

Analyst Briefing Notes

Budget Advisory Committee

(November 10, 2005)

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PART I: CAPITAL PROGRAM**Executive Summary**

- The 2005 Approved Capital Budget of \$5.711 million was 77% spent as at September 30, 2005. Actual expenditures by year-end are anticipated to be \$4.614 million, or 81% of the Approved Budget, resulting in projected 2005 cash flow funding of \$1.097 million being carried into 2006.
- In its submission, the Toronto Zoo requested \$10.595 million in capital funding for 2006. This amount is 86% greater than its 2005 Approved Capital Budget.
- The 2006 Proposed Capital Budget for the Toronto Zoo is \$7.254 million. This includes \$0.981 million for previously approved commitments, \$4.519 million for new initiatives, and \$1.754 million for projects being carried forward from 2005 to 2006.
- The 2006 Proposed Capital Budget aligns with the Zoo's \$5.5 million debt target. Furthermore, the 2006 Proposed Capital Budget includes the \$1.446 million of cash flow that was voluntarily deferred from 2005 to 2006 by the Zoo as part of its First Quarter Variance Report.
- Future year commitments of \$1.390 million result from the 2006 Proposed Capital Budget. This amount is required in 2007 for the completion of refurbishments to the Australasia Pavilion and the continuation of the North Zoo Site Design Detail.
- The submitted 5-Year Capital Plan is driven by the Zoo's Strategic Plan, its Capital Master Plan of 1990 and a number of site studies, including the North Zoo Site Redevelopment Study and the Animal Health Facilities Study.
- The Program submitted a 2006-2010 Capital Plan, excluding one-year carry forwards, which totalled \$61.8 million. The Plan, which was equally weighted between State of Good Repair (SOGR) and Service Improvement/Growth projects, required debt funding of \$51.6 million. This equated to an average of \$10.3 million per year, which is clearly not affordable within the current fiscal framework.
- The Revised 5-Year Capital Plan, excluding one-year carry forwards, totals \$36.4 million, of which 59% relates to SOGR projects and 41% for Service Improvement (SI) initiatives. The Plan will be reviewed in the Spring of 2006 as part of the City's firm 5-Year Capital Plan that aligns with Council's approved debt affordability limits.
- The Plan does not incorporate additional funding for the North Zoo Site Redevelopment Project, funding for which is to remain subject to the raising of external financing. However, the Zoo Board is requesting that accrued savings of \$2 million from the OMERS contribution holiday be applied to the Tundra phase of the Project.
- The Revised 5-Year Capital Plan, which is 77% financed by debt (\$28.2 million), incorporates \$21.6 million (27%) of the Zoo's SOGR \$79.3 million backlog.

Recommendations

It is recommended that:

1. the 2006-2015 Toronto Zoo Capital Program request with a total 10-year project cost of \$116.894 million be received;
2. the 2006 Proposed Capital Budget for the Toronto Zoo with a total project cost of \$5.209 million and a 2006 cash flow of \$7.254 million and future year commitments of \$1.390 million be approved. The 2006 Proposed Capital Budget consists of the following:
 - a) New Cash Flow Funding for:
 - i) 8 new sub-projects with a 2006 total project cost of \$5.209 million that requires cash flow of \$4.519 million in 2006 and a future year commitment of \$0.700 million in 2007;
 - ii) 4 previously approved sub-projects with a 2006 cash flow of \$0.981 million and a future year commitment of \$0.690 million in 2007; and
 - b) 2006 approved cash flow for 3 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$1.754 million;
3. new debt service costs of \$0.165 million in 2006 and incremental costs of \$0.647 million in 2007 and \$0.153 million in 2008 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2006 and future year operating budgets;
4. operating impacts of \$0.111 million for 2006 and \$0.020 million for 2007, emanating from the approval of the 2006 Proposed Capital Budget, be considered within the overall scope of the Toronto Zoo's 2006 and future years' operating budget submissions;
5. the revised cash flow projections of \$6.190 million in 2007; \$5.650 million in 2008; \$6.1 million in 2009 and \$13.0 million in 2010 for the Toronto Zoo be referred to the Deputy City Manager & Chief Financial Officer for review, in consultation with appropriate staff, and report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits; and
6. any additional debt funding for the North Zoo Site Redevelopment Project be contingent upon matching external financing being secured.

