

Toronto 2018 BUDGET



OPERATING BUDGET NOTES



Toronto Zoo

2018 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.

2018 Budget Summary

The total cost to deliver these services to Toronto residents is \$52.092 million gross and \$12.083 million net as shown below:

(in \$000's)	2017 Budget	2018 Preliminary Budget	Change	
			\$	%
Gross Expenditures	52,546.3	52,092.0	(454.3)	(0.9%)
Revenues	40,512.0	40,009.2	(502.7)	(1.2%)
Net Expenditures	12,034.3	12,082.8	48.5	0.4%

Through increased Zoomobile revenues, the Zoo is able to partially offset \$0.222 million in operating budget pressures, arising mainly from inflationary increases in utilities and cost of living adjustments to staff salaries and benefits, while maintaining 2017 service levels for 2018.

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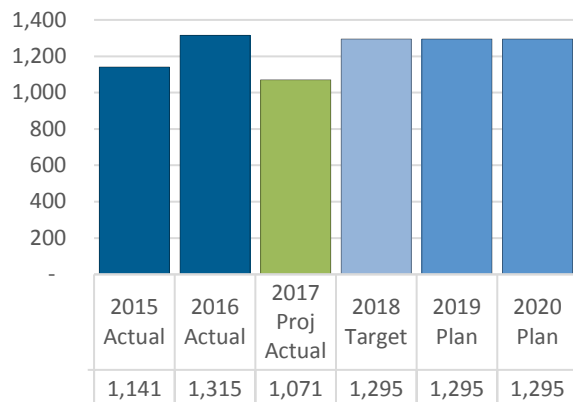
FAST FACTS

- The Toronto Zoo opened its new state-of-the-art Wildlife Health Centre in July 2017, providing guests with a window to behind-the-scenes access to the day-to-day conservation and endangered species breeding and scientific programs in the wildlife health and research subject areas.
- Toronto Zoo has made significant advances in the area of Reproductive Physiology and species survival most notably with the birth of twin panda cubs in late 2015 that will depart the Zoo in 2018.
- Species survival success in 2017 is reflected in the birth of cheetahs, clouded leopards, snow leopards, and various reptile species.
- The release of Blandings turtles was successful in 2017.
- The Zoo has over 5,000 animals representing over 500 species.

TRENDS

- Although the Toronto Zoo was affected by labour disruption in May and June 2017, the Zoo will not achieve the budgeted attendance level of 1.325 million due to labour disruption that forced shut down of the Zoo during May and June 2017.
- The Zoo decreased the attendance projections over the next three years to reflect the Panda departure in March 2018.
- It is a priority of the Zoo to develop and implement plans to stimulate and sustain current attendance and membership projections to offset the impact of the Panda departure.

Output Measure - Attendance (000's)



KEY SERVICE DELIVERABLES FOR 2018

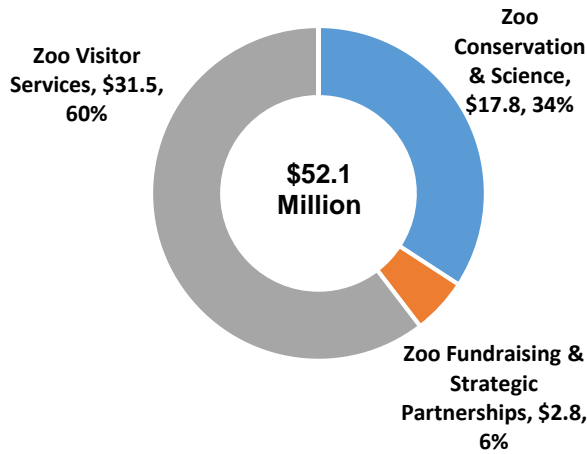
Toronto Zoo is responsible for the care of over 5,000 animals which represents seven zoo geographic regions. As a living centre for education and science, the Zoo is committed to providing compelling experiences and inspiring passion to protect wildlife and habitats.

The 2018 Preliminary Operating Budget will enable the Toronto Zoo to:

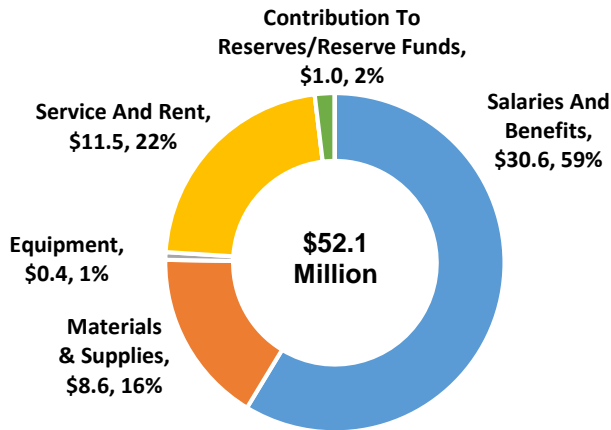
- Implement the five (5) year Strategic Plan and the new 2016 Master Plan.
- Continue collaborative efforts with Parks Canada to maximize the potential benefits associated with the location of the Toronto Zoo adjacent to the Rouge National Urban Park.
- Obtain / maintain accreditation with various accrediting 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.

Where the money goes:

2018 Budget by Service

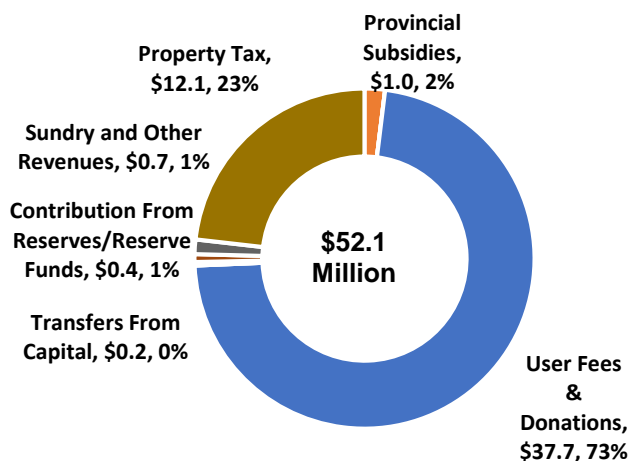


2018 Budget by Expenditure Category



Where the money comes from:

2018 Budget by Funding Source



OUR KEY ISSUES & PRIORITY ACTIONS

- **Increase Revenues to address** ongoing operational pressures arising from inflationary increases to utilities and cost of living adjustments to salaries and benefits.

 - ✓ The 2018 Preliminary Operating Budget includes a proposed increase to the Zoomobile Program fee by \$1, consistent with its fee review cycle and community consultations.
 - ✓ The Zoo will also invest \$1.4 million in winter-friendly Zoomobiles to enable a winter Zoomobile Program to partially offset the base budget pressures.
- **Establish an Independent Charitable Organization** that will focus on Zoo campaigns and raise funds for exhibit improvements, and conservation and education programs.

 - ✓ Toronto Zoo will receive increased donations through the newly created organization to support the capital and operating costs thereby reducing the future property tax pressures on the City.

