

Analyst Briefing Notes

Budget Committee

November 3, 2009

Page

PART I: CAPITAL PROGRAM

Executive Summary	2
Recommendations.....	5
2009 Capital Variance Review	6
10-Year Capital Plan (2010 Recommended Budget, 2011-2019 Recommended Plan)	7
10-Year Capital Plan Overview	9
10-Year Capital Plan: Incremental Operating Impact Summary	16
Total 2010 Recommended Cash Flow & Future Year Commitments	17
2010 Recommended Capital Budget: Overview	18

PART II: ISSUES FOR DISCUSSION

2010 Recommended Capital Budget Issues	20
2011-2019 Recommended Capital Plan Issues.....	20

APPENDICES

Appendix 1: 10-Year Recommended Capital Plan Project Summary	22
Appendix 2: 2010 Recommended Capital Budget; 2011 to 2019 Capital Plan	23
Appendix 3: 2010 Recommended Cash Flow & Future Year Commitments	24
Appendix 4: 2010 Recommended Capital Projects with Financing Details	25
Appendix 5: 2010 Reserve / Reserve Fund Review	N/A
Appendix 6: 2010 to 2019 New and Expansion Facility Projects	26

Contacts: Judy Skinner
Manager, Financial Planning
Tel: (416) 397-4219

Dennis Carter
Senior Financial Planning Analyst
Tel: (416) 397-4298

October 30, 2009

PART I: CAPITAL PROGRAM

Executive Summary

- The 10-Year Recommended Capital Plan is driven by the Zoo's Strategic Plan, its Capital Master Plan and a number of studies, including the North Zoo Site Redevelopment Study and the Animal Health Facilities Study. The 10-Year Recommended Capital Plan includes capital improvement projects required for AZA certification.
- The following summarizes the allocation of recommended funding by project type:
 - **AZA certification:** The 10-Year Recommended Capital Plan provides approximately \$9.540 million or 20% for three Toronto Zoo Capital Programs required to maintain AZA certification including \$5.304 million for Eurasia, \$1.634 million to design the Animal Health Centre, and \$2.602 million to refurbish the Giraffe House.
 - **Improved Public Access to the City's assets:** The 10-Year Recommended Capital Plan provides approximately \$22.268 million or 48% for a number of projects supporting the Zoo's state of good repair requirements such as Exhibit Refurbishment, Information Systems, Grounds and Visitor Improvements, and Building Refurbishment.
 - **Implementation of Capital Master Plan:** The 10-Year Recommended Capital Plan provides approximately \$14.903 million or 32% for projects supporting the Zoo's Capital Master Plan to enhance and expand exhibits. The 10-Year Recommended Capital Plan includes the Penguin Exhibit, Gorilla Outdoor Display, Outdoor Mandrill Exhibit, and the Elephant-Winter Holding/Paddock Expansion projects.
- The 2009 Approved Capital Budget of \$10.984 million was 33% or \$3.611 million spent, as at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$7.874 million or 72% of the 2009 Approved Capital Budget. This represents a projected decrease of \$3.941 million under the 2008 spending of \$9.198 million. The 2009 projected spending rate of 72% is higher than the 2008 spending rate of 62%.
 - 2009 funding projected to be carried forward into the 2010 Recommended Capital Budget is \$2.160 million. This includes the Canadian Wilderness for \$0.629 million, Korean Gardens for \$0.389 million, and Elephant Winter Holding for \$0.731 million.
- The 10-Year Recommended Capital Plan totals \$48.871million, including \$2.160 million of 2009 funding carried forward into 2010, with \$23.701 million projected for the first 5 years, and the final 5 years requiring funding of \$25.170 million or 52% of the total.
 - The 10-Year Recommended Capital Plan total funding of \$46.711 million gross is funded primarily from debt accounting for 86% or \$40.125 million. Funding from the Toronto Zoo Capital accounts for 3% or \$1.416 million. Funding from external fund raising accounts for 11% or \$5.170 million.