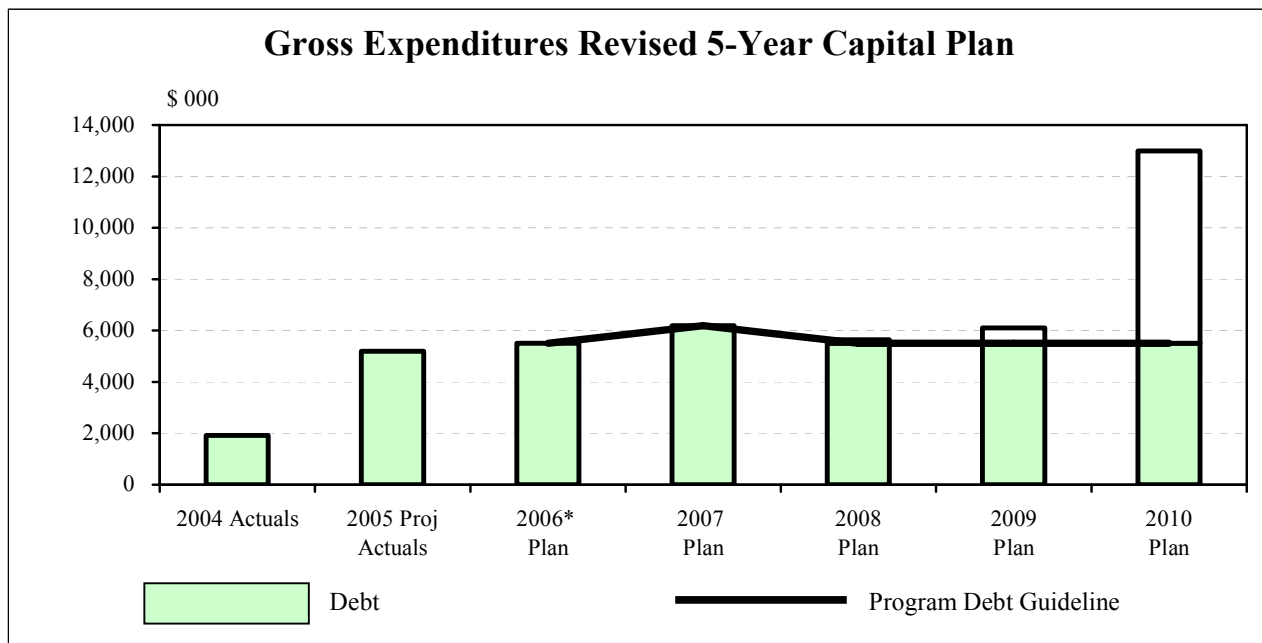
2005 Capital Variance Review

2005 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2005 Approved	Actuals as of Sept. 30 Y-T-D (3rd Qtr Variance)		Projected Actuals to Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
5,711	4,400	77%	4,614	81	1,097

Comments / Issues:

- As of September 30, 2005, the Toronto Zoo is projecting a year-end spending rate of 81% for 2005 approved projects. This projection is below the 91% that was noted in the Program's 2nd Quarter Variance Report of June 30, 2005.
- The 2005 projected spending rate of 81% represents a marked improvement over the 69% achieved in 2004. In fact, as of September 30th, the Zoo has already spent a greater percentage of its 2005 capital budget (77%) than it did for all of last year.
- The Program has requested that the total projected unspent balance for 2005 (\$1.097 million) be carried forward into 2006.
- The 2006 Proposed Capital Budget does not reflect any subsequent changes to funding being carried forward from 2005 to 2006 based on the unspent cash flow balance projected as at September 30th, 2005. Adjustments to carry forward funding will be reported through to the Budget Advisory Committee during its review of the 2006 Proposed Capital Budget.
- As part of its First Quarter Variance Report, the Toronto Zoo agreed to defer approved 2005 capital funding for two projects: Information Systems and Canadian Wilderness – North Zoo Site Redevelopment. In total, \$2.136 million was deferred from 2005 to future years at the request of the City. As a result, the Zoo's 2005 Approved Capital Budget was reduced from \$7.877 million to \$5.711 million.
- Of the \$2.136 million that was deferred, \$1.446 million is now being brought forward as part of the Zoo's 2006 Proposed Capital Budget.

5-Year Capital Plan (2006-2010)



	5 Year Plan							2006-2010
	2004	2005	2006	2007	2008	2009	2010	
Gross Expenditures:								
Budget (Excludng 1-Yr. Carry/Fwd)	4,591	1,708	5,500	6,190	5,650	6,100	13,000	36,440
1-Yr Carry/Fwd Gross (Reference only)	1,022	4,003	1,754					
Sub-Total Gross Exp. Including 1-Yr. Carry/Fwd	5,613	5,711	7,254					
Actuals	1,917	5,193						
Financing:								
Debt	5,613	5,711	5,500	6,190	5,500	5,500	5,500	28,190
Debt Actuals (including 1-Yr Carry/Fwd)	1,917	5,193						
Program Debt Target			5,500	6,190	5,500	5,500	5,500	28,190
Other Financing Sources:								
Reserves/Reserve Funds								0
Development Charges								0
Federal								0
Provincial								0
Other Revenue					150	600	7,500	8,250
By Category:								
Health & Safety								0
Legislated			96					96
State of Good Repair			4,628	5,795	4,404	1,764	4,964	21,555
Service Improvement			776	395	1,246	4,336	8,036	14,789
Growth Related								0

Yearly SOGR Backlog Estimate (not addressed by current year projects)

See discussion on pp.13-14

Accumulated Backlog Estimate (end of year)

*Note: 2006 Proposed Debt excludes 1-year carry forward.