2018 OPERATING BUDGET HIGHLIGHTS

- The 2018 Preliminary Operating Budget for Toronto Zoo is \$52.092 million gross and \$12.083 million net representing 0.4% increase to the 2017 Approved Operating Budget.
- The Agency could not meet the budget target due to increased utility costs and cost of living adjustments
- Pressures were partially mitigated with savings from the following measures:
 - ✓ Base expenditure reductions due to Panda departure (\$1.040 million net).
 - ✓ Increased revenue from \$1 increase in Zoomobile fee (\$0.075 million net).
- Staff complement will increase by 2.0 for winter Zoomobile operations from 2017 to 2018.
- An expanded Zoomobile Program during the winter season results in:
 - ✓ Decrease in net expenditures by \$0.099 million 2018 and \$0.313 million annually beginning in 2019.
- The 2018 Preliminary Operating Budget provides funding for the following core Zoo Services:
 - ✓ Zoo Conservation & Science
 - ✓ Zoo Fundraising & Strategic Partnerships
 - ✓ Zoo Visitor Services

Actions for Consideration

Approval of the 2018 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2018 Preliminary Operating Budget for Toronto Zoo of \$52.092 million gross, \$12.083 million net for the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Zoo Conservation & Science	17,805.1	15,798.4
Zoo Fundraising & Strategic Partnerships	2,824.1	356.6
Zoo Visitor Services	31,462.8	(4,072.2)
Total Program Budget	<u>52,092.0</u>	<u>12,082.8</u>

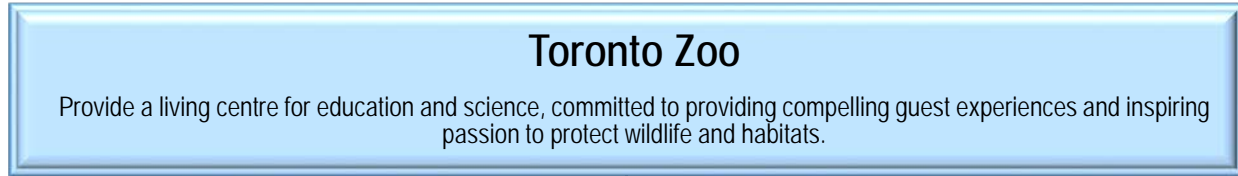
2. City Council approve the 2018 service levels for Toronto Zoo as outlined on pages 14, 17, and 19 of this report, and associated staff complement of 396.0 positions, comprising 0.0 capital project delivery positions and 396 operating positions.
3. City Council approve the 2018 adjustments to user fees for Toronto Zoo identified in Appendix 7, for inclusion in the Municipal Code Chapter 441 "Fees and Charges".



Part 1

2018-2020 Service Overview and Plan

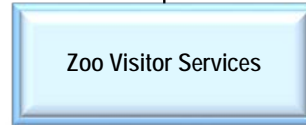
Program Map



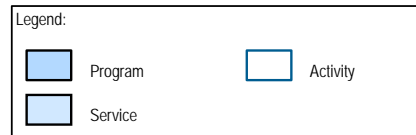
Purpose:
 To emphasize the role of zoos in providing leadership in conservation and sustainability programs including the preservation of endangered plants, animal species and threaten natural areas while emphasizing zoo-geographical exhibits of habitats, the stewardship role in managing our planet, and the maintenance of biodiversity and natural ecosystems.
 To 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 inspired 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.



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 provide 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 population and its commitment to sustainable living, ultimately inspiring people to love, respect and protect wildlife and wilds spaces.



Service Customer

Zoo Visitor Services

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

Indirect (Beneficiary)

- 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 (Beneficiary)

- 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 (Beneficiary)

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

Table 1
2018 Preliminary Operating Budget and Plan by Service

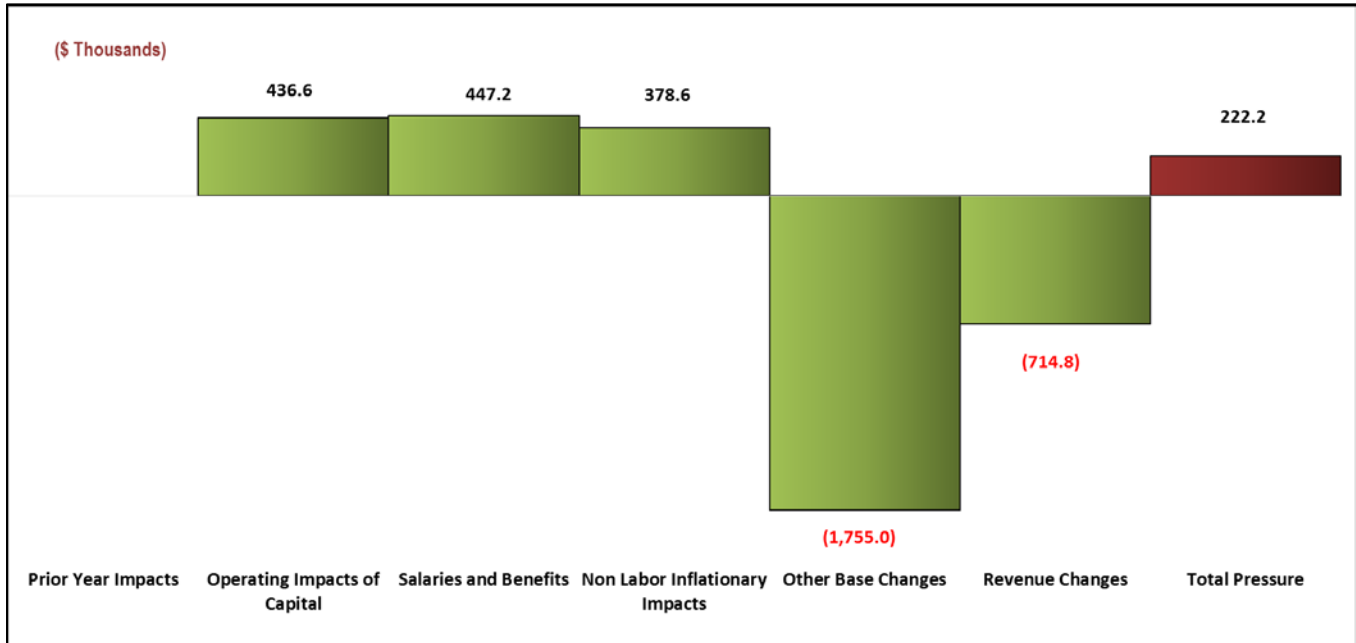
(In \$000s)	2017		2018 Preliminary Operating Budget			2018 Preliminary vs. 2017 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget			2019 Plan		2020 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Zoo Conservation & Science											
Gross Expenditures	18,454.1	17,823.3	17,805.1		17,805.1	(649.0)	(3.5%)	278.5	1.6%	430.5	2.4%
Revenue	2,006.7	1,869.5	2,006.7		2,006.7						
Net Expenditures	16,447.4	15,953.9	15,798.4		15,798.4	(649.0)	(3.9%)	278.5	1.8%	430.5	2.7%
Zoo Fundraising & Strategic Partnerships											
Gross Expenditures	2,806.6	1,649.8	2,824.1		2,824.1	17.5	0.6%	20.9	0.7%	19.7	0.7%
Revenue	2,467.5	1,252.8	2,467.5		2,467.5						
Net Expenditures	339.1	397.0	356.6		356.6	17.5	5.2%	20.9	5.6%	19.7	5.2%
Zoo Visitor Services											
Gross Expenditures	31,285.6	30,138.1	31,424.5	38.3	31,462.8	177.2	0.6%	466.4	1.5%	355.2	1.1%
Revenue	36,037.7	30,581.1	35,397.9	137.0	35,535.0	(502.7)	(1.4%)	332.2	0.9%		
Net Expenditures	(4,752.1)	(443.0)	(3,973.5)	(98.7)	(4,072.2)	679.9	(14.3%)	134.1	(4.1%)	355.2	(9.0%)
Total											
Gross Expenditures	52,546.3	49,611.3	52,053.7	38.3	52,092.0	(454.3)	(0.9%)	765.8	1.5%	805.4	1.5%
Revenue	40,512.0	33,703.4	39,872.2	137.0	40,009.2	(502.7)	(1.2%)	332.2	0.8%		
Total Net Expenditures	12,034.3	15,907.9	12,181.5	(98.7)	12,082.8	48.5	0.4%	433.6	3.6%	805.4	6.4%
Approved Positions	394.0	394.0	394.0	2.0	396.0	2.0	0.5%				

The Toronto Zoo's 2018 Preliminary Operating Budget is \$52.092 million gross and \$12.083 million net, representing a 0.4% increase to the 2017 Approved Net Operating Budget and is over the budget target by 0.4% or \$0.049 million as set out in the 2018 Operating Budget Directions approved by Council.

