo's compelling wildlife population and its commitment to sustainable living, ultimately inspiring people to love, respect and protect wildlife and wild spaces.

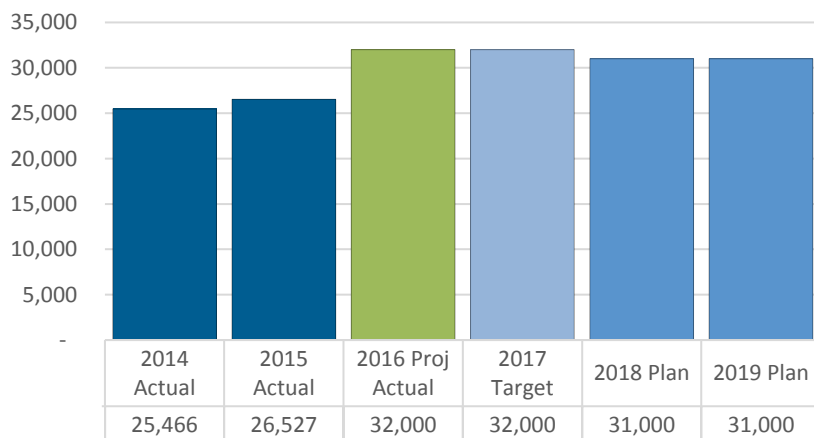
2017 Service Budget by Expenditure Category (\$Ms)



Service by Funding Source (\$Ms)



Output Measure – Memberships (000's)



- Number of memberships are positively correlated with attendance levels.
- Appropriate future capital investments will allow Toronto Zoo attract more memberships through new or enhanced services (i.e., collaboration efforts with Parks Canada on the Rouge Urban National Park)

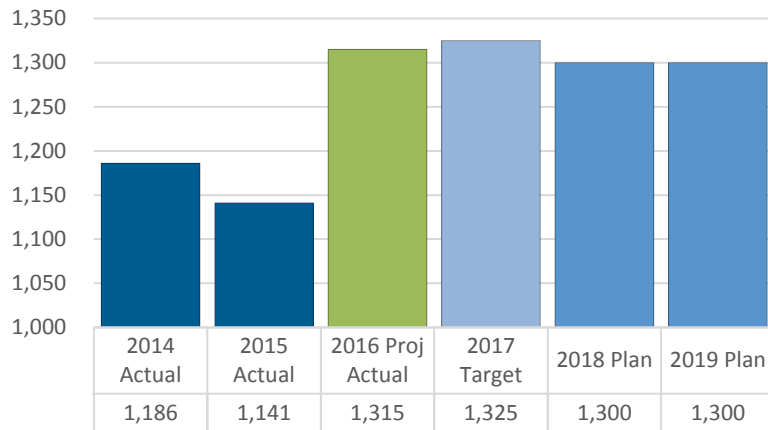
2017 Service Levels Zoo Visitor Services

Sub-Activity/Type	Status	2014	2015	2016	2017
Attendance	Approved	1,500,000	1,400,000	1,315,000	1,325,000
	Actual	1,186,019	1,141,162	1,315,000	
Memberships	Approved	33,000	32,000	32,000	32,000
	Actual	25,466	26,527	31,250	
Retail Sales per Visitor	Approved	2.16	2.25	2.20	2.35
	Actual	2.36	2.21	2.75	
Food Sales Per Visitor	Approved	4.35	4.36	5.57	5.57
	Actual	5.12	5.38	5.77	

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Toronto Zoo.

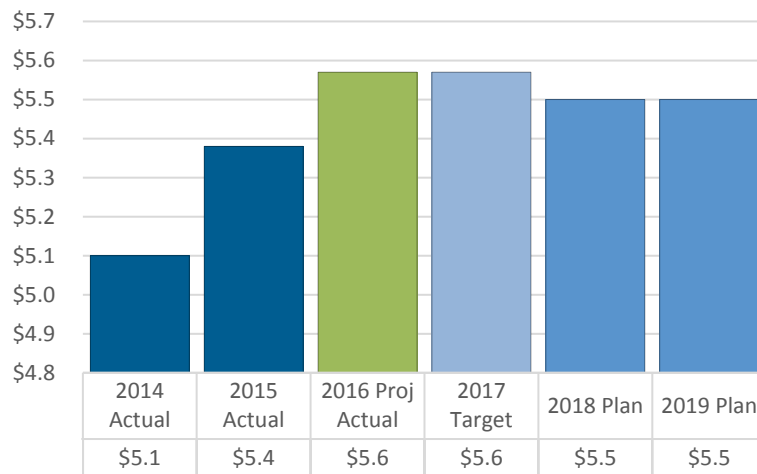
Zoo Visitor Services' service level will improve in 2017 attributable to the actual experience of visitor attendance and the anticipated attraction of the Giant Pandas' last year at the Toronto Zoo.