Comments / Issues:

- The 2006 Proposed Capital Budget of \$7.254 million represents a 27% increase over the Zoo's 2005 Approved Capital Budget of \$5.711 million.
- Excluding funds that are carried forward from 2005 to 2006, the Revised 5-Year Capital Plan for the Toronto Zoo places a greater emphasis on funding for State of Good Repair (SOGR) projects than on programs that improve current service levels. Of the \$36.4 million estimated for 2006-2010, 59% relates to SOGR projects while Service Improvement (SI) initiatives to promote the Zoo as a relevant attraction for visitors account for 41%.
- The Toronto Zoo's inventory of hard assets is valued at more than \$100 million. Due to past funding constraints, the Toronto Zoo has accumulated a SOGR backlog of approximately \$79.3 million. While the Revised 5-Year Plan addresses approximately 27% (\$21.6 million) of this deferred maintenance tally, the fact is that \$8.0 million would be required annually, over the next ten years, to eliminate this deficit entirely. This yearly amount alone is 43% greater than the Program's average five-year debt target of \$5.5 million per annum.
- Funding projected for the Zoo's Service Improvement projects pertain almost exclusively to four initiatives: the Kids Zoo Barn, the Quarantine/Animal Health Centre, Food Services, and Educational Development (the Learning Centre). To proceed, these initiatives require a total of \$6.5 million in debt financing over the next five years.
- The Revised 5-Year Capital Plan proposes a total debt of \$28.2 million. This reflects an average yearly debt impact of \$5.6 million from 2006-2010. The revised plan will be reviewed by the Chief Financial Officer and appropriate staff, with recommendations on a firm 5-Year Capital Plan that falls within Council's debt affordability limits for the City as a whole.
- The Zoo's capital works program is 77% funded by debt. Due to the lack of other funding sources, any additional increases for 2006 and beyond would require the City to increase its debt levels or re-allocate debt funding from other City programs.
- Recognizing that full City funding for the North Zoo Site Redevelopment Project was not feasible, City Council recommended, as part of the Zoo's 2005 Approved Capital Budget, that the Program continue to work "to secure other significant non-City sources of funding." Until the feasibility and degree of external financing is determined, additional debt funding for the Project can not be considered within the scope of the Revised 5-Year Plan.

2006 Capital Budget Submission Summary (\$000)

2006 Capital Projects		Total Project Cost		2004 & Prior Years Carry Forward		2006 Previous Commitment		2006 New		Total 2006 Request (w/o 2005 C/Fwd)		2005 Carry Forward		Total 2006 (Incl 2005 C/Fwd)	
Project / Sub-Project Name	Cat	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Carryforwards															
Quarantine Facility	2	1,565	1,565									485	485	485	485
North Side Redevelopment Detailed Design	3	865	865									865	865	865	865
Information Systems ERP (2004-2005)	3	581	581									404	404	404	404
Sub-Total				0	0	0	0	0	0	0	0	1,754	1,754	1,754	1,754
Previously Approved															
Quarantine Facility	2					96	96			96	96			96	96
Information Systems ERP (2004-2005)	3					177	177			177	177			177	177
Quarantine Facility Phase II	4	508	508			508	508			508	508			508	508
Sub-Total				0	0	781	781	0	0	781	781	0	0	781	781
New and Change in Scope Projects															
Exhibit Refurbishment (2006-2010)	3	513	513					513	513	513	513			513	513
Information Systems (2006-2009)	3	80	80					80	80	80	80			80	80
Grounds & Visitor Improvements (2006-2015)	3	230	230					230	230	230	230			230	230
Roof and Skylight Repairs (2006-2010)	3	602	602					602	602	602	602			602	602
Electrical, Mechanical, Buildings & Roofs	3	592	592					592	592	592	592			592	592
Tundra Biome/Orientation Centre/General Components	4	5,775	5,775					5,775	5,775	5,775	5,775			5,775	5,775
Kids Zoo Barn	4	268	268					268	268	268	268			268	268
Sub-Total		8,060	8,060	0	0	0	0	8,060	8,060	8,060	8,060	0	0	8,060	8,060
Total 2006		8,060	8,060	0	0	781	781	8,060	8,060	8,841	8,841	1,754	1,754	10,595	10,595