- Base pressures are mainly attributable to cost of living adjustments (COLA) to salaries and benefits, as well as inflationary increases in utilities.
- To help mitigate the above pressures, the Agency will increase the user fee rate by \$1 for the Zoomobile Program which will generate additional revenue of \$0.075 million, based on the current demand level.
- New and enhanced service include expanding the Zoomobile Program service to be available during the winter season starting late 2018.
- Approval of the 2018 Preliminary Operating Budget will result in Toronto Zoo increasing its total staff complement by 2.0 positions from 394.0 to 396.0.
- The 2019 and 2020 Plan increases are attributable to COLA and inflationary increases in utilities, partially offset by revenues generated from the expansion of the Zoomobile Program.

The following graphs summarize the operating budget pressures for Toronto Zoo and the actions taken to offset/reduce these pressures to meet the budget reduction target.

Key Cost Drivers



Actions to Achieve Budget Reduction Target

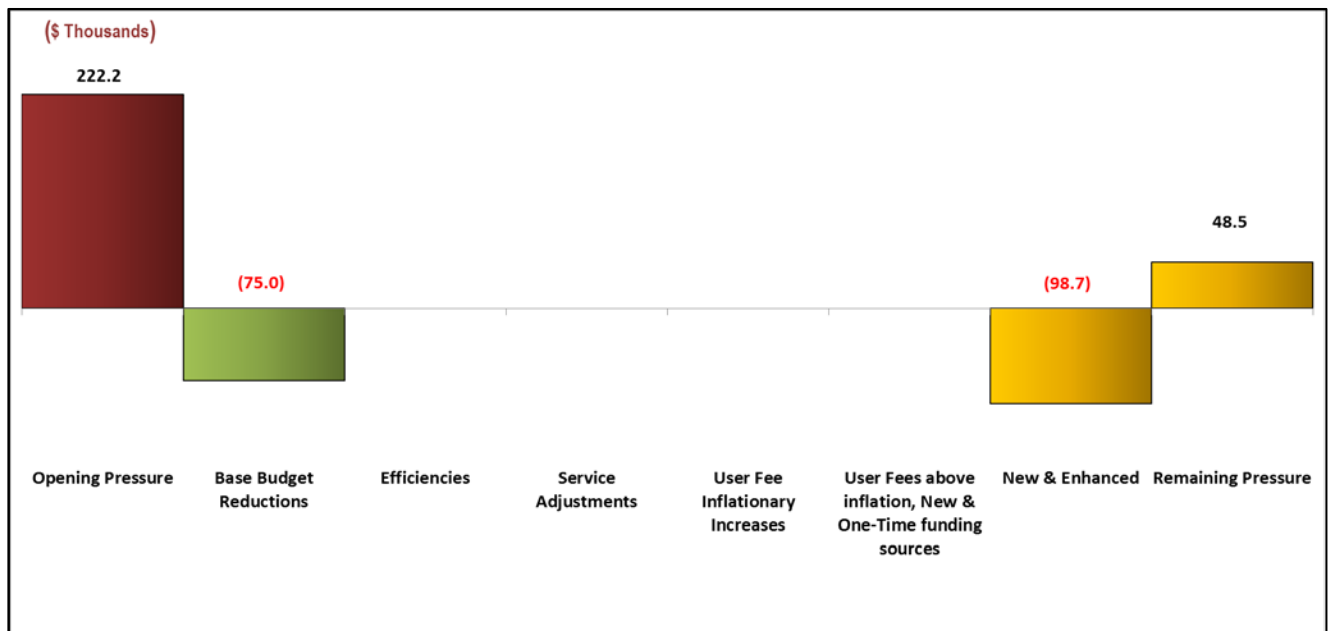


Table 2
Key Cost Drivers

(In \$000s)	2018 Base Operating Budget			Total	
	Zoo Conservation & Science	Zoo Fundraising & Strategic	Zoo Visitor Services	\$	Position
	\$	\$	\$	\$	
Gross Expenditure Changes					
Operating Impacts of Capital					
Wildlife Health Centre Service Changes			436.6	436.6	
Salaries and Benefits					
COLA	135.1	13.3	155.8	304.1	
Benefit Adjustments	80.9	4.2	57.9	143.0	
Economic Factors					
Corporate Economic Factors (Utilities)			124.7	124.7	
Divisional Economic Factors	80.0		174.0	254.0	
Other Base Expenditure Changes					
Panda Exhibit Final Year Impact	(945.0)		(810.0)	(1,755.0)	
Total Gross Expenditure Changes	(649.0)	17.5	138.9	(492.6)	
Revenue Changes					
Base Revenue Changes					
Decrease in Visitors Due to Panda Departure			(543.9)	(543.9)	
Decrease in Membership Subscriptions			(170.8)	(170.8)	
Total Revenue Changes			(714.8)	(714.8)	
Net Expenditure Changes	(649.0)	17.5	853.7	222.2	

Key cost drivers, offsetting cost reductions and revenue increases for Toronto Zoo are discussed below:

Gross Expenditure Changes

- Operating Impacts of Capital:
 - The opening of the new Wildlife Health Centre will increase utilities and custodial supply costs by \$0.437 million.
- Salaries and Benefits
 - A new collective agreement was finalized beginning April 1st 2017 expiring on March 31st 2021 set at 1.25% per annum.
- Economic Factors:
 - Inflationary increases are applied to utilities.
- Other Base Changes
 - Panda-related costs such as insurance, panda feed, and conservation and science research are reduced by \$1.755 million.

Revenue Changes

- The net decreases in membership subscriptions and visitor attendance at the Zoo totalling \$0.715 million are driven by the Pandas' departure in March 2018.

In order to offset the net pressures of \$0.222 million, Toronto Zoo's 2018 Preliminary Operating Budget includes base revenue adjustments of \$0.075 million net, as detailed below.

**Table 3
Actions to Achieve Budget Reduction Target
2018 Preliminary Service Change Summary**

Description (\$000s)	Service Changes						Total Service Changes			Incremental Change			
	Zoo Conservation & Science		Zoo Fundraising & Strategic Partnerships		Zoo Visitor Services		\$	\$	#	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Revenue Adjustments													
\$1 Increase to Zoomobile Program						(75.0)		(75.0)					
Total Changes						(75.0)		(75.0)					

Toronto Zoo did not meet the budget target but was able to partially offset the operating budget pressures with the following measures:

Revenue Adjustments (\$0.075 million net)

\$1 Increase to Zoomobile Program Fee

- The Zoo proposes a \$1.00 increase to the Zoomobile Program fee. This is consistent with its regular user fee review cycle and is supported by research and public consultation showing that this will not negatively affect the public use of the Zoomobile.

