

2025-2034 Capital 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 2025-2034 Capital Budget of the Toronto Zoo for approval. The Policy & Finance Committee reviewed the 2025-2034 Capital Budget on 2024-09-12 and recommended it for approval by the Board.

RECOMMENDATIONS

The Director, Finance, Technology and Innovation recommends that:

1. The Board of Management of the Toronto Zoo approve the 2025-2034 Capital Budget as shown in Attachment #1;
2. The Board of Management of the Toronto Zoo authorize the Director, Finance, Technology and Innovation to withdraw up to \$13.3 million in unrestricted donation funding held by the Toronto Foundation on behalf of the Board for the purposes of funding the 2025-2034 capital budget;
3. The Board of Management of the Toronto Zoo approves an increase in total construction costs to be tendered under the construction management contract for the Community Conservation Centre (Welcome Area) from \$57.4 million up to \$61.0 million in accordance with the approved 2024-2033 capital budget; and
4. The Board of Management of the Toronto Zoo authorize the Director, Facilities & Infrastructure or their designate to negotiate and enter into any necessary amendments to the construction management contract for the Community Conservation Centre (Welcome Area) as a result of the adoption of Recommendation 3, on terms acceptable to the Director, Facilities & Infrastructure and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The 2025-2034 Capital Budget is comprised of nine (9) projects and related sub-projects. The Capital Budget will require a total gross cash flow of \$345.3 million prior to consideration of outside funding sources and prior year carry forward balances. The total gross cash flow required in 2025 is \$50.3 million prior to consideration of outside funding sources and prior year carry forward balances.

The Capacity to Spend model, based on historical actual spend, is utilized by the City in determining total debt levels. As such, the 2025-2034 Capital Budget for the Zoo reflects the level of spending necessary to support the development of projects in the 2022 Master Plan approved by the Board of Management in addition to projects required to support your Toronto Zoo in realizing greenhouse gas emission reduction targets under the TZNet0 plan and the City's TransformTO Net Zero plan.

DECISION HISTORY

The foundation of the 2025-2034 Capital Budget is your Toronto Zoo's 2022 Master Plan and the new 2025-2027 Guardians of Wild Strategic Plan. It reflects a balance of modernization, transformational, and innovative initiatives supported by the Board, Senior Management and our communities to meet the changing needs of nature and society. All projects will be designed to consider the actions required to meet the City's compliance with AODA legislation and be consistent with the direction provided in the new Strategic Plan to be before the Board of Management at its meeting on October 2, 2024

The Master Plan and proposed project sequencing addresses the challenge faced by your Toronto Zoo in maintaining an adequate state of good repair and developing new, dynamic habitats and guest experiences within the previous debt target model used by the City of Toronto. Implementation of the Master Plan is essential to your Toronto Zoo's future in order to achieve our vision for conservation impact and animal welfare while meeting evolving guest expectations. This budget will position us well to address these challenges and ensure we are meeting the standards expected by our community while also contributing to your Toronto Zoo's and City of Toronto's efforts to address climate change.

COMMENTS

Your Toronto Zoo continues to make strategic investments that advance the vision for a modern, sustainable and year-round conservation science and tourism destination set out in the 2022 Master Plan and in accordance with the standards established by the Association of Zoos and Aquariums (AZA), the Canadian Council on Animal Care (CCAC) and applicable regulations of the Province of Ontario and City of Toronto.

Overall, the 2025-2034 Capital Budget has increased \$136.7 million gross (65%) to \$345.3 million over the ten-year forecast period (excluding estimated 2024 carryforward funding). This is primarily attributable to the introduction of two new projects totaling \$75.2 million prioritized under the City of Toronto's Carbon Budget process that will contribute significant greenhouse gas emission reductions in support of both Toronto Zoo and City of Toronto targets, in addition to cost increases associated with the Toronto Zoo Community Conservation Centre (Welcome Area), Savanna Indoor Holding and Viewing projects and other state of good repair needs. As part of the capital program, a minimum of \$79.3 million in external funding (23% of the gross capital budget) will be leveraged to minimize City funding requirements, including \$66.0 million from the Toronto Zoo Wildlife Conservancy through 2034.

The following discussion provides further information on the projects included in the 2024-2033 Capital Budget.

Sustainability (Carbon Budget Priority Projects)

Two new additions to the Toronto Zoo's 10 year capital plan have been identified through the City of Toronto Carbon Budget prioritization process. The first is the TZNet0 Transition Plan at \$65 million through 2030 to implement site-wide renewable energy generation, water conservation and grey water installations, waste management improvements and related infrastructure retrofits. The project is estimated to achieve a reduction of 3,336 tonnes of CO₂e annually.

The second project involves replacing diesel and natural gas powered generators used across the Zoo site with sustainable energy sources. This project is estimated to cost \$10.2 million with the majority of spending anticipated in 2027 and 2028. Upon completion the project is forecast to realize an annual reduction of 589 tonnes of CO₂e annually.