- Changes to the 2009-2018 Approved Capital Plan amount to a decrease of \$159.432 million or 77% compared the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. The 10-Year Recommended Capital Plan for the Toronto Zoo includes projects with confirmed funding sources. The dependency on fund raising has been reduced from \$164.602 Million or 80% of total funding in 2009 to \$5.170 million or 11% of total in the 2010 10-Year Recommended Capital Plan. Funded projects will be added to the 10-Year Capital Plan when future funds from the Zoo's capital fund raising campaign are received.
- The 10-Year Recommended Capital Plan includes operating impacts from previously approved and new/change in scope capital projects for 2012 of \$0.086 million and \$0.420 million for 2014. The operating impacts primarily reflect additional costs that will be realized from the Orangutan Exhibit and Eurasia.
- Toronto Zoo currently has a SOGR backlog, estimated at \$91.267 million or 30% of the Capital Replacement Cost of \$300 million by year-end 2009. The backlog is projected to decrease by approximately \$1.481 million to \$89.786 million or 29.9% by 2014. The backlog will be reduced to \$85.616 million or 28.5% by 2019.
- The 2010 Recommended Capital Budget of \$4.125 million advances the Toronto Zoo's Service Objectives:
 - **Maintaining the Zoo Site:** The 2010 Recommended Capital Budget provides \$2.160 million including \$1.301 million for Building Refurbishment, \$0.255 for Information Services enhancements, and \$0.309 million to refurbish the Siberian Tiger holding building.
 - **Enhancing the Visitor Experience with New Exhibits:** The 2010 Recommended Capital Budget provides \$0.946 million to reintroduce the Penguins Exhibit.
 - **Improving Animal Care:** The 2010 Recommended Capital Budget provides \$0.934 million to design the Animal Health Centre.
 - **Improving Visitor Services:** The 2010 Recommended Capital Budget provides \$0.880 million for Grounds and Visitors Improvements including \$0.500 million to Pave Parking Lot #2.
- The 2010 Recommended Capital Budget of \$4.125 million for new/change in scope projects is 67% allocated to state of good repair projects at \$2.745 million, and 33% to service improvement projects at \$1.380 million.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new and previously approved projects of \$1.200 million in 2011.

- The 2010 Recommended Capital Budget of \$18.879 million provides funding to:
 - Begin design and construction of the Penguin Exhibit for \$0.446 million.
 - Continue the following projects:
 - Building Refurbishment for \$1.301 million,
 - Improving Information Services for \$0.255 million,
 - Refurbishment of Exhibits for \$0.309 million, and
 - Grounds and Visitor Services Improvements of \$0.380 million.
 - Pave and paint the lines on Parking Lot #2 to improve capacity for \$0.500 million.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Toronto Zoo with a total project cost of \$5.325 million, and 2010 cash flow of \$6.285 million and future year commitments of \$1.200 million comprised of the following:
 - a) New Cash Flow Funding for:
 - i) 6 new sub-projects with a 2010 total project cost of \$5.325 million that requires cash flow of \$4.125 million in 2010 and a future year commitment of \$1.200 million in 2011;
 - b) 2009 approved cash flow for 6 previously approved sub-projects with carry forward funding from 2009 into 2010 totalling \$2.160 million;
2. Council approve new debt service costs of \$0.103 million in 2010 and incremental debt costs of \$0.463 million in 2011 and \$0.126 million in 2012 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
3. Council approve the 2011-2019 Recommended Capital Plan for Toronto Zoo totalling \$41.386 million in project estimates, comprised of \$4.000 million in 2011; \$5.150 million in 2012; \$4.266 million in 2013; \$4.000 million in 2014; \$4.603 million in 2015; \$5.543 million in 2016; \$6.024 million in 2017; \$5.000 million in 2018; and, \$4.000 million in 2019;
4. All sub-projects with third-party financing be approved conditionally, subject to the receipt of such funds during 2010 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs;
5. Council consider operating impacts of \$0.745 million in 2011; and, net revenue of \$0.086 million in 2012 and \$0.420 million in 2014; emanating from the approval of the 2010 Recommended Capital Budget for inclusion in future year operating budgets; and,
6. Once fund raising requirements have been met, the Toronto Zoo will bring planned projects forward for Council consideration through the annual Capital Budget Process or an in-year report to Budget Committee.