**Table 4
2018 Preliminary New & Enhanced Service Priorities**

Description (\$000s)	New/Enhanced						Total			Incremental Change			
	Zoo Conservation & Science		Zoo Fundraising & Strategic Partnerships		Zoo Visitor Services		\$	\$	Position	2019 Plan		2020 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Enhanced Services Priorities													
Staff Initiated:													
Winter Zoomobile Program					38.3	(98.7)			2.0	(214.1)		1.8	
Total Enhanced Services					38.3	(98.7)			2.0	(214.1)		1.8	
Total New / Enhanced Services					38.3	(98.7)			2.0	(214.1)		1.8	

Enhanced Service Priorities (\$0.038 million gross & \$0.099 million net revenue)

Winter Zoomobile Program

- Extending the Zoomobile Program availability to include the winter season will generate additional net revenue of \$0.099 million in 2018.
- On an annualized basis, the winter Zoomobile Program will generate annual net revenue of \$0.313 million starting 2019, and requires two new positions to operate the Zoomobile vehicles and administer the Program.
- The 2018 Preliminary Capital Budget for the Toronto Zoo includes a total of \$1.400 million allocated over 2018 and 2019 to acquire new Zoomobiles to support the winter service.

Approval of the 2018 Preliminary Operating Budget for Toronto Zoo will result in a 2019 incremental net cost of \$0.434 million and a 2020 incremental net cost of \$0.805 million to maintain the 2018 service levels, as discussed in the following section.

Table 5
2019 and 2020 Plan by Program

Description (\$000s)	2019 - Incremental Change					2020 - Incremental Change				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salary and Benefits										
COLA	383.0		383.0	1.5%		389.7		389.7	1.5%	
Benefit Adjustments	77.6		77.6	1.3%		77.1		77.1	1.3%	
Other Base Expenditure Changes										
Materials and Supplies	129.1		129.1	12.0%		278.1		278.1	10.8%	
General Equipment Maintenance	45.2		45.2	0.1%		45.9		45.9	0.1%	
Contracted Services	12.6		12.6	0.0%		12.8		12.8	0.0%	
Sub-Total	647.7	0.0	647.7		0.0	803.7	0.0	803.7		0.0
Anticipated Impacts:										
Salaries and Benefits			0.0					0.0		
Expanded Winter Zoomobile Service	118.2	332.2	(214.1)			1.8		1.8		
Sub-Total	118.2	332.2	(214.1)		0.00	1.8	0.0	1.8		0.00
Total Incremental Impact	765.8	332.2	433.6		0.00	805.4	0.0	805.4		0.00

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- In both 2019 and 2020, the Zoo anticipates continued annual visitors of 1,295,000, unchanged from the 2018 numbers which reflect a reduction of 30,000 from the 2017 level. The Zoo anticipates no changes in the overall revenue in the Outlook Years as a result and will continue its promotional and marketing initiatives to sustain the future attendance levels.

Anticipated Impacts:

- Expanding the Zoomobile Program to a year-round service will generate additional net revenue of \$0.313 million annually.



Part 2

2018 Preliminary Operating Budget by Service

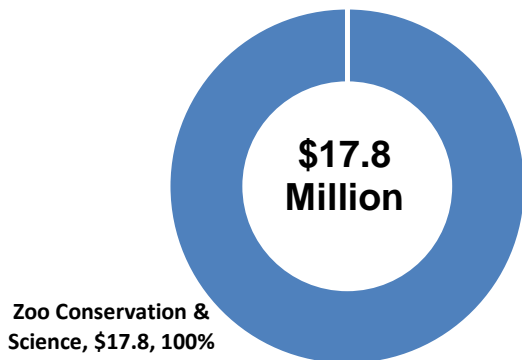
Zoo Conservation & Science



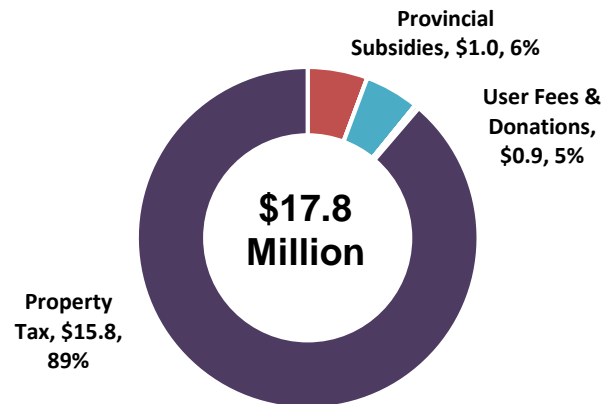
What We Do

- 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.

2018 Service Budget by Activity (\$Ms)



2018 Service by Funding Source (\$Ms)

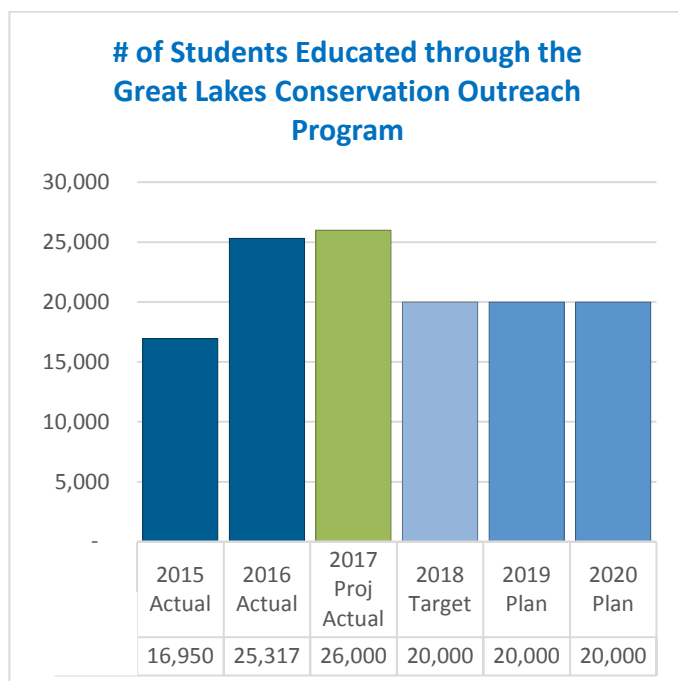


2018 Service Levels Zoo Conservation & Science

Activity	Service Level Description	Status	2015	2016	2017	2018
Zoo Day and Overnight Camps	# of Day and Overnight Camp Programs Provided	Approved	4,450	4,450	4,450	4,450
		Actual	4,677	4,846	3,333	
Zoo School (Grade 11 Credit Program)	# of "Zoo School" Days Programmed	Approved	36	36	36	36
		Actual	36	36	36	
Volunteer Engagement With Visitors / Public	# of Hours of Volunteer Engagement with Visitors and Public	Approved	750,000	750,000	750,000	750,000
		Actual	762,300	846,350	887,782	
Volunteer Hours Contributed	# of Volunteer Hours Contributed to the Public	Approved	35,000	35,000	35,000	35,000
		Actual	30,963	31,435	35,887	
Great Lakes Conservation Student Outreach	# of Students Educated about the Great Lakes Conservation	Approved	20,000	20,000	20,000	20,000
		Actual	16,950	25,317	26,000	

Overall, the 2018 Service Levels are consistent with the approved 2017 Service Levels for Toronto Zoo. Zoo Conservation & Science Service's performance measures are based on volume, customer service quality for programs provided, and community input on desired programming from Toronto Zoo.