*Category Index: (1) Health & Safety; (2) Legislated, (3) SOGR, (4) Service Improvement/Enhancement, (5) Growth Related

Proposed 2006 Capital Budget Changes (\$000)

		2006 Requested Cash Flow		Recommended Changes			2006 Recommended Cash Flow	
Project/Sub Project Name	Cat.	Gross	Debt/ Internal Sources	Gross	Debt/ Internal Sources	Comments / Issues	Gross	Debt/ Internal Sources
2005 Carryforwards (details on previous page)		1,754	1,754				1,754	1,754
Sub-Total		1,754	1,754	0	0		1,754	1,754
2006 Previously Approved Commitments (details on previous page)		781	781	200	200		981	981
Sub-Total		781	781	200	200		981	981
New Projects								
Australasia Pavilion Refurbishment	3	0	0	792	792	Accelerate SOGR work	792	792
Roof and Skylight Repairs	3	602	602	762	762	Accelerate SOGR work	1,364	1,364
Tundra Biome/Orientation Centre	4	5,775	5,775	(5,775)	(5,775)	Defer in order to meet debt target	0	0
Australasia Pavilion Exhibit Refurbishments	3	0	0	500	500	Accelerate SOGR work	500	500
Grounds and Visitor Improvements	3	230	230	180	180	Accelerate SOGR work	410	410
Other New (details on previous page)		1,453	1,453				1,453	1,453
Sub-Total New Projects		8,060	8,060	(3,541)	(3,541)		4,519	4,519
Total 2006 Recommended (Incl. 2005 C/Fwd)		10,595	10,595	(3,341)	(3,341)		7,254	7,254
Less 2005 Carry Forwards		(1,754)	(1,754)	0	0		(1,754)	(1,754)
Total 2006 Recommended (Excl. 2005 C/Fwd)		8,841	8,841	(3,341)	(3,341)		5,500	5,500

Proposed 2006 Total Cash Flow & Future Year Commitments (\$000s)

	2004 & Prior Year Carry Forward	2006 Previous Commitments	2006 New Proposed	2006 Total Cash Flow Proposed	2006 Guidelines	2005 Carry Forward	Total 2006 Cash Flow (Incl 2005 C/Fwd)	2007	2008	2009	2010	2011- 2015	Total Cost
Expenditures													
Previously Approved		981		981		1,754	2,735	690					3,425
Change in Scope													
New w/Future Year			4,519	4,519			4,519	700					5,219
Total Expenditure	0	981	4,519	5,500		1,754	7,254	1,390	0	0	0	0	8,644
Financing													
Debt		981	4,519	5,500	5,500	1,754	7,254	1,390					8,644
Subsidy (SCPI)													
Prov. Subsidy/Grant													
Development Charges													
Other													
Federal Grants													
Reserves/Res Funds													
Total Financing	0	981	4,519	5,500		1,754	7,254	1,390	0	0	0	0	8,644

Comments / Issues:

- The 2006 Proposed Capital Budget for the Toronto Zoo is \$7.254 million. This includes \$0.981 million for previously approved commitments, \$4.519 million for new initiatives and \$1.754 million in project funding being carried forward from 2005 to 2006.
- Approval of the 2006 Proposed Capital Budget will result in a commitment of \$1.390 million in 2007 for the continued refurbishment of the Australasia Pavilion/Exhibits as well as the completion of the North Zoo Site Redevelopment Detailed Design.
- The total 2006 Proposed Capital Budget of \$7.254 million breaks out by category as follows: Legislated - \$0.581 million (8%), SOGR - \$5.897 million (81%), and Service Improvements - \$0.776 million (11%)
- The 2006 Proposed Capital Budget, which is fully funded from debt, aligns with the Zoo's affordability target of \$5.5 million.

Operating Budget Impact

Incremental Operating Budget Summary

Incremental Operating Budget Impact	2006	2007	2008	2009	2010
Program Costs (net) (\$000s)	111.0	20.0			
Debt Service Charges (\$000s)	165.0	646.7	152.9	0.0	0.0
Approved Positions	1.0				

Program Incremental Operating Costs

The 2006 Proposed Capital Budget will increase the Zoo's Operating Budget with incremental impacts in 2006 and future years as a result of the following capital projects/sub-projects:

2006 Capital Projects/Sub-Projects		2006 (\$000s)	2006 approved position change	2007 (\$000s)
Information Systems	Information Systems ERP (2004-2005)	91.0	1	000.0
Information Systems	Information Systems (2006-2009)	20.0		020.0
TOTAL		111.0	1	020.0

The program has identified the need for 1 new approved position for the maintenance and management of its Enterprise Resource Planning (ERP) software system.

