

2025 Operating Plan and Budget

Date: September 12, 2024
To: Board of Management of the Toronto Zoo
From: Director, Finance, Technology and Innovation
Wards: All

SUMMARY

This report submits the Toronto Zoo 2025 Operating Plan and Budget for approval. The Policy & Finance Committee reviewed the 2025 Operating Plan and Budget on 2024-09-12 and recommended it for approval by the Board.

RECOMMENDATIONS

The Director, Finance, Technology and Innovation recommends that:

1. Board of Management of the Toronto Zoo approve the 2025 Operating Plan and Budget as attached in Attachment 1.

FINANCIAL IMPACT

Approval of the 2025 Operating Plan and Budget will require net expenditure funding from the City of Toronto in the amount of \$13.9 million (an increase of 7.3% from 2024 budget and decrease of 14.3% from 2023 actuals), consisting of gross expenditures of \$72.8 million and revenues and recoveries in the amount of \$58.9 million.

DECISION HISTORY

Your Toronto Zoo is committed to living our mission of connecting people, animals, conservation science and traditional knowledge to fight extinction. Through its new 2025-2027 Guardians of Wild Strategic Plan, your Toronto Zoo remains committed to evolving and growing as a leader in conservation science, challenging our past status quo elements, making improvements in the areas of wildlife care and welfare, education, and research, collaborating with community, academic and indigenous partners, and continually enhancing the guest experience.

Your Toronto Zoo has focused its attention on accelerating conservation impact in support of Canadian and global biodiversity strategies, and in cooperation with the International Union for the Conservation of Nature (IUCN), Association of Zoos and Aquariums (AZA) and other conservation-focused organizations locally and abroad. Driving meaningful progress towards a nature-positive future is critical to our organization's long-term success and requires close alignment of our financial resources with our strategic goals. Base attendance estimation for 2025 is at 1.39 million guests, representing an increase of 6.9% (90,000 guests) compared to 2024 budget levels, or 3.0% over last twelve months attendance through August 31, 2024. This is an ambitious but achievable estimate based on attendance over the past twelve-month period from September 2023 to August 2024 and projected year-end forecasts. This estimate is referenced in the communication to the Financial Planning Division of the City.

COMMENTS

The Toronto Zoo's 2025 Operating Plan and Budget seeks to build on the momentum of its 50th anniversary celebrations and launch of the new 2025-2027 Toronto Zoo Guardians of Wild Strategic Plan, promoting leadership in conservation science through research and education, connecting Toronto's residents and visitors with animals, plants and conservation stories from around the world, and celebrating Toronto's diversity alongside the world's biodiversity. The 2025 Operating Budget recognizes this important milestone and advances key strategic priorities while minimizing the overall net impact to the City of Toronto.

The Toronto Zoo's requested 2025 Operating Plan and Budget submission has a Net Operating Cost to the City of Toronto of \$13.9 million which represents a 7.3% increase from 2024 budgeted Net Operating Costs. This increase is necessary to address rising operational costs and inflationary pressures, including City specified rate adjustments and minimum wage adjustments. Additionally, these funds are vital for addressing critical gaps in science literacy and education across all age groups resulting from the temporary closure of the Ontario Science Centre, as well as the growing need for skills development for youth from equity seeking communities. Importantly, funds will also support the continued expansion of our conservation science programs to ensure we are exceeding requirements for animal health and welfare, and actively engaging in conservation actions locally and nationally.

Gross Expenditures

Gross 2025 program expenditures of \$72.8 million have increased by 8.5 million (13%) over 2024. This includes \$3.7 million in gross investment in conservation science (research and education) and animal welfare consistent with the conservation focus of the Zoo's 2025-2027 Strategic Plan.

The ongoing biodiversity and climate crises, coupled with the growing mental health challenges, require urgent action and a nature-positive approach. Our national and global research programs have provided high-level training to undergraduate and graduate students, as well as interns and co-op students, and prepared them for

science careers in the conservation and other sectors. Equally, our capacity for science communication and knowledge transfer in an experiential setting has made an impact on conservation communities resulting in our participation in 25 field projects across North and South America and beyond. One of our focal projects moving forward is the expansion of your Toronto Zoo's biobank to a national biobank for Canadian species at risk, which will require significant attention and resources over the next few years. The investment of \$3.7 million in 2025 is necessary to support expansion of our conservation research activities, including the acquisition of tools and equipment for field and laboratory work, materials and supplies used in animal enrichment and the recruitment of research staff and post doctoral fellows to undertake scientific studies and related knowledge dissemination. A total of \$2.3 million in deferred revenues from grants and donations will be leveraged as offsets for these costs.