Service Performance Measures



- In total, the Toronto Zoo impacts over 120,000 student visitors annually.
- Through the Toronto Zoo's Great Lakes Outreach Program, a curriculum-based education program that encourages students, educators and families to "Keep our Great Lakes Great" while learning about five local fish species at risk such as the American eel and Redside dace, a further over 20,000 students and educators annually is achieved, including over 700 classrooms, and 3,000 public participants annually (i.e., camps, libraries, festivals).
- The Zoo educated more students than planned in 2016 and 2017 driven by volume and will maintain the planned levels of 20,000 in 2018 and future years.

Table 6
2018 Preliminary Service Budget by Activity

(\$000s)	2017	2018 Preliminary Operating Budget							Incremental Change					
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2017 Budget	% Change	New/Enhanced	Prelim. Budget	2018 Prelim. Budget vs. 2017 Budget		2019 Plan		2020 Plan	
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
Zoo Conservation & Science														
Gross Expenditures	18,454.1	17,805.1		17,805.1	(649.0)	(3.5%)		17,805.1	(649.0)	(3.5%)	278.5	1.6%	430.5	2.4%
Revenue	2,006.7	2,006.7		2,006.7				2,006.7				0.0%		
Total Net Exp.	16,447.4	15,798.4		15,798.4	(649.0)	(3.9%)		15,798.4	(649.0)	(3.9%)	278.5	1.8%	430.5	2.6%
Approved Positions	162.1	162.1		162.1				162.1				0.0%		

The **Zoo Conservation & Science** Service provides 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 2018 Preliminary Operating Budget of \$17.805 million gross and \$15.798 million net is \$0.649 million or 3.9% under the 2017 Approved Net Budget.

- In addition to the base budget pressures common to all services, this service has reduced its annual spending on zoo conservation, research, and scientific studies arising from the Panda departure from the Zoo in March 2018.
- Future outlook years in 2019 and 2020 include inflationary increases for animal feed, and continued research and conservation efforts.

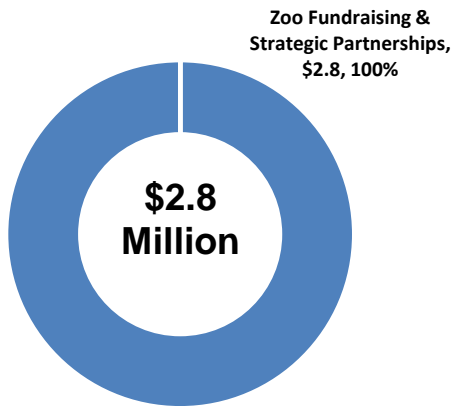
Zoo Fundraising & Strategic Partnerships

What We Do

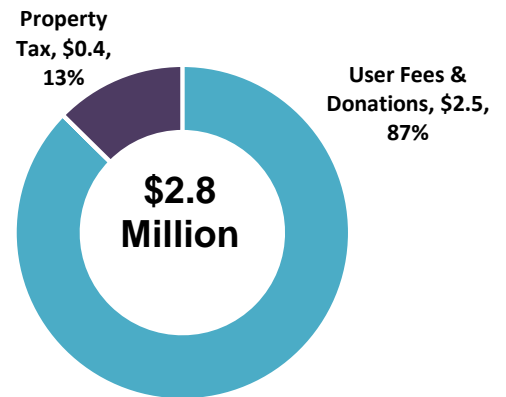


- Develop, plan, and execute all fundraising programs and activities in two distinct program areas; Annual Fund and Capital Campaign, while building strategic relationships and realizing fundraising capacity.

2018 Service Budget by Activity (\$Ms)



2018 Service by Funding Source (\$Ms)



2018 Service Levels Zoo Fundraising & Strategic Partnerships

Activity	Service Level Description	Status	2015	2016	2017	2018
Sponsorships	Sponsorship Revenues Raised (\$)	Approved	675,000	675,000	675,000	675,000
		Actual	447,000	511,000	540,000	
Cost Per \$ Raised	Fundraising Costs for Every \$ of Sponsorships Raised	Approved	0.73	0.73	0.73	0.73
		Actual	0.67	0.75	0.71	

Overall, the 2018 Service Levels are consistent with the approved 2017 Service Levels for Toronto Zoo. The Toronto Zoo's Strategic Plan (2015 – 2020) and the new 2016 Master Plan calls for establishing an independent charitable foundation to manage the Zoo's fundraising, sponsorship and strategic partnership initiatives over the next several years.

**Table 6
2018 Preliminary Service Budget by Activity**

	2017		2018 Preliminary Operating Budget							Incremental Change				
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2017 Budget		New/Enhanced	Prelim. Budget	2018 Prelim. Budget vs. 2017 Budget		2019 Plan		2020 Plan	
					\$	%			\$	%	\$	%	\$	%
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
Zoo Fundraising & Strategic Partnerships														
Gross Expenditures	2,806.6	2,824.1		2,824.1	17.5	0.6%		2,824.1	17.5	0.6%	20.9	0.7%	19.7	0.7%
Revenue	2,467.5	2,467.5		2,467.5				2,467.5				0.0%		
Total Net Exp.	339.1	356.6		356.6	17.5	5.2%		356.6	17.5	5.2%	20.9	5.9%	19.7	5.0%
Approved Positions	10.2	10.2		10.2				10.2				0.0%		

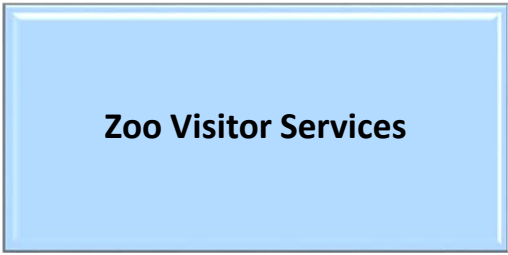
The **Zoo Fundraising & Strategic Partnerships** Service builds an organization that is fiscally and environmentally sustainable for the long term in supporting the Toronto Zoo's overall objectives and goals.

The Zoo Fundraising & Strategic Partnerships' 2018 Preliminary Operating Budget of \$2.824 million gross and \$0.357 million net is \$0.018 million or 5.2% over the 2017 Approved Net Budget.

- The key cost drivers for this Service pertains to the COLA totalling \$0.018 million.
- The 2018 Preliminary Operating Budget includes user fee and sundry revenues earned through the Zoo Visitor Services which will offset the budget pressures this Service is facing.
- 2019 and 2020 forecasts base pressures arising from COLA.