The incremental operating costs outlined above are required for:

- the continued implementation and maintenance of the Zoo's ERP system (\$0.111 million). The Financial and Service Management modules are scheduled to go live later this year and the HRIS and Point of Sale systems in 2006; and
- upgrading current IT infrastructure to ensure computing demand does not exceed capacity (\$0.02 million). In 2006, staff will start work on the extension of the computer network throughout the main buildings and outlying areas using the fibre optic cable that has been previously laid.

Debt Service Cost

The Toronto Zoo's 2006 Proposed Capital Budget will result in new debt service costs of \$0.165 million in 2006 and incremental costs of \$0.647 million in 2007 and \$0.153 million in 2008.

Debt service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 3.0% Year 1, and 14% for subsequent years.

PART II: ISSUES FOR DISCUSSION**2006 Issues****2006 Proposed Capital Budget versus Guideline**

The Toronto Zoo's debt affordability guideline for 2006 has been set at \$5.5 million. This target represents a 60% increase above last year's target of \$3.444 million and a 9% increase over the 2005 Approved Capital Budget for new debt projects (\$5.039 million).

The proposed debt level of \$5.5 million for new 2006 initiatives aligns with the corporate debt target. Of this recommended amount, 18% (\$0.981 million) relates to previously approved projects while 82% (\$4.519 million) is allocated towards new projects.

In keeping with the corporate guidelines, the 2006 Proposed Capital Budget accommodates the Zoo's highest priority needs. Of the \$5.5 million in new debt funding recommended, 86% (\$4.724 million) is slated for SOGR and Legislated initiatives while the remaining \$0.776 million is earmarked for the Kids Zoo Barn and the completion of the Quarantine Facility.

5 Year Capital Plan Overview

The Zoo's 5-Year Capital Plan request reflects its future direction as documented in a number of site studies including the Building Audit Report and Site Services Study, the Revenue and Visitor Experience Enhancement Study, the report on Information Needs 2000, the North Zoo Site Redevelopment Feasibility Study, and the Animal Health Facilities Feasibility Study. It also reflects a continuation of the Zoo's twenty-five year Capital Master Plan of 1990 as well as approaches recommended in its 2001 Strategic Plan.

Affordability of the requested 5-year plan was a major concern as the projections for 2006-2010 included \$30 million gross and \$28 million net for the construction phases of the North Zoo Site Redevelopment Project. The Plan also called for another \$31.6 million for State of Good Repair and other initiatives. The amounts requested for 2006-2010 totalled almost \$62 million, of which \$51.5 million was to be financed by debt. The Zoo's debt request was therefore more than double its five-year debt target of \$28.2 million.

The Toronto Zoo's 5-Year Capital Plan, as submitted, cannot be accommodated within the Program's debt target. Over the past thirty-one years, the City has invested more than \$130 million, or about \$4 million annually, into the Zoo's capital program. However, the municipality cannot afford, in the current fiscal environment, to meet the Zoo's debt request of \$52 million over the next five years. To do so would mean average funding for the Program of at least \$10 million per year (which is more than double its historical level).

The Revised 5-Year Capital Plan represents a balance between fiscal prudence and service priorities. The Plan proposes \$36.440 million in funding for 2006-2010 including \$28.190 million debt. This exactly aligns with the Program's five-year debt target. Furthermore, the majority of the \$36.440 million is earmarked for SOGR programs while the remainder is allocated for service improvements, so as to allow the Zoo to refresh and update its attractions.

It should be noted, however, that the total 5-Year Revised Capital Plan for the City exceeds the debt affordability target set by Council. The Chief Financial Officer will, therefore, be reviewing the Revised 5-Year Capital Plans of all programs and recommending, in consultation with appropriate staff, a firm 5-Year Capital Plan for each in the Spring of 2006 that meets debt affordability limits.

5-Year Plan Proposed Changes (\$000)