Output Measure – Attendance (000's)



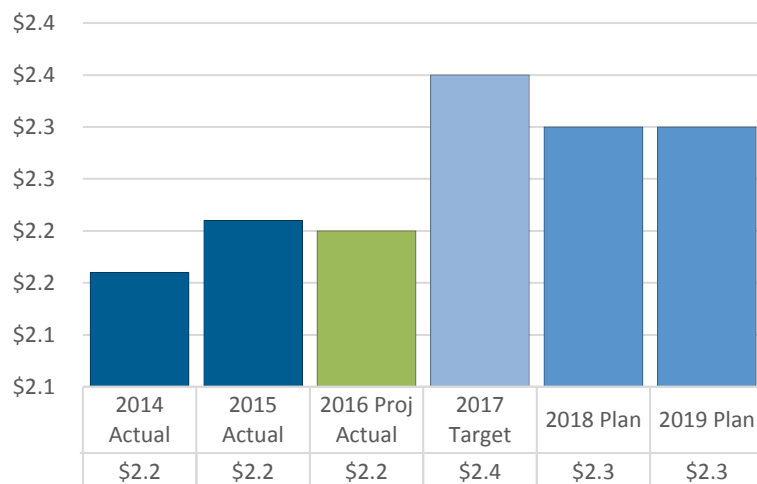
- In 2016, Toronto Zoo anticipates achieving the attendance target, partially due to the popularity of the panda cubs, lion cubs, polar bear cubs, baby zebra, and baby rhino.
- The Zoo increased its attendance target by 10,000 in 2017 in anticipation of the Panda Exhibit's attraction.
- The Zoo will experience lower visitor traffic in 2018 with the departure of the Panda Cubs.

Efficiency Measure – Food Sales per Visitor



- Toronto Zoo experienced favourable visitor mix in the recent years, especially in 2016. Compared to that of previously forecasted levels, the Zoo reported higher adult admissions which generates higher revenue overall.
- Reviews have revealed that there is a strong positive correlation between higher adult admissions and the total food sales.

Efficiency Measure – Retail Sales per Visitor



- In 2016, Toronto Zoo experienced higher than planned retail sales mainly driven by increased merchandising revenues and sundry revenues associated with the "Zoo babies".
- Retail sales are positively correlated with the number of attendance at the Zoo.

Table 6
2017 Preliminary Service Budget by Activity

(\$000s)	2016	2017 Preliminary Operating Budget							Incremental Change						
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan		
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
Zoo Visitor Services															
Gross Expenditures	30,180.7	31,044.0		31,044.0	863.3	2.9%		31,044.0	863.3	2.9%	(603.0)	(1.9%)			
Revenue	34,705.7	35,461.2	576.5	36,037.7	1,332.0	3.8%		36,037.7	1,332.0	3.8%	(607.7)	(1.7%)			
Total Gross Exp.	(4,525.0)	(4,417.2)	576.5	(4,993.7)	(468.7)	10.4%		(4,993.7)	(468.7)	10.4%	(1,210.6)	24.2%			
Approved Positions	221.7	221.7		221.7				221.7				0.0%			

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

The Zoo Visitor Services' 2017 Preliminary Operating Budget of \$31.044 million gross and \$4.417 million net revenue is \$0.469 million or 10.4% under the 2016 Approved Net Budget.