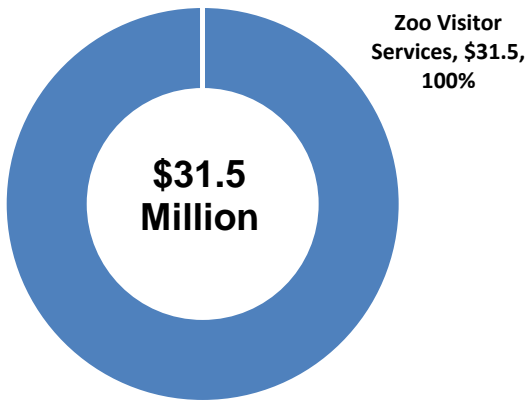
Zoo Visitor Services

What We Do

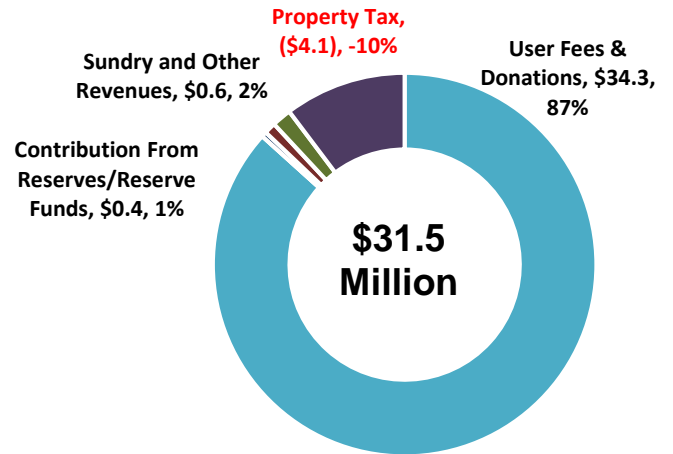


- Provide a unique visitor experience that is fun, interactive, memorable, and safe, while facilitating close personal interaction among family members and friends, inspired by the Zoo's compelling wildlife population and its commitment to sustainable living, ultimately inspiring people to love, respect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

2018 Service Budget by Activity (\$Ms)



2018 Service by Funding Source (\$Ms)

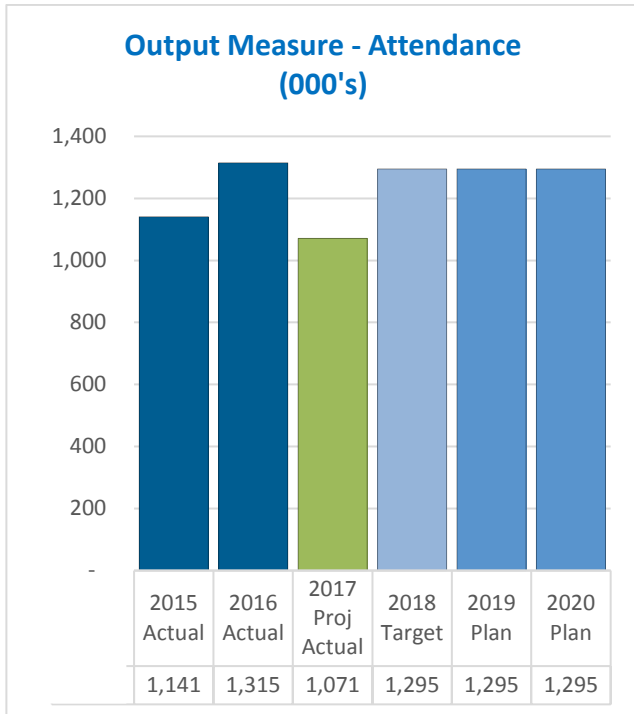


2018 Service Levels Zoo Visitor Services

Activity	Service Level Description	Status	2015	2016	2017	2018
Attendance	# of Attendance at the Zoo	Approved	1,400,000	1,315,000	1,325,000	1,295,000
		Actual	1,141,162	1,309,542	1,071,000	
Memberships	# of Membership Subscriptions	Approved	32,000	32,000	32,000	31,000
		Actual	26,527	31,250	27,500	
Retail Sales per Visitor	\$ of Retail Sales per Visitor	Approved	2.25	2.20	2.35	2.35
		Actual	2.21	2.75	2.68	
Food Sales Per Visitor	\$ of Food Sales per Visitor	Approved	4.36	5.57	5.57	5.57
		Actual	5.38	5.94	5.74	

Overall, the 2018 Service Levels are consistent with the approved 2017 Service Levels for Toronto Zoo. The attendance and memberships are scaled back to reflect the Panda departure.

Service Performance Measures



- In 2017, Toronto Zoo projects meeting the attendance target, due to the popularity of the panda cubs, as it is their last year of exhibit in Toronto, and other 'Zoo Babies' such as the snow leopards, clouded leopards and cheetahs.
- The Zoo decreased its attendance target by 30,000 in 2018 to reflect the impact of the Pandas' departure in March of 2018.
- The Zoo anticipates that the attendance level remain stable over the next three years at 1.295 million visitors.



- Toronto Zoo experienced favourable visitor mix in the recent years with more adult admissions, especially in 2016 contributing to the overall sundry revenues.
- Reviews have revealed that there is a strong positive correlation between higher adult admissions and the total food sales.
- 2017 is projected to be lower than the 2016 level reflecting the impact of labour disruption during the summer months of May and June 2017 which forced the Zoo to close to the public.



- Toronto Zoo anticipates exceeding the retail sales of \$2.68 per visitor compared to the budgeted level of \$2.35. The actual performance includes the impact of labour disruption which further signals the Zoo's strong financial performance of sundry revenues.
- Recovery of sundry revenues was made possible through increased promotional activities and leveraging the Panda exhibit being the final year in 2017.
- Retail sales are positively correlated with the number of attendance at the Zoo.

Table 6
2018 Preliminary Service Budget by Activity

(\$000s)	2017	2018 Preliminary Operating Budget							Incremental Change						
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2017 Budget	% Change	New/Enhanced	Prelim. Budget	2018 Prelim. Budget vs. 2017 Budget		2019 Plan		2020 Plan		
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
Zoo Visitor Services															
Gross Expenditures	31,285.6	31,424.5		31,424.5	138.9	0.4%	38.3	31,462.8	177.2	0.6%	466.4	1.5%	355.2	1.1%	
Revenue	36,037.7	35,322.9	75.0	35,397.9	(639.8)	(1.8%)	137.0	35,535.0	(502.7)	(1.4%)	332.2	0.9%			
Total Net Exp.	(4,752.1)	(3,898.5)	(75.0)	(3,973.5)	778.7	(16.4%)	(98.7)	(4,072.2)	679.9	14.3%	134.1	(3.3%)	355.2	(9.9%)	
Approved Positions	221.7	221.7		221.7			2.0	223.7	2.0	0.9%		0.0%			

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' 2018 Preliminary Operating Budget of \$31.463 million gross and (\$4.072 million) net is \$0.680 million or 14.3% over the 2017 Approved Net Budget.

- In addition to the base budget pressures common to all services, this service budget reflects reduced expenditures relating to Pandas (i.e., animal feed, research, insurance) with corresponding reduced revenues from attendance and memberships driven by the Pandas' departure.
- In order to reduce these pressures, the 2018 Preliminary Operating Budget includes a proposal to increase the Zoomobile Program fees by \$1 which will generate additional revenue of \$0.075 million.
- The 2018 Preliminary Operating Budget also includes funding of \$0.038 million gross and \$0.099 net revenue for the new initiative to expand the Zoomobile Program as a year-round service.
 - Two additional positions will be added to the staff complement to operate the Zoomobile vehicles and deliver the Zoomobile service during the winter season as a permanent offering.