	2006		2007		2008		2009		2010		TOTAL 2006-2010	
Project / Sub-Project Name	Gross 1	Debt/ Internal Sources 2	Gross 3	Debt/ Internal Sources 4	Gross 5	Debt/ Internal Sources 6	Gross 7	Debt/ Internal Sources 8	Gross 9	Debt/ Internal Sources 10	Gross	Debt/ Internal Sources
PROGRAM REQUEST	10,595	10,595	12,166	12,166	11,722	11,572	13,058	10,458	16,060	8,560	63,601	53,351
Proposed 2006 Changes												
PROPOSED CHANGES												
2004 Carry Forwards												
Previously Approved												
North Site Redevelopment Detailed Design	200	200	690	690							890	890
New												
Australasia Pavilion Refurbishments	792	792	200	200							992	992
Roof and Skylight Repairs (2006-2010)	762	762	1,734	1,734	1,593	1,593	(1,343)	(1,343)	(145)	(145)	2,601	2,601
Australasia Pavilion Exhibit Refurbishments	500	500	500	500							1,000	1,000
Tundra Biome/Orientation Centre	(5,775)	(5,775)	(4,813)	(4,813)							(10,588)	(10,588)
Tropical Americas					(246)	(246)	(1,675)	(1,675)	(1,415)	(1,415)	(3,336)	(3,336)
Mixed Woodland Biome/Boreal Forest Biome			(889)	(889)	(6,122)	(6,122)	(3,278)	(1,278)			(10,289)	(8,289)
Eurasia			(3,398)	(3,398)	(1,297)	(1,297)	(662)	(662)			(5,357)	(5,357)
Grounds & Visitor Improvements (2006-2012)	180	180									180	180
Learning Centre									(1,500)	(1,500)	(1,500)	(1,500)
Sub-Total Proposed Changes	(3,341)	(3,341)	(5,976)	(5,976)	(6,072)	(6,072)	(6,958)	(4,958)	(3,060)	(3,060)	(25,407)	(23,407)
Proposed 5-Yr. Cash Flow	7,254	7,254	6,190	6,190	5,650	5,500	6,100	5,500	13,000	5,500	38,194	29,944
Debt Guideline		5,500		6,190		5,500		5,500		5,500		28,190
Variance To Debt Guideline		0		0		0		0		0		0

Capacity

In general, over the past several years, the Toronto Zoo has been able to complete projects on a timely basis, resulting in minimal carry-forward funding being required. The current year appears to be no exception. The Zoo is projecting its 2005 Approved Capital Budget of \$5.711 million to be 81% spent by year's end. The only project that the Program is actually carrying forward from 2005 to 2006 is the Quarantine Facility for \$0.485 million. The remaining unspent balance of \$1.269 million pertains to two sub-projects (Information Systems and North Zoo Site Redevelopment) that were voluntarily deferred by the Zoo in response to the City's request for capital deferrals.

With respect to new projects, the Zoo maintains that the 2006 Proposed Capital Budget reflects firm estimates and that it has made every effort to fairly represent the true cost of its plans for 2007 and beyond. Furthermore, with the use of dedicated project management staff, the Program is confident that it has the capacity to proceed and complete, within the prescribed timelines, all initiatives that are noted within the Revised 5-Year Plan.

Backlog of Projects – Unmet Needs

In its 1990 Capital Master Plan, the Zoo identified \$125.5 million worth of projects that were in need of good repair and that were to be addressed over the next 25 years. Due to budgetary constraints, however, a number of projects have been continuously deferred. The result is a current backlog of \$79.3 million, which includes projects that were originally scheduled for renovations over 10 years ago.

PROJECT NAME	AMOUNT (000)	YEAR ORIGINALLY SCHEDULED	CAPITAL WORKS PROJECT	AMOUNT (000)	YEAR SCHEDULED
CAPITAL MASTER PLAN					
Main Entrance I	4,000.0	1994	Ride & Revenue	4,395.0	2011-12
Main Entrance II	4,358.0	1995			
Orangutan	5,000.0	1996/2001	Orangutan II & III	7,034.0	2009-2011
Quarantine	420.0	1996	Quarantine Facility	2,039.0	2005-2006
Fish & Marine	5,000.0	1990-1995	Exhibits Refurbishment (Fish - Great Barrier Reef)	550.0	2006
Giraffe (left over from Af. Savanna)	1,000.0	1998	Giraffe House	1,025.0	2011
African Seal (African Savanna)	500.0	1998			
Elephant Paddock (African Savanna)	3,000.0	1998	Elephant Paddock	4,501.0	2012-14
Canadian Domain	4,656.0	1996-1998	North Site Redevelopment	30,435.00	2005-2010
Eurasia I & II	4,700.0	2000-01			
Polar Outdoor Ex.	2,000.0	2005			
South America Pav.	10,400.0	2008-09			
Gorilla II	3,200.0	1998	Gorilla II Outdoor	2,530.0	2012-13
IndoMalaya Pavilion	3,000.0	2000-01			
Animal Health Centre	5,000.0	2001-02	Animal Health Centre	7,964.0	2009-2010
Zoomobile Replacement	750.0	2001-2004			
Indo-Africa Bridge	250.0	2001			
Main entrance III	2,070.0	2003			
Australasia Pavilion Renovations	5,000.0	2004-05	Exhibit Refurbishment - Edge of Night	450.0	2006-2007
Australasia Paddocks	1,000.0	2005			
Main Entrance IV	4,450.0	2006			
Africa Pavilion Renovations	5,000.0	2007-08	Exhibit Refurbishment - Africa	485.0	
Americas Desert	2,050.0	2014			
Paving/resurfacing	831.0	2000-2004			
S. TOTAL MASTERPLAN BACKLOG	77,635.0		CMP BACKLOG SCHEDULED	61,408.0	