PART I: CAPITAL PROGRAM

2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of Sept. 30th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
10,984	3,611	32.9%	7,874	71.7%	3,110

The Toronto Zoo's 2009 Approved Capital Budget of \$10.984 million was 32.1% or \$3.611 million spent at September 30th, 2009. Actual expenditures by year-end are projected to reach \$7.874 million or 71.7% of the 2009 approved capital budget. This represents a projected decrease of \$3.941 million or 42% in capital spending under the 2008 spending of \$9.198 million or 62%. The projected year-end under-spending is mainly due to the delay of construction on the African Rain Forest which will be completed by the 3rd quarter of 2010, the delay in raising \$0.500 million for the Korean Gardens and \$0.731 for the Elephant Holding project and delay in completion of the Canadian Wilderness for \$0.629 million.

State of Good Repair projects represent 38.6% or \$4.235 million of the 2009 Approved Capital Budget. As of September 30th only \$0.366 million or 9% of the approved funding of \$2.874 million for SOGR projects was spent. The spending rate in the same period of the last year was 8.0%. Toronto Zoo is projecting to spend \$1.925 million or 67.9% in this category, in line with last year's rate of 69.7%. The most significant project in this category is the Refurbishment of the African Rainforest Exhibit (South).

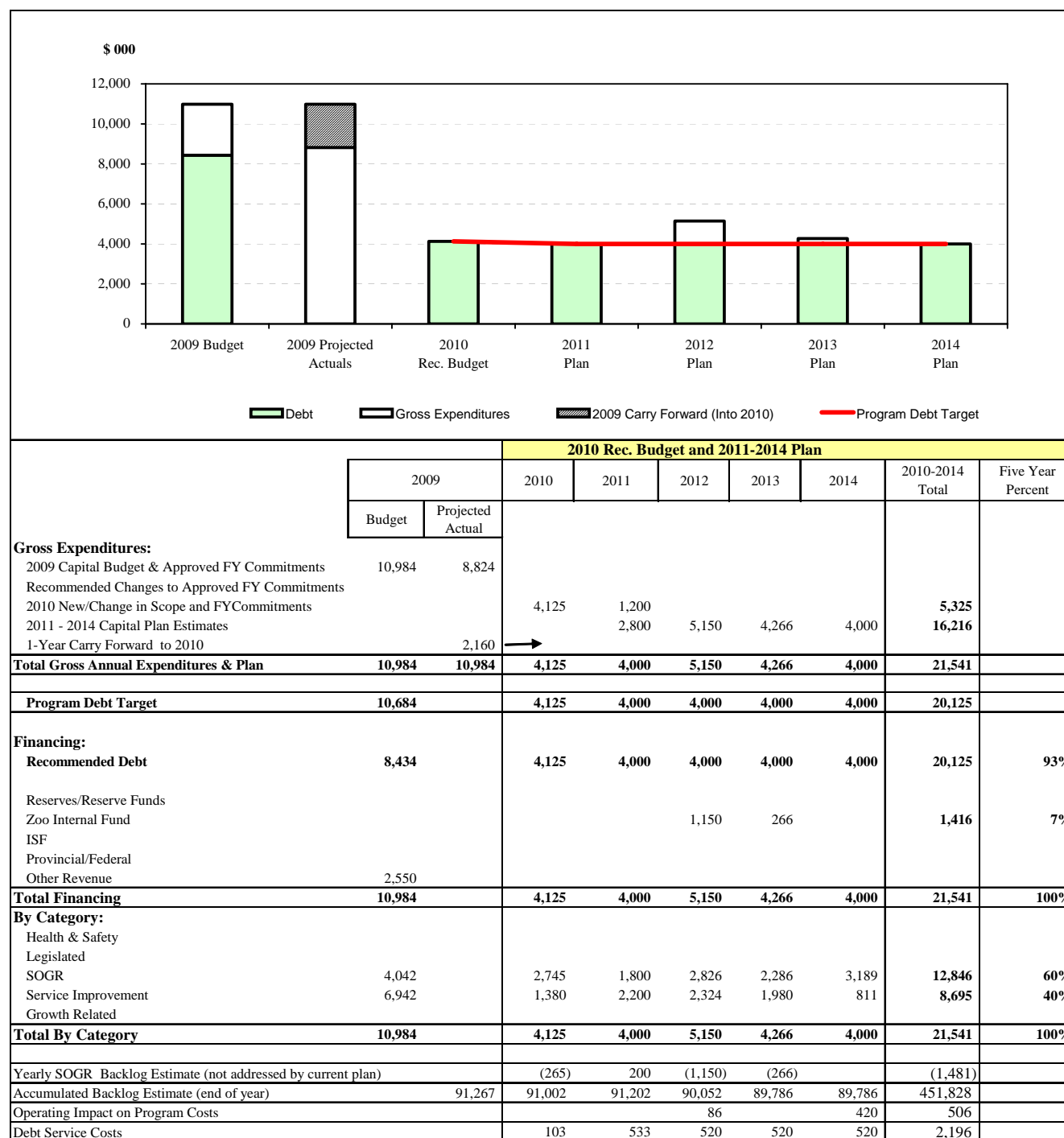
Work on the Korean Gardens approved for \$0.500 in the 2009 Approved Capital Budget is delayed since the \$0.500 million funding from the Dr. Schofield Memorial Foundation has not been received. The project will not continue until funding is received and \$0.389 million is projected to be carried forward to 2010.