Part 3

Issues for Discussion

Issues Impacting the 2018 Budget

Budget Target

- The Toronto Zoo's 2018 Preliminary Operating Budget is \$52.092 million gross and \$12.083 million net, representing a 0.4% increase from the 2017 Approved Net Operating Budget, and is over the budget target of a 0% increase from the 2017 Net Approved Operating Budget.
- There are significant fiscal challenges such as loss of revenue due to the Pandas' departure in 2018, and additional costs to be borne by the Zoo following a renewed collective agreement starting April 1st, 2017, including cost of living adjustments to salaries and benefits.
- To help mitigate the above pressures, the Zoo will increase the general admission user fee by \$1 for the Zoomobile Program which will generate additional revenue of \$0.075 million thereby decreasing the overall budget pressures to \$0.147 million.
 - This is supported by reviewing the Zoo's user fee rates regularly including community consultations.
- To further respond to the remaining budget pressures of \$0.147 million, it is proposed to acquire two new vehicles designed for winter conditions to bring year-round Zoomobile service around the core Zoo exhibits. Expanding the Zoomobile Program to be available during winter seasons will generate additional net revenue of \$0.099 million in 2018 which will decrease the remaining budget pressures to \$0.049 million.
 - Upfront capital investments of \$1.400 million for the new vehicles have been included in the Toronto Zoo's 2018 Preliminary Capital Budget and this service expansion will generate annualized net revenues of \$0.313 million starting in 2019 on a permanent basis.

Labour Disruption Impact – Status Update

- The Toronto Zoo was forced to shut down in May and June of 2017 due to labour disruptions. The net expenditure impact is approximately \$5.970 million reflecting a loss of 218,012 in attendance during the labour disruption period and 62,125 subsequent to the strike period. The table below details revenues foregone which are partially offset by unspent salaries and benefits:

Attendance Foregone:	218,012		
Subsequent Foregone:	<u>62,125</u>		
Total Foregone:	280,137		
Revenues Foregone			
Attendance		\$ 3,330,414	
Ancillary Revenues		<u>2,718,783</u>	
		6,049,197	
Subsequent Revenue Impacts			
Slippage from Zoo Camp, School Groups, etc		<u>\$ 1,678,728</u>	
			7,727,925
Expenditures			
Overtime		\$ 708,983	
Employee Meals		62,163	
Salary Savings		<u>(1,528,834)</u>	
		(757,688)	
Subsequent Expenditure Impacts			
Retail COGS		\$ (168,575)	
Food		<u>(831,651)</u>	
Additional savings		(1,000,226)	
			(1,757,913)
ADJUSTED NET EXPENDITURES			\$ 5,970,011

- Finalizing a new 4-year collective agreement resulted in cost of living adjustments to wages with an annualized impact of \$0.587 million. The agreement begins April 1st, 2017 for which the 9-month period cost for April and December 2017 was provided through an in-year 2017 budget adjustment.
- The balance of the 3-month period between January and March of 2018, of \$0.147 million has been reflected as part of the overall 2018 operating budget pressure of \$0.222 million.

Issues Impacting Future Years

Establishing a Charitable Organization

- The Toronto Zoo's 5-Year Strategic Plan (2015 – 2020) as well as the new 2016 Master Plan includes a new direction to establish an independent charitable organization to undertake all fundraising and securing external partnership opportunities on behalf of the Zoo.
- The purpose of segregating all fundraising activities from Toronto Zoo is to maximize donation and fundraising opportunities. The new charitable organization's objective focusing on providing important funding sources to the Zoo's both operating and capital needs.
- The Zoo is in the final stages of creating a new charitable organization. When the charitable organization has been set up, the Zoo will report back through the 2019 Budget Process with a revised budget allocations to its Zoo Fundraising & Strategic Partnerships Service.



Appendices

Appendix 1

2017 Service Performance

Key Service Accomplishments

In 2017, Toronto Zoo accomplished the following:

- ✓ Managed operations through the labour disruption and negotiated a new four-year agreement.
- ✓ Completed and opened the 4,500 square metre Wildlife Health Centre.
- ✓ Finalized the new Tri-partite Agreement between the City, TRCA, and Toronto Zoo;
- ✓ Completed legal and regulatory (CRA) establishment of the new fundraising entity (Toronto Zoo Wildlife Conservancy) for stewardship by the professional leadership recruited in 2016, with the objective of nurturing a strong and supportive relationship with the Toronto Zoo to facilitate significant contributions to the Zoo.
- ✓ Continued integration of the five (5) year Strategic Plan into all aspects of Zoo operations.
- ✓ Increased opportunities for partners, sponsors and donors, to support wildlife and habitats in our priority areas and our conservation focus.
- ✓ Continued collaborative efforts with Parks Canada to maximize potential benefits associated with plans for the shared use orientation/education facility for the Toronto Zoo and Parks Canada adjacent to the Rouge National Urban Park.
- ✓ Successfully bred and reared cheetah, snow leopard and clouded leopard cubs.

Appendix 2

2018 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2015	2016	2017	2017	2018	2018 Change		Plan	
	Actual	Actual	Budget	Projected	Preliminary	from 2017		2019	2020
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	27,816.0	29,547.4	30,082.7	28,249.9	30,564.3	481.6	1.6%	31,131.0	31,599.6
Materials and Supplies	5,855.7	6,531.0	8,284.5	6,785.8	8,646.8	362.3	4.4%	8,775.9	9,054.1
Equipment	767.4	249.3	369.5	198.7	377.9	8.4	2.3%	423.2	469.1
Services & Rents	10,189.5	13,034.0	12,819.5	11,414.2	11,509.2	(1,310.3)	(10.2%)	11,523.6	11,536.4
Contributions to Capital									
Contributions to Reserve/Res Funds	1,066.4	959.4	990.1	959.4	990.1			990.1	990.1
Other Expenditures	1,141.4	1,506.3		1,159.6	3.7	3.7		14.1	14.1
Interdivisional Charges									
Total Gross Expenditures	46,836.4	51,827.4	52,546.3	48,767.6	52,092.0	(454.3)	(0.9%)	52,857.9	53,663.3
Interdivisional Recoveries									
Provincial Subsidies	870.8	742.9	1,011.5	412.8	1,011.5			1,011.5	1,011.5
Federal Subsidies									
Other Subsidies									
User Fees & Donations	30,099.1	37,920.3	38,222.3	31,399.9	37,719.5	(502.7)	(1.3%)	38,051.8	38,051.8
Transfers from Capital Fund	171.0	170.8	171.0	171.0	171.0			171.0	171.0
Contribution from Reserve/Reserve Funds	846.5	489.8	386.0	489.8	386.0			386.0	386.0
Sundry Revenues	2,006.7	990.1	721.2	721.2	721.2			721.2	721.2
Total Revenues	33,994.1	40,313.9	40,512.0	33,194.7	40,009.2	(502.7)	(1.2%)	40,341.5	40,341.5
Total Net Expenditures	12,842.3	11,513.5	12,034.3	15,572.9	12,082.8	48.5	0.4%	12,516.4	13,321.8
Approved Positions	402.5	381.0	394.0	385.0	1,007.5	613.5	155.7%	396.0	396.0

* Based on the 2016 9-month Operating Variance Report

For additional information regarding the 2017 Q3 operating variance and year-end projection, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2017" considered by City Council at its meeting on December 5, 2017.