The expenditure increase also includes funding of \$313,000 to support the continuation of the Climate Action Learning and Leadership (CALL) program. The CALL program aims to engage and inspire youth from equity-deserving communities to take action to combat climate change through four month paid internships in various areas at our Zoo. CALL participants are hired from historically under-represented communities, including low-income neighborhoods, BIPOC members, and new Canadians, to take action to combat climate change. CALL is an award-winning program having been recognized with the Eleanore Oakes Award for Education Program Design by the Canadian Association of Zoos and Aquariums in 2021, and the Best Project in the \$250K-\$1M Budget Range by the Canadian Association of Science Centres in 2022 (in addition to Runner up, Excellence in Public Education, America).

CALL has provided 142 youth with paid internships at the Zoo between 2021 and 2023. 87% of youth who have participated in the program demonstrated a better understanding of climate change upon completing the CALL program. 47% that have participated demonstrated an interest in pursuing a career in the fields of conservation and/or environmental science. During the first two years the CALL program was funded through a federal government grant. In 2024, the grant application was not approved and the program was funded with the support of the Toronto Zoo Wildlife Conservancy with a much lower level of youth participants. For 2025 the Toronto Zoo is seeking to absorb the cost of CALL program within its budget to ensure it can be continued on a stable basis.

Additional increases are proposed to realign 2025 budgeted expenditures with post pandemic actuals to improve financial management and forecasting. This includes increases in staffing costs related to deployment of seasonal staff to support higher and sustained attendance levels, minimum wage, collective agreement and other inflationary adjustments, and adjustment to key operational expenditures (such as food services and retail) to reflect higher annual delivery costs.

In preparing the 2025 budget, detailed line-by-line reviews were conducted to ensure alignment with actuals expenditures, identify efficiencies and offsets, and leverage deferred revenues where possible to minimize impacts to the City contribution to the extent possible. Through this, the impact of the gross budget increase has been kept to just \$0.9 million, a 7% increase over the 2024 City allocation but just 1% of the overall gross budget.

Gross Revenues

Gross 2025 program revenues of \$58.2 million, an increase of \$7.5 million (15%) from 2024 budget, are driven by an increase of 90,000 guests in budgeted attendance to 1.39 million and the associated admission fees including related retail, ride, food and parking revenues. A \$1.00 increase to the maximum admission fee under the dynamic pricing platform is proposed across all categories (i.e., adult, senior, child). With this change the maximum price per adult would increase of \$45.95 per adult on peak days would align with admission fees of market comparators and help manage crowding levels during peak periods which can negatively impact the guest experience. Under dynamic pricing, admission fees vary based on expected demand due to the season, day of the week and weather conditions. Guests can take advantage of lower admission fees through advanced purchases and during non-peak days with rates below \$25 per adult.

Additional user fee adjustments are also proposed to adjust for inflation, demand levels and market comparators. This includes adjustments to membership, parking, education programs and rides. Fees for membership, parking and rides were not increased in 2024.

Managing Budget Impact

In preparing the 2025 budget detailed line-by-line reviews were conducted to ensure alignment with actual expenditures, identify offsets and leverage additional funding sources where possible to mitigate impacts to the City operating contribution. Despite a gross budget increase of \$8.5 (13%) over 2024 budget, the net impact of the increase to the City has been kept to just \$0.9 million, a 7% increase over the 2024 City allocation and just 1% of the overall gross budget.

To further help minimize the impact of admission and user fee adjustments, your Toronto Zoo continues to make available complimentary and discounted access to guests from equity seeking communities. The Toronto Zoo is proud to have been recognized as Partner of the Year by the Institute for Canadian Citizenship for being the most visited destination in Canada by new Canadians through the Canoo program. Canoo partners with organizations and attractions across Canada to provide access for new Canadians and their children, and is just one program supporting guests from equity-seeking communities to visit the Zoo at reduced cost. In 2024, your Toronto Zoo introduced complimentary year-round access for First Nations, Inuit and Metis people as part of our commitment to truth and reconciliation. Other programs include the Museum and Arts Pass (MAP) available for sign out through the Toronto Public Library, Model School in partnership with the Toronto District School Board (providing \$10 admission tickets), and the PaRx nature prescription program providing 50% off admissions in support of improved mental and physical health. In 2024 these programs, along with community partnerships with East Scarborough Storefront, Toronto Community Housing and Woodgreen have resulted in more than 70,000 complimentary and discounted visits to the Zoo through August at an estimated value of more than \$2.0 million.