The Elephant-Winter Holding/Paddock Expansion project approved for \$0.731 is also delayed since the funding has not been received. The project will not start until funding is received and \$0.731 million, funded 100% from fund raising, will be carried forward to 2010.

The majority of the projects are underway and it is projected that approximately \$3.110 million in funding will be carried forward to 2010.

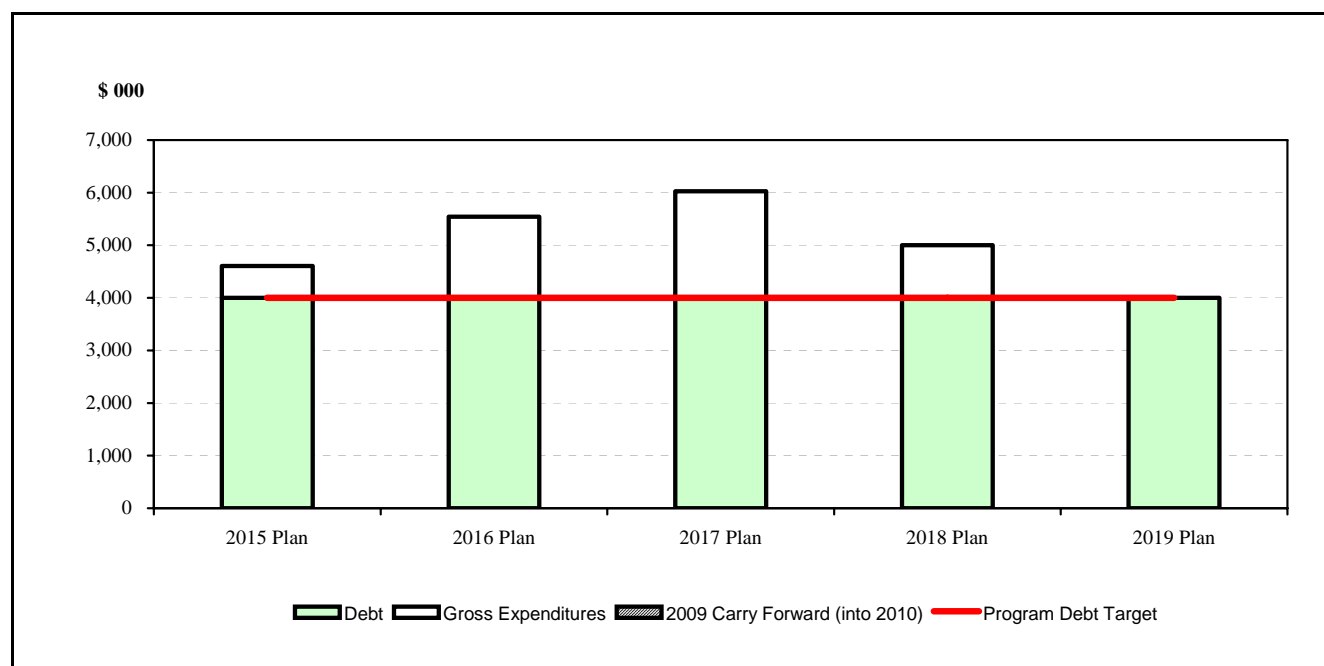
10-Year Capital Plan

2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



10-Year Capital Plan

2015-2019 Recommended Capital Plan



	2015-2019 Capital Plan						10-Year Total Percent
	2015	2016	2017	2018	2019	2010-2019 Total	
Gross Expenditures:							
2009 Capital Budget & Approved FY Commitments							
Recommended Changes to Approved FY Commitments							
2010 New/Change in Scope and FY Commitments						5,325	
2015 - 2019 Capital Forecast Estimates	4,603	5,543	6,024	5,000	4,000	41,386	
Total Gross Annual Expenditures & Plan	4,603	5,543	6,024	5,000	4,000	46,711	
Program Debt Target	4,000	4,000	4,000	4,000	4,000	40,125	
Financing:							
Recommended Debt	4,000	4,000	4,000	4,000	4,000	40,125	86%
Reserves/Reserve Funds							
Zoo Internal Fund						1,416	3%
ISF / RInC							
Provincial/Federal							
Other Revenue	603	1,543	2,024	1,000	0	5,170	11%
Total Financing	4,603	5,543	6,024	5,000	4,000	46,711	100%
By Category:							
Health & Safety							
Legislated							
SOGR	3,647	5,543	6,024	3,276	1,007	32,343	69%
Service Improvement	956	0	0	1,724	2,993	14,368	31%
Growth Related							
Total By Category	4,603	5,543	6,024	5,000	4,000	46,711	100%
Yearly SOGR Backlog Estimate (not addressed by current plan)	(603)	(1,543)	(1,024)	(1,000)		(5,651)	
Accumulated Backlog Estimate (end of year)	89,183	87,640	86,616	85,616	85,616	85,616	
Operating Impact on Program Costs						506	
Debt Service Costs	520	520	520	520	520	4,796	