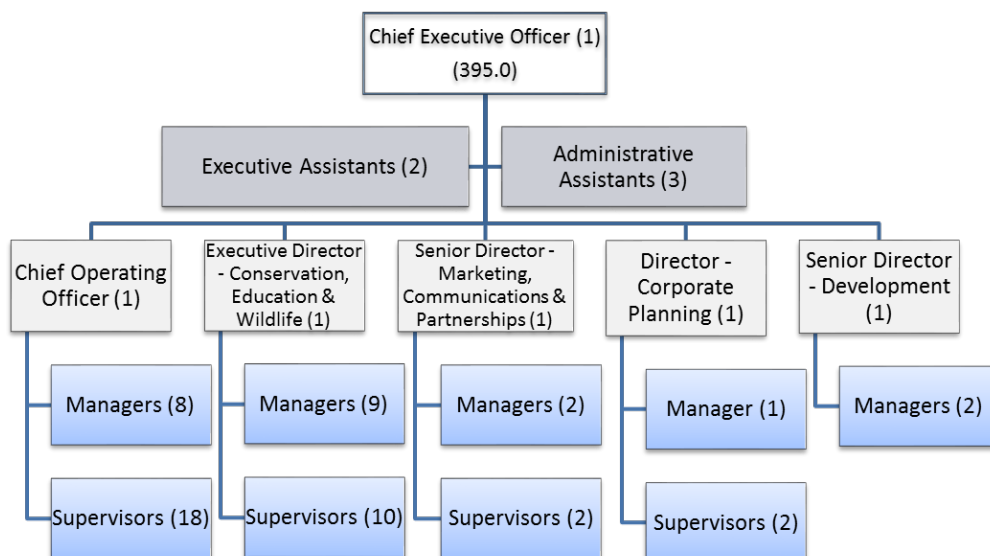
<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&decisionBodyId=1022>

Impact of 2017 Operating Variance on the 2018 Preliminary Operating Budget

- Toronto Zoo reported unfavourable variance for its 2017 year-end projection of \$3.874 million or 32.2% over the 2017 Approved Operating Budget. This is attributed to the labour disruption that took place between May 11th and June 13th of 2017 forcing the Zoo to fully close the site to the public. This also resulted in unrecoverable cancellations of year-end school trips and group event bookings that were originally scheduled to take place after the re-opening date.
- While the Zoo will undertake increased promotional and advertising activities to restore foregone revenues, the Zoo's financial performances were favourable against the budget when excluding the labour disruption impact.
- However, the new collective agreement was finalized calling for funding provision to include cost of living adjustments to salaries and benefits starting April 1st, 2017. New financial pressures arising from this agreement for the months from January to March 2018 are reflected as 2018 base budget pressures.

Appendix 3

2018 Organization Chart



2018 Total Complement

	Category	Senior Management	Management with Direct Reports	Management without Direct Reports/Exempt Professional & Clerical	Union	Total
Operating	Permanent	6.0	54.0	27.0	194.0	281.0
	Temporary			9.0	106.0	115.0
	Total Operating	6.0	54.0	36.0	300.0	396.0
Capital	Permanent					
	Temporary					
	Total Capital					
Grand Total		6.0	54.0	36.0	300.0	396.0

Appendix 4
Summary of 2018 Service Changes

2018 Operating Budget - Preliminary Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster Program - Toronto Zoo	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
2018 Preliminary Base Budget Before Service Changes:			52,053.7	39,797.2	12,256.5	394.00	647.7	803.7
14354		\$1 Increase to Zoomobile						
52	Negative	Description:						
Toronto Zoo will increase the Zoomobile Program admission fee by \$1, increasing from \$8 to \$9 per entry.								
Service Level Impact:								
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.								
Equity Statement:								
This proposal may have a negative impact on persons with low-income, including children. The slight increase in user fees may decrease access to City spaces.								
Service: Zoo Visitor Services								
Preliminary Service Changes:			0.0	75.0	(75.0)	0.00	0.0	0.0
Total Preliminary Service Changes:			0.0	75.0	(75.0)	0.00	0.0	0.0
<hr/>								
Summary:								
Total Preliminary Service Changes:			0.0	75.0	(75.0)	0.00	0.0	0.0
Total Preliminary Base Budget:			52,053.7	39,872.2	12,181.5	394.00	647.7	803.7

Appendix 5

Summary of 2018 New / Enhanced Service Priorities

2018 Operating Budget - Preliminary New and Enhanced Services Summary by Service (\$000's)

Form ID		Agencies - Cluster Program - Toronto Zoo	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
15052		Toronto Zoo - Winter Zoomobile Operations						
72	No Impact	Description:						
<p>To purchase two winter friendly Zoomobiles, funding of \$1.400 million is included in the 2018 Preliminary Capital Budget. Winter Zoomobile service will start in late 2018 and will generate net revenue of \$0.313 million on an annual basis.</p> <p>Service Level Impact: Service levels will increase as the visitors will now be able to access the Zoomobiles during the winter season.</p> <p>Equity Statement: There are no equity impacts.</p> <p>Service: Zoo Visitor Services</p>								
		Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8
		Total Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8
<hr/>								
Summary:								
		Total Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion

74 - New Services
75 - New Revenues

2018 Operating Budget - Preliminary New and Enhanced Services Summary by Activity (\$000's)

Form ID		Agencies - Cluster Program - Toronto Zoo	Adjustments				2019 Plan Net Change	2020 Plan Net Change
Category	Equity Impact		Gross Expenditure	Revenue	Net	Approved Positions		
15052		Toronto Zoo - Winter Zoomobile Operations						
72	No Impact	Description:						
<p>To purchase two winter friendly Zoomobiles, funding of \$1.400 million is included in the 2018 Preliminary Capital Budget. Winter Zoomobile service will start in late 2018 and will generate net revenue of \$0.313 million on an annual basis.</p> <p>Service Level Impact: Service levels will increase as the visitors will now be able to access the Zoomobiles during the winter season.</p> <p>Equity Statement: There are no equity impacts.</p> <p>Service/Activity: Zoo Visitor Services / NA</p>								
		Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8
		Total Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8
<hr/>								
Summary:								
		Total Preliminary New / Enhanced Services:	38.3	137.0	(98.7)	2.00	(214.1)	1.8

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion

74 - New Services
75 - New Revenues

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, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance			965.8	965.8	965.8
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			(0.0)	(0.0)	(0.0)
Balance at Year-End		965.8	965.8	965.8	965.8

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance			588.9	921.9	1,254.9
Vehicle Equipment Reserves - Toronto Zoo	XQ1703				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			333.0	333.0	333.0
Total Reserve / Reserve Fund Draws / Contributions			333.0	333.0	333.0
Balance at Year-End		588.9	921.9	1,254.9	1,587.9

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 *	Withdrawals (-) / Contributions (+)		
			2018	2019	2020
		\$	\$	\$	\$
Projected Beginning Balance			2,461.4	2,482.2	2,503.0
Zoo Stabilization Reserve	XQ2032				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			20.8	20.8	20.8
Total Reserve / Reserve Fund Draws / Contributions			20.8	20.8	20.8
Balance at Year-End		2,461.4	2,482.2	2,503.0	2,523.9

* Based on 9-month 2017 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
Projected Beginning Balance			28,251.5	28,251.5	28,251.5
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					
Balance at Year-End		28,251.5	28,251.5	28,251.5	28,251.5

* Based on 9-month 2017 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2017 \$	Withdrawals (-) / Contributions (+)		
			2018 \$	2019 \$	2020 \$
Projected Beginning Balance			25,981.1	26,231.3	26,481.6
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			250.3	250.3	250.3
Total Reserve / Reserve Fund Draws / Contributions			250.3	250.3	250.3
Balance at Year-End		25,981.1	26,231.3	26,481.6	26,731.8

* Based on 9-month 2017 Reserve Fund Variance Report

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2017	2018			2019	2020
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Zoomobile Ride and Tour of Zoo Grounds on Specified Routes.	Zoo Visitor Services	Market Based	Per Entry	\$8.00	\$0.00	\$1.00	\$9.00	\$9.00	\$9.00