To further improve value for guests while supporting attendance growth, your Toronto Zoo will also be exploring new fee options including a play-all-day inclusive price for

guests covering admissions and rides, in addition to discount and/or membership models for schools and their students.

Conclusion

Following 50th anniversary celebrations in 2024, 2025 heralds a new era for the Toronto Zoo with the launch of the 2025-2027 Guardians of Wild Strategic Plan. The 2025 operating budget establishes a solid and aligned foundation from which the Zoo can advance its strategic priorities to catalyze action on biodiversity and climate crises, achieve conservation science goals, enhance animal wellbeing, and deliver a nature-positive and world class guest experience while minimizing the financial pressures on the City of Toronto.

The 2025 Operating Budget submission to the Financial Planning Division of the City of Toronto will take place in accordance with prescribed deadlines. Approval by the Board will ensure the continued implementation of approved initiatives and strategies of the Board and Senior Management.

CONTACT

Jamie Austin
Director of Finance, Technology and Innovation
jaustin@torontozoo.ca
(416) 392-5914

SIGNATURE

Dolf DeJong
Chief Executive Officer

ATTACHMENTS

Attachment 1 - Toronto Zoo 2025 Operating Plan and Budget

ATTACHMENT 1

Toronto Zoo 2025 Operating Plan and Budget

Summary

Operating Budget								
\$ Thousands	2023 Actual	2024 Budget	2024 Projection*	2025 Budget	Chg from 2024 Budget		OUTLOOK	
					\$	%	2026	2027
Revenues	\$47,171	\$51,362	\$53,895	\$58,912	\$7,549	14.7%	\$60,385	\$61,894
Gross Expenditures	\$63,374	\$64,302	\$66,913	\$72,795	\$8,493	13.2%	\$74,978	\$77,228
Net Expenditures	\$16,203	\$12,940	\$13,017	\$13,883	\$943	7.3%	\$14,594	\$15,334
Approved Positions**	440.2	454.2	454.2	455.0	0.8	0%	462.0	469.0

*Projection based on 6 Month Variance

**YoY comparison based on approved positions

Key Budget Changes

(In \$000s)	2025				2026 Annualized impact (Net)	Comments
	Revenues	Gross	Net	Positions**		
2024 Projection*	53.9	66.9	13.0	454.0	N/A	
2024 Budget	51.4	64.3	12.9	454.2	N/A	
Key Cost Drivers:						
Prior Year Impacts						
Absorb CALL Program costs		0.3	0.3	1.0		Absorb Climate Action Learning and Leadership (CALL) program costs grant funded in prior years
Salary & Benefits						
COLA/Salary/Benefit Adjustments		2.4	2.4			Includes prescribed collective agreement and minimum wage adjustments
Non-Salary Inflation						
Corporate Economic Factors		0.3	0.3			City specified rate adjustments (e.g. fuel, utilities)
Other Base Changes						
Conservation, education and animal welfare		3.7	3.7			Investment in conservation science research, field equipment and animal welfare
Guest experience and health and safety		2.6	2.6			Adjustment in operating expenditures to align with higher attendance and post pandemic actuals
Administration, facilities and project delivery		0.6	0.6			Increase for facility maintenance requirements, removal of 2024 one-time expenditures
Revenue Adjustment						
Attendance forecast	1.8		(1.8)			Increase in annual budgeted attendance to 1.39 million
User fee adjustments	4.9		(4.9)			Various fee adjustments for admissions, memberships, education programs, food services, attractions and parking
Other revenues	0.5		(0.5)			Interest, rebates, tax recovery, etc.
Sub-Total - Key Cost Drivers	7.2	9.9	2.7	0.0		
Affordability Measures:						
Line by Line/Matching Actuals		(1.4)	(1.4)			Line by line reductions to align with 2023 actuals and 2024 projected spending
Grants and donations	0.3		(0.3)			Incremental deferred revenue leveraged
Sub-Total - Affordability Measures	0.3	(1.4)	(1.7)			
Total 2025 Budget	58.9	72.8	13.9	455.2		
Change from 2024 Budget (\$)	7.5	8.5	0.9	1.0	N/A	
Change from 2024 Budget (%)	15%	13%	7%	0%	N/A	

*Based on 6 Month Variance

**YoY comparison based on approved positions