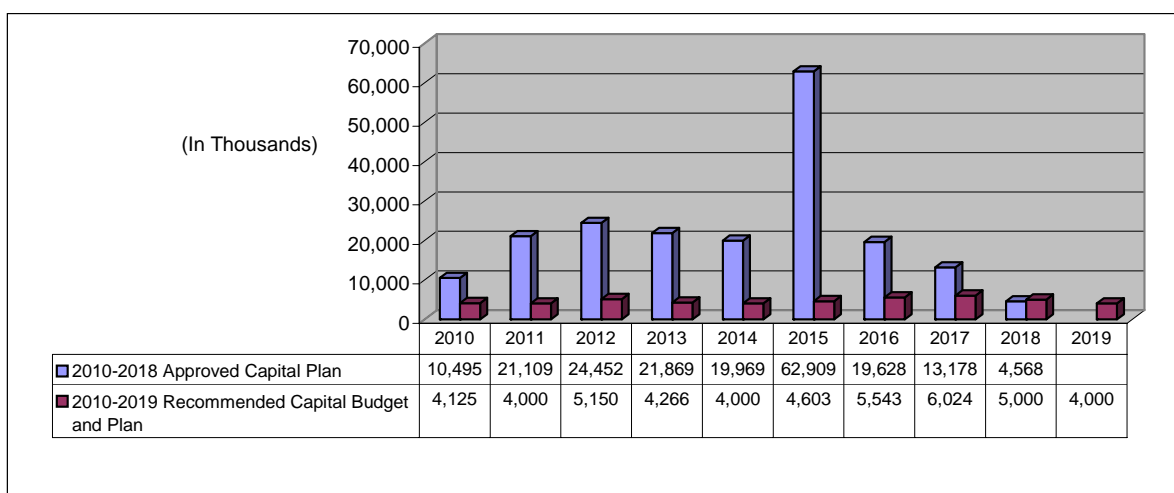
10-Year Capital Plan Overview

- The 10-Year Recommended Capital Plan for the Toronto Zoo is a continuation of the Zoo's twenty-five year Capital Master Plan of 1990 and is in line with the directions in its 2001 Strategic Plan. The following eight major reports, adopted by the Zoo Board of Management, support the 10-year Capital Plan: Building Audit Report and Site Services Study, Revenue and Visitor Experience Enhancement Study, Information Needs 2000, North Zoo Site Redevelopment Schematic Design, Animal Health Facilities Feasibility Study, Education Development Feasibility Study, Audit of Exhibits and Holdings, and Elephant Feasibility Study
- The 10-Year Recommended Capital Plan total of \$46.711 million is funded primarily from debt accounting for 86% or \$40.125 million. Funding from the Zoo's Internal Capital Fund accounts for 3% or \$1.416 million, and funding from fundraising and donations accounts for 11% or \$5.170 million.
- The following summarizes the 10-Year Recommended Capital Plan of \$46.711 million by project category:
 - Projects that maintain assets in a *State of Good Repair* represent \$32.343 million or 69% of the total new cash flow. This includes state of good repair projects driven by Building Refurbishment, Grounds and Visitor Improvements, Exhibit Refurbishment, Giraffe House Refurbishment, and Information Systems.
 - *Service Improvement* Projects represent approximately 31% or \$14.368 million of the 10-Year Recommended Capital Plan. Examples of the service improvement projects include the Penguin Exhibit, design for the Animal Health Centre, Eurasia, Elephant Holding, Outdoor Mandrill Exhibit, and Gorilla II.
- Toronto Zoo currently has a SOGR backlog, estimated at \$91.267 million or 30% of the Capital Replacement Cost of \$300 million by year-end 2009. The backlog is projected to decrease by approximately \$1.481 million to \$89.786 million or 29.9% by 2014. The backlog will be reduced to \$85.616 million or 28.5% by 2019. Future year backlog will be reduced by service improvement projects replacing/improving existing exhibits that are deteriorating.. This reduction of SOGR backlog relies on 80% funding from the fund raising campaign and is not included in the 10 Year Recommended Capital Plan.

Key Changes to the 2010-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2018 Recommended Capital Budget and Plan. As outlined in the table below, the 10-Year Recommended Capital Budget of \$46.711 million in cash flow represents a decrease of 77% or \$158.141 million compared to the 10-Year Approved Capital Plan estimate of \$204.852 million, in 2009. There is a \$155.466 million or 78 % decrease in the 2010 Recommended Capital Budget and 2011-2018 Recommended Capital Plan over the 9 year period.