POST MASTERPLAN					
Food Services	500.0	2000	Food Services	549.0	2007-2008
Special Exhibit Facility	1,200.0	2002	Special Exhibit Fac.	1,611.0	2011
TOTAL BACKLOG	79,335.0		TOTAL BACKLOG SCHEDULED	63,568.0	

In light of this considerable maintenance deficit, it is obvious that, after health and safety considerations, preserving the physical integrity of the Zoo's facilities must remain the focal point of any current and future capital expenditures. The Zoo's submitted 10-Year Capital Plan & Forecast recognizes this fact and attempts to tackle \$63.6 million (80%) of this backlog, including \$31.5 million between 2006-2010.

With limited outside funding presently available, debt affordability concerns will continue to restrict the Zoo's capacity to address its backlog in a timely manner. The \$31.5 million in backlog repairs scheduled from 2006-2010 alone would necessitate average annual debt funding of \$6.3 million. This is 15% greater than the Zoo's five-year average debt target of \$5.6 million per year.

Like most other City programs, in the absence of greater City funding and/or alternative sources of financing, the Zoo will be forced to continue re-phasing and/or postponing SOGR initiatives to meet its affordability targets. The Revised 2006-2010 Capital Plan recognizes this fact and, due to fiscal constraints, allocates just \$21.6 million for SOGR work over the next five years. This is expected to tackle only 27% of the current backlog.

Development Charge Funding

The Toronto Zoo's capital works program is not eligible for Development Charge funding. Hence, aside from Zoo Foundation support and other fundraising, the Revised 5-Year Plan is completely debt financed.

North Zoo Site Redevelopment

The loss of the monorail train in 1994 necessitated a review of the previous plans for rehabilitation of the Canadian Domain exhibit that were contained in the Zoo's 1990 Capital Master Plan and its Master Plan for Site Development. The Canadian Domain is situated at the bottom of the Rouge Valley which is not accessible by zoomobile. The area's long walk and steep hill have generated many visitor complaints. Thus, the Canadian Domain's undesirable location and the need to update its old exhibits have made its relocation a high priority.

In 2003, staff and consultants completed the North Zoo Site Redevelopment Feasibility Study. The report resulted in a recommendation for a major reorganization of this area, including a re-definition of the Canadian Domain into three bio-zones and its relocation up onto the tableland where it can be integrated within the current zoomobile circulation route. The study also called for the overhaul and relocation of the Eurasia and Americas exhibits. In total, the Program's submitted 5-year Capital Plan requested funding of approximately \$30 million to follow thorough on this initiative:

(\$ millions)	2006	2007	2008	2009	2010	Total
Tundra / Orientation Centre	5.775	4.813	0	0	0	10.588
Eurasia Redevelopment	0	3.398	1.297	0.662	0	5.357
Woodland / Boreal Forest	0	0.889	6.122	3.278	0	10.289
Tropical Americas	0	0	0.246	1.675	1.415	3.336
Totals*	5.775	9.100	7.665	5.615	1.415	29.570

*excludes carry forward funding of \$0.865 million from 2005 to 2006

The challenges involved in funding such a major project were discussed during the 2005 budget process. In the end, Council adopted a recommendation that the General Manager of the Zoo, with the assistance of the Chief Financial Officer, work to develop an approach to address the Zoo's capital funding requirements and its need to obtain significant non-City funding for the \$30 million North Zoo Site Redevelopment Project. While the Zoo notes that fundraising from the public and corporations will be pursued, as will efforts to secure financing from other orders of government, its 5-Year Plan request only anticipated \$2 million in outside financial support for this initiative.

Although the rationale behind the North Zoo Site Redevelopment Project is sound, and there is little doubt that the Zoo needs to revamp its attractions in order to remain relevant to the public, current budgetary constraints preclude the City from funding 93% of this project. Accordingly, aside from currently committed funds for design work, this whole initiative has been removed from the Revised 5-Year Capital Plan.

The Zoo recognizes that, if this initiative is to proceed at all, it must re-phase the budgeted amounts over a longer timeframe and it must secure significant external financial support for its completion. The City can only consider partnering on this project if affordability allows it and if matching funds from outside sources are forthcoming. While major fundraising drives are undoubtedly challenging, such endeavours are hardly unprecedented. For instance, in 1994 the St. Louis Zoo commenced a four-year campaign that raised \$70 million U.S. (\$7 million more than its original goal) specifically for its capital needs. A similar undertaking on behalf of Canada's leading Zoo may be required.