- In addition to the base budget pressures common to all services, this service is experiencing higher demands for the "Zoo babies" exhibits including the giant panda cubs, baby rhino, polar bear cubs and the lion cubs.
- The Zoo Visitor Services' 2017 Preliminary Operating Budget includes a \$1 increase to all peak season admission fees which will generate additional revenue of \$0.577 million. The peak season is defined by the months of May to October in any given year.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- The Toronto Zoo's 2017 Preliminary Operating Budget is \$52.086 million gross and \$11.574 million net, representing a 2.6% decrease from the 2016 Approved Net Operating Budget, and it is in line with the 2017 Operating Budget Directions approved by Council for all City Programs, Agencies, and Accountability Offices.
- Approval of the Zoo's Preliminary Operating Budget will continue to maintain the Zoo's service levels supported by higher admissions and sundry revenues as described below:
 - *Change of Visitor Attendance and Mix* – Toronto Zoo expects to attract 10,000 more visitors including an increased proportion of adult admissions, which will provide a revenue increase of \$0.755 million for the 2017 Preliminary Operating Budget.
 - *\$1 Peak Season Increase* – Toronto Zoo offers three categories of admission rates for the visitors, and varies the fees based on non-peak or peak season. Toronto Zoo will increase all admission rates by \$1 during the peak season and the increase is consistent with its standard user fee review cycle of 3 years (peak season is defined by the summer and fall months).

Review of Revenue Estimates and Fiscal Sustainability

- Visitor attendance has increased in 2016 due to the popular "Zoo babies" resulting in favourable operating variance of \$0.917 million or 15.5% below the 2016 Approved Net Operating Budget as of third quarter of 2016.
- 2017 is the Panda Cubs' last year of exhibit is expected to add to the Zoo's overall attendance. This will support the increased admission and sundry revenue, and further supported by a favourable mix of visitor attendance with more adults visiting the Zoo.
- The Toronto Zoo will continue to monitor the impact of visitor attendance and prepare for any unlikely events such as the extreme weather that negatively affected the Zoo in 2015.

Issues Impacting Future Years

Final Year Exhibit of the Giant Pandas

- 2017 marks the final full calendar year of exhibit for the two new Giant Pandas. Upon their departure in the first quarter of 2018, the Zoo expects reduced attendance numbers.
- The Zoo Conservation & Science and Zoo Visitor Services included in its respective 2018 Plan, impacts of decreased revenues and the associated expenditures such as research & development, and animal feed costs.
- Toronto Zoo will continue to attract visitors through the existing exhibits, and improve the sponsorships and donations through a new fundraising entity anticipated to be operational in 2017.

Planning and Governance – Progress Update

- Toronto Zoo's strategic plan will provide key decisions to future year budgets. Key actions arising from Council's directions on October 8, 2013 (EX 34.7) on the Zoo Board governance include the following: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX34.7>
- A new Strategic Plan (2015-2020) for the Toronto Zoo was completed in early 2015, replacing the Zoo's current plan, last revised in 2009. The following actions are to be taken:
 - Updating the Tripartite Agreement between the City, Toronto Zoo, and the TRCA, for the use of Zoo lands.
 - Establishing an independent fundraising charitable foundation dedicated to supporting the Toronto Zoo.
- The Zoo has continued its collaborative efforts with Parks Canada to maximize potential benefits associated with the location of the Toronto Zoo adjacent to the Rouge Urban National Park. The Zoo is expected to reconvene with Parks Canada in 2017 to discuss future projects.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Toronto Zoo accomplished the following:

- ✓ Integrated implementation measures for the five (5) year Strategic Plan
- ✓ Completed construction of the 4,500 square metre Wildlife Health Centre for opening in 2017
- ✓ Established partnership with TELUS to present the Panda Cam to on-line viewers
- ✓ Completed a new Master Plan to outline future direction for programs and infrastructure at the Toronto Zoo
- ✓ Continued nurturing of the Zoo babies born in late 2015 and 2016 (Pandas, Indian rhino, polar bear cub, lion cubs, zebra, camel, and lynx)
- ✓ Finalized various land use and relationship agreements with the City and TRCA
- ✓ Increased opportunities for partners, sponsors and donors, to support wildlife and habitats in our priority areas and our conservation focus
- ✓ Recruited of professional leadership to steward a new fundraising entity (start-up phase) to nurture a strong and supportive relationship with the Toronto Zoo and facilitate significant contributions to the Zoo
- ✓ Continued collaborative efforts with Parks Canada to maximize potential benefits associated with the location of the Toronto Zoo adjacent to the Rouge National Urban Park