Toronto Zoo Community Conservation Centre (Welcome Area)

The Toronto Zoo Community Conservation Centre is a critical element for Zoo revitalization and community engagement, as well as our expanding education and training initiatives. The front entrance has not been significantly updated since 1974, is the first and last destination for guests, and has been prioritized in the current Master Plan. Overall, this area will be a community hub with modernized Zoo front entrance elements such as entrance wickets and retail facilities. In addition, the concept includes program elements such as conservation displays, classrooms and wet laboratories which will be shared with the University of Toronto Scarborough, another significant anchor in the Scarborough community.

These additional spaces will enhance our ability to provide experiential learning opportunities across all ages, specifically for high-impact programs serving equity seeking community members, such as the Climate Action Learning and Leadership (CALL) program. Further, the facility will enable your Zoo, along with our academic partners, to immerse students in a working conservation organization providing a valuable experience for young conservation practitioners. The project also includes exterior improvements to landscaping and courtyard design and a new outdoor habitat.

A talking circle with Indigenous leaders was held in July 2023 to gather their considerations for the new building in order to inspire and strengthen the design process and final product.

Construction of the Community Conservation Centre commenced in November 2023 with expected completion in the second quarter of 2026. The 2024-2033 capital plan included an increase in funding for the Community Conservation Centre project to reflect cost escalations based on more detailed construction estimates and inflationary impacts. Additional cost escalations have been incurred as trade work has been issued for tender, along with added costs resulting from design and permit related delays. Overall, the total cost for this project has increased to \$79.0 million.

The net debt impact to the City has been offset in its entirety through the allocation of additional external funding. This includes an additional \$2 million in funding from the Toronto Zoo Wildlife Conservancy, bringing the total contribution from the Conservancy to the Community Conservation Centre to \$17 million. It also includes up to \$13.3 million in unrestricted funding to be leveraged from the Toronto Foundation subject to approval by the Board. With this withdrawal the Toronto Foundation will continue to hold approximately \$4.7 million in restricted funding on behalf of the Toronto Zoo.

At present, construction of the Community Conservation Centre has been progressing in accordance with the approved 2024-2033 capital budget of \$64.0 million and the construction manager contract awarded to PCL Constructors Canada Inc. based on a total construction cost of \$57.4 million. As a result of higher than estimated tendering for sub-trades, the total construction cost will exceed \$57.4M. Pending approval of the increased project budget in the 2025-2034 capital budget by City Council in February 2025, it is recommended that the construction manager be authorized to proceed with project tendering based on a revised construction cost of \$61.0M keeping within the overall project cost approved in the 2024-2033 capital budget.

Savanna Indoor Winter Holding & Viewing

The new Savanna Indoor pavilion will be located in the middle of the Zoo and create a large indoor habitat for Africa species, while also creating new vantage points onto the expansive Savanna landscape. Along with providing new event spaces and activation opportunities, it will strengthen our leadership in the care and welfare of global species in northern climates thereby significantly improving the winter Zoo experience for both animals and guests. With the ever-changing landscape for animal welfare science, appropriate spaces for choice and control throughout all seasons are a critical component for meeting the needs of complex and long-living species, including added layers of complexity in the health and welfare management of older animals.

Design has been progressing throughout 2024. As design work advances, cost estimates have been updated to more accurately reflect current material and construction rates. Overall gross construction costs are estimated to increase by \$14.9 million to \$40 million from the 2024-2033 capital plan reflecting updated design and construction estimates and inflation. To help mitigate this impact, construction start has been deferred to from 2025 to 2026 and will continue through 2028, and an additional

\$4.0 million in funding from the Toronto Zoo Wildlife Conservancy has also been committed to minimize the net cost to the City.

Building & Services Refurbishment

The Building & Services Refurbishment projects will comprise several smaller projects in 2025 and beyond. The objective is to implement the repair or replacement of building components requiring attention over the next 10+ years. A high priority will be placed on those repairs that are required to meet AZA Accreditation standards including state of good repair projects and roof replacements. This will also include sustainability efforts to reduce our carbon footprint and environmental impact as described in the TZNet0 Plan.

Exhibit Refurbishment Exhibit & Holding

Refurbishment projects are part of a multi-year plan involving various initiatives to renovate smaller exhibits throughout the zoo site that are not part of a major redevelopment project. These projects are also important for meeting the changing CCAC and welfare requirements for animals under human care, primarily those involved in conservation research and education.

Information Systems

In 2025, the Zoo will focus on updating software and hardware, cybersecurity enhancements, new systems and tools to improve operational efficiency and guest experience, and other projects identified in the 2022 Technology Master Plan. Increasing our capacity in imaging and data analytics through artificial intelligence processes is a requirement for our data-driven future. Upgrades will enhance our ability to provide real-time response to health and welfare needs, thereby exceeding professional standards for animal wellbeing.

Grounds and Visitor Improvements

The Grounds and Visitor Improvements Projects address the needs of the public pertaining to visitor amenities, the appearance of indoor and outdoor areas, improvements to site circulation and visitor orientation.