Valley Halla

A Council recommendation included with the Zoo's 2004 Operating Budget requested that the City's Facilities and Real Estate Division assist the Zoo in reviewing possibilities for divesting the Zoo of its responsibilities for Valley Halla. This structure, a 1930s Normanesque chateau, is the property of the Toronto and Region Conservation Authority (TRCA) but became the responsibility of the Zoo as a result of the agreement with the TRCA for the use of Rouge Valley lands.

As part of the 2005 Capital Budget process, City Council directed the Toronto Zoo, in consultation with City staff and the TRCA, to issue a "Request for Proposal" for the potential sale of Valley Halla. Hence, although critical work to preserve the integrity of the structure has been completed, a major refurbishment plan that was underway for the building has now been suspended, pending the issuance of the RFP in the Fall of 2005.

OMERS Savings Proposal

During the OMERS contribution holiday, all City agencies were required to set aside their savings so that the excess funds could be applied to corporate priorities, such as capital financing. In 2005, the City invoiced the Zoo for the balance of its OMERS savings of \$3.321 million.

In an effort to reduce the pressures on its Capital Works Program and its Operating Budget, the Toronto Zoo Board is requesting that, rather than return the funds, the \$3.321 million that it presently holds be allocated as follows:

- \$2.0 million for its 2006 and 2007 Capital Budgets to allow the Zoo to begin construction of the initial Tundra phase of the North Zoo Site Redevelopment Project;
- \$0.785 million to fund the Job Evaluation component of its 2005-2009 collective agreement;
- \$0.400 million to replenish the Animal Transaction Reserve Fund; and
- \$0.136 million to increase the Zoo Stabilization Reserve Fund.

The application of the \$2.0 million would allow the Zoo to complete the Tundra and Detailed Design phases of the North Zoo Site Redevelopment Project as follows:

TORONTO ZOO 2006-2010 CAPITAL WORK PROGRAM - DEBT REPHASING					
	2006	2007	2008	2009	2010
Revised 5-Year Plan (New Debt)	5,500	6,190	5,500	5,500	5,500
Proposed Adjustments:					
Building & Services	(1,464)	(1,934)	(1,932)	1,343	145
Exhibit Refurbishment	(500)	(500)	(497)	193	
Grounds & Visitors		31	(263)		(145)
Information Systems		(405)	(420)		
Food Services	154	(395)	241	-	-
Kids Zoo Barn	(238)				
Animal Health Centre			(392)	(1,536)	
North Zoo Site (New Debt)	2,048	5,203	3,263		
Net New Debt (pre-OMERS Allocation)	5,500	8,190	5,500	5,500	5,500
OMERS Allocation		(2,000)			
Proposed New Debt	5,500	6,190	5,500	5,500	5,500

Since this proposal does not commit the Program to the remaining phases of the North Zoo Site Redevelopment Project, the re-phased Plan merits further discussion. However, before a recommendation can be made, a further review is required to ascertain the impact of the re-phase on the Zoo's SOGR program, its fundraising capacity and its accreditation concerns, among other things. Hence, the Tundra and all other North Zoo Site Redevelopment Project phases must, at the present time, remain outside of the scope of the Revised 5-Year Capital Plan with debt eligibility contingent upon the Zoo securing sufficient external funding.

The remaining OMERS savings requests will be considered as part of the Zoo's 2006 Operating Budget submission.

Issues Referred to 2006 Capital Budget

As part of the consideration of the Zoo's 2005 Approved Capital Budget, City Council recommended that:

- The General Manager of the Toronto Zoo, with the assistance of the City Manager & the Chief Financial Officer, continue work to develop and approach to the Zoo's capital financing requirements & its need to secure other significant no-City sources of funding, particularly in light of the \$29 million North Zoo Site Redevelopment Project, & report to the BAC by June 2005
- The General Manager and CEO of the Toronto Zoo, in consultation with appropriate City staff and the Toronto and Region Conservation Authority, upon City Council approval and following the receipt of the results of the Request for Proposal, make recommendations to the Toronto Zoo Board regarding the appropriate disposition of Valley Halla.

Both of these requests are currently outstanding. The Zoo expects to report back on both of these items by March 2006.

Outstanding Issues from Prior Years

None

Appendix 1
Proposed 2006 Capital Budget
and 2007 to 2015 Revised Program

Appendix 2
Proposed 2006 Capital Budget
& Future Years Commitments

Appendix 3
Proposed 2006 Capital Projects
with Financing Details