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected Actual *	Preliminary Budget	from 2016 Budget	%	2018	2019
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	28,732.1	27,816.0	29,266.6	28,560.0	29,640.4	373.8	1.3%	29,266.6	29,640.4
Materials and Supplies	5,832.2	5,855.7	7,818.7	6,462.0	8,284.5	465.8	6.0%	7,818.7	8,284.5
Equipment	298.7	767.4	335.9	305.8	369.5	33.6	10.0%	335.9	369.5
Services & Rents	9,895.7	10,189.5	12,671.6	13,048.0	12,819.5	147.9	1.2%	12,671.6	12,819.5
Contributions to Capital									
Contributions to Reserve/Res Funds	920.2	1,066.4	972.2	951.0	972.2			972.2	972.2
Other Expenditures	1,244.6	1,141.4		1,528.0					
Interdivisional Charges									
Total Gross Expenditures	46,923.5	46,836.4	51,065.0	50,854.8	52,086.1	1,021.1	2.0%	51,065.0	52,086.1
Interdivisional Recoveries									
Provincial Subsidies	705.6	870.8	1,011.5	822.0	1,011.5			1,011.5	1,011.5
Federal Subsidies									
Other Subsidies									
User Fees & Donations	32,020.3	30,099.1	36,890.3	37,570.9	38,222.3	1,332.0	3.6%	36,890.3	38,222.3
Transfers from Capital Fund	167.7	171.0	171.0	171.0	171.0			171.0	171.0
Contribution from Reserve/Reserve Funds	1,290.5	846.5	386.0	386.0	386.0			386.0	386.0
Sundry Revenues	1,296.0	2,006.7	721.2	721.2	721.2			721.2	721.2
Total Revenues	35,480.1	33,994.1	39,180.0	39,671.1	40,512.0	1,332.0	3.4%	39,180.0	40,512.0
Total Net Expenditures	11,443.4	12,842.3	11,885.0	11,183.7	11,574.1	(310.9)	(2.6%)	11,885.0	11,574.1
Approved Positions	398.2	402.5	394.0	386.0	394.0			394.0	394.0

* Based on the 2016 9-month Operating Variance Report

Toronto Zoo reported \$0.917 million or 15.5% favourable variance as of September 30, 2016 driven by higher admission revenue and merchandise sales. Toronto Zoo also reported 15.0 positions below the approved complement of 394.0 positions, due to timing delays in hiring resulting in an after budgeted gapping vacancy rate of 1.5%.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2016" considered by City Council at its meeting on December 13, 2016.

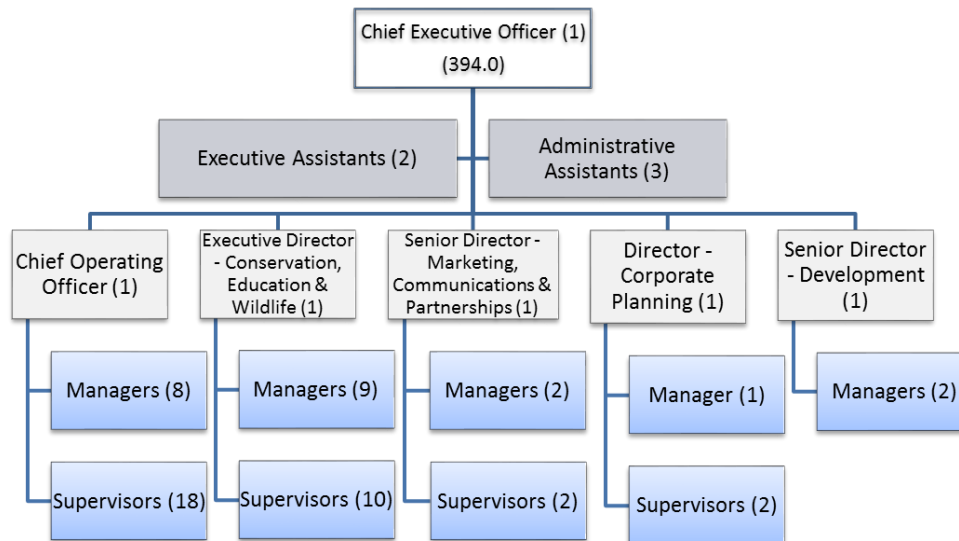
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- Toronto Zoo is forecasting a favourable year-end variance of \$0.701 million or 5.9% below its 2016 Approved Net Operating Budget, primarily due to favourable mix of visitor classes resulting in higher admissions revenue (7.5% over budgeted attendance), and increased merchandise sales driven by the attractions of panda cubs, lion cubs, baby polar cub, and baby rhino.
- The Zoo anticipates a steady growth in attendance and the last year of the Pandas' exhibit will generate higher revenue in 2017 and is reflected as such in the 2017 Preliminary Operating Budget.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	6.0	54.0	27.0	192.0	279.0
Temporary			9.0	106.0	115.0
Total	6.0	54.0	36.0	298.0	394.0