In 2024, expenditures in this category will focus on addressing issues in relation to accessibility and pathway improvements. Some of the projects identified in this category include a new corporate picnic area, winter accessibility, perimeter fence upgrades and pathways, wildlife program improvements and the redevelopment of the nutrition centre.

Toronto Zoo Master Plan

The Toronto Zoo Master Plan project is a new addition to the 10 year capital plan, identifying investment requirements of \$33.7 million expected in the next three to six years to support priority initiatives that advance the conservation and animal well-being goals set out in the Master Plan and 2025-2027 Strategic Plan. This includes a Species at Risk Breeding Centre, Animal Nutrition Centre, and Saving Species Sanctuary.

Future capital budget submissions will provide updated details as project plans are refined and timelines confirmed.

Conclusion:

The mission of your Toronto Zoo is connecting people, animals, conservation science and traditional knowledge to fight extinction. Your Toronto Zoo's 2025-2027 Guardians of Wild Strategic Plan has been updated with this mission in mind and will result in dynamic and exciting improvements for the future sustainability of the Toronto Zoo, showcasing conservation science in our community and celebrating our guests.

Since inception in 1974, over \$270.0 million has been invested in the City's assets through the Capital Works Plan (CWP). The 2025-2034 Capital Budget represents a balanced approach to maintaining the existing facilities while advancing key Zoo and City priorities. Approval of the plan will enable the Toronto Zoo to complete various key state of good repair projects and ensure we continue to operate at and above the AZA standards for animal care and well-being. It will also advance key emission reduction priority projects in achieving the net zero greenhouse gas emission targets of the TZ Net Zero plan and City's Transform TO emission reduction strategy.

Your Toronto Zoo team will continue to plan for the long term and ensure our financial sustainability through continued collaboration and strengthening of our external fundraising relationships, particularly with the Toronto Zoo Wildlife Conservancy. The continued support of the City through the Capital Program, in combination with continued fundraising progress in our highly competitive marketplace, will facilitate the continuous improvement of the Zoo for both animals and guests.

CONTACT

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SIGNATURE

Dolf DeJong
Chief Executive Officer

ATTACHMENTS

Attachment 1 - Toronto Zoo Capital Budget 2025-2034

TORONTO ZOO CAPITAL BUDGET 2025-2034																								
(\$000's)	Project Title (to be placed in priority order)	Estimate 2024 Carryforward	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		Total from	
			Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt
	Debt Supported Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Welcome Area - Construction	3,443	38,625	21,325	12,730	5,730																	55,798	30,498
	Welcome Area - Design																							
	Savanna Indoor Winter Holding & Viewing Design	700	2,000	2,000	400	400	400	400															3,500	3,500
	Savanna Indoor Winter Holding & Viewing Construction				5,000	5,000	20,000	17,000	15,000	8,000												40,000	30,000	
	Toronto Zoo Master Plan						1,000	1,000	5,196	5,196	7,196	2,196	6,770				6,770					33,702	8,302	
	Building & Services Refurbishment - multiple projects	2,345	1,649	1,649	6,000	6,000	4,000	4,000	7,250	7,250	5,691	5,691	7,150	6,920	6,503	6,273	19,410	15,160	7,857	857	7,500	500	75,355	56,666
	Exhibit Refurbishment - multiple projects (larger items)	1,481	2,093	2,093	5,000	5,000	1,800	1,800	1,650	1,650	2,800	2,800	1,800	1,800	2,500	2,500	1,888	1,888	2,000	2,000	2,000	2,000	25,012	25,012
	Information Systems - multiple projects - tech master plan		1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	11,000	11,000
	Grounds and Visitor Improvements - multiple projects		3,300	3,300	3,500	3,500	3,000	3,000	2,018	2,018	2,000	2,000	1,862	1,862	2,000	2,000	5,675	5,675	1,200	1,200	1,200	1,200	25,755	25,755
	Carbon Budget - Site-wide generator replacement (Recommended)		100	100	100	100	5,000	5,000	5,000	5,000	10,000	10,000	4,000									10,200	10,200	
	Carbon Budget - Equipment replacements (Recommended)		400	400	600	600	25,000	25,000	25,000	25,000												65,000	65,000	
	Total - Internally Funded Projects	7,969	50,267	31,967	34,430	27,430	61,300	56,300	62,214	56,214	28,787	23,787	22,682	15,682	18,873	11,873	34,843	23,843	12,157	5,157	11,800	4,800	345,322	266,022
	External Unallocated Funding																							
	TOTAL Projects (including carryforward funding)	7,969	50,267	31,967	34,430	27,430	61,300	56,300	62,214	56,214	28,787	23,787	22,682	15,682	18,873	11,873	34,843	23,843	12,157	5,157	11,800	4,800	345,322	266,022
	External Allocated Funding			18,300		7,000		3,000		7,000		5,000		7,000		7,000		11,000		7,000		7,000		79,300