Changes to the 2010-2018 Approved Capital Plan



Changes to the 2010-2019 Approved Capital Plan arise from:

- The 2010 Recommended Capital Budget and 2011-2019 Capital Plan for the Toronto Zoo includes projects with confirmed funding sources. The 2010-2018 Recommended Capital Plan included \$164.602 million or 80% funding from the Zoo's Fund Raising Campaign. The launch of the campaign has been delayed. Projects with dependency on fund raising as their source of funding have been removed from the 10 Year Recommended Capital Plan. The dependency on fund raising has been reduced by \$159.432 million, from \$164.602 Million or 80% of total funding in 2009 to \$5.170 million or 11% of total in the 2010-2019 Recommended Capital Plan. Funded projects will be added to the 10-Year Capital Plan in the future when fund raising results are realized.
- The Penguin Exhibit Project has been changed to reduce fund raising requirements by \$5.500 million. Renovation of the old Cape Fur Seal exhibit, including the pool, to exhibit penguins is a sound proposal with excellent potential for revenue generation as a special attraction.
- 10-Year Recommended Capital Plan provides funding for three AZA accreditation priority projects including \$5.304 million for Eurasia, \$2.602 million for refurbishment of the Giraffe House and \$1.634 million for the design of the Animal Health Centre.

Summary of Project Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010 - 2018
Exhibit Refurbishment		(137)	(3)	9	(1)	(232)	(31)	10	(505)	(890)
Information Services		5	158	(246)	357	(261)	5	5	324	347
Grounds and Visitor Improvements		(209)	7	8	8	(140)	67	66	(99)	(292)
Build & Services Refurbish	83	(374)	73	(62)	(517)	(434)	233	(49)	(12)	(1,059)
Parking Lot Resurfacing	500									500
Penguin Exhibit	446	500					(446)	(4,000)	(2,000)	(5,500)
Giraffe House Refurbishment	(102)	(782)	(238)		1,000	1,340				1,218
Gorilla Outdoor						(246)	(2,396)		1,000	(1,642)
Mandrill Outdoor							(1,591)		724	(867)
North Zoo-Eurasia	(1,300)	(2,900)	(932)							(5,132)
Orangutan II & III			(481)	(2,978)	(3,877)	750	2,500	3,223	1,000	137
Schofield Memorial Garden	(1,500)	(1,500)	(1,500)							(4,500)
Giant Panda					(214)	(2,966)	(7,114)	(6,670)		(16,964)
Canadian Wilderness	(1,551)	(3,700)	(11,100)	(9,269)						(25,620)
Animal Health Centre	934	(350)	(7,000)	(8,200)						(14,616)
North Zoo-Tropical Americas					(3,438)	(3,920)				(7,358)
Front Entrance			(117)	(4,600)						(4,717)
Food Services				(2,089)						(2,089)
Elephant Holding/ Paddock Expansion	(1,731)				811	(39,044)				(39,964)
Education Centre				(1,425)	(9,975)	(10,125)				(21,525)
Breeding Holding Facility					(123)	(3,028)				(3,151)
Rouge Valley Interpretive Centre							(2,612)			(2,612)
Ride & Revenue Development							(2,700)			(2,700)

Project Financing

The Toronto Zoo's 10-Year Recommended Capital Plan is primarily funded from debt totalling \$40.125 million or 86% of the \$46.711 gross Budget. \$1.416 million or 3% will be funded from the Zoo Internal Capital Fund and \$5.170 million or 11% will be funded from Toronto Zoo fund raising. The Toronto Zoo has initiated a fund raising plan to maximize other sources of funding to enable future year capital projects. Funded projects will be recommended to Council for addition to the 10-Year Capital Plan when results from fund raising efforts are available.

The Toronto Zoo did not receive ISF Funding and is not eligible for Development Charge Funding.

10-Year Recommended Capital Plan Versus Multi-Year Debt Targets

The Toronto Zoo 10-Year Recommended Capital Plan meets the Council-approved debt affordability targets each year for the 2010 to 2019 timeframe.