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Appendix 4

Summary of 2017 Service Changes

2017 Operating Budget - Preliminary Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster Program - Toronto Zoo	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2017 Preliminary Base Budget Before Service Changes:			52,086.1	39,935.4	12,150.7	394.00	(920.7)	(145.0)
10933	\$1 Peak Season Increase to Admission Prices							
52	0	Description:						
<p>Toronto Zoo will increase its peak-time user fees by \$1 for all three categories of admissions: general, children and seniors. 2017 peak rates will be \$29, \$24, and \$19 respectively.</p> <p>Service Level Impact:</p> <p>There is no service level impact. Toronto Zoo periodically reviews its user fees and adjusts the rates in-line with the levels of demand and inflation.</p> <p>Service: Zoo Visitor Services</p>								
		Preliminary Service Changes	0.0	576.5	(576.5)	0.00	103.3	0.0
		Total Preliminary Service Changes:	0.0	576.5	(576.5)	0.00	103.3	0.0
<hr/>								
Summary:								
		Total Preliminary Service Changes	0.0	576.5	(576.5)	0.00	103.3	0.0
<hr/>								
		Total Preliminary Base Budget:	52,086.1	40,512.0	11,574.1	394.00	(817.3)	(145.0)

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		1,065.8	1,065.8	1,065.8	1,065.8
Animal Endangered Species	XR3006				
<i>Proposed Withdrawals (-)</i>			(136.0)	(136.0)	(136.0)
<i>Contributions (+)</i>			136.0	136.0	136.0
Total Reserve / Reserve Fund Draws / Contributions		1,065.8	1,065.8	1,065.8	1,065.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,065.8	1,065.8	1,065.8	1,065.8

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		622.9	605.9	588.9	571.9
Vehicle Equipment Reserve	XQ1703				
<i>Proposed Withdrawals (-)</i>		(350.0)	(350.0)	(350.0)	(350.0)
<i>Contributions (+)</i>		333.0	333.0	333.0	333.0
Total Reserve / Reserve Fund Draws / Contributions		605.9	588.9	571.9	554.9
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		605.9	588.9	571.9	554.9

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		2,137.8	2,137.8	2,158.6	2,179.4
Zoo Stabilization Reserve Fund	XQ2032				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			20.8	20.8	20.8
Total Reserve / Reserve Fund Draws / Contributions		2,137.8	2,158.6	2,179.4	2,200.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,137.8	2,158.6	2,179.4	2,200.2

* Based on 9-month 2016 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds (TBD)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		36,287.6	36,287.6	36,287.6	36,287.6
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>			(250.0)	(250.0)	(250.0)
<i>Contributions (+)</i>			250.0	250.0	250.0
Total Reserve / Reserve Fund Draws / Contributions		36,287.6	36,287.6	36,287.6	36,287.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		36,287.6	36,287.6	36,287.6	36,287.6

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		19,645.5	19,645.5	19,877.9	20,110.3
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			232.4	232.4	232.4
Total Reserve / Reserve Fund Draws / Contributions		19,645.5	19,877.9	20,110.3	20,342.7
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	19,877.9	20,110.3	20,342.7

* Based on 9-month 2016 Reserve Fund Variance Report

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2016	2017			2018	2019
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
General Admission to the Toronto Zoo - Peak time	Zoo Visitor Services	Market Based	Per Entry	\$28.00		\$1.00	\$29.00	\$29.00	\$29.00
Admission to Toronto Zoo-Children (ages 4-12) -Peak time	Zoo Visitor Services	Market Based	Per Entry	\$18.00		\$1.00	\$19.00	\$19.00	\$19.00
Admission to the Toronto Zoo-Seniors (over 65) - Peak time	Zoo Visitor Services	Market Based	Per Entry	\$23.00		\$1.00	\$24.00	\$24.00	\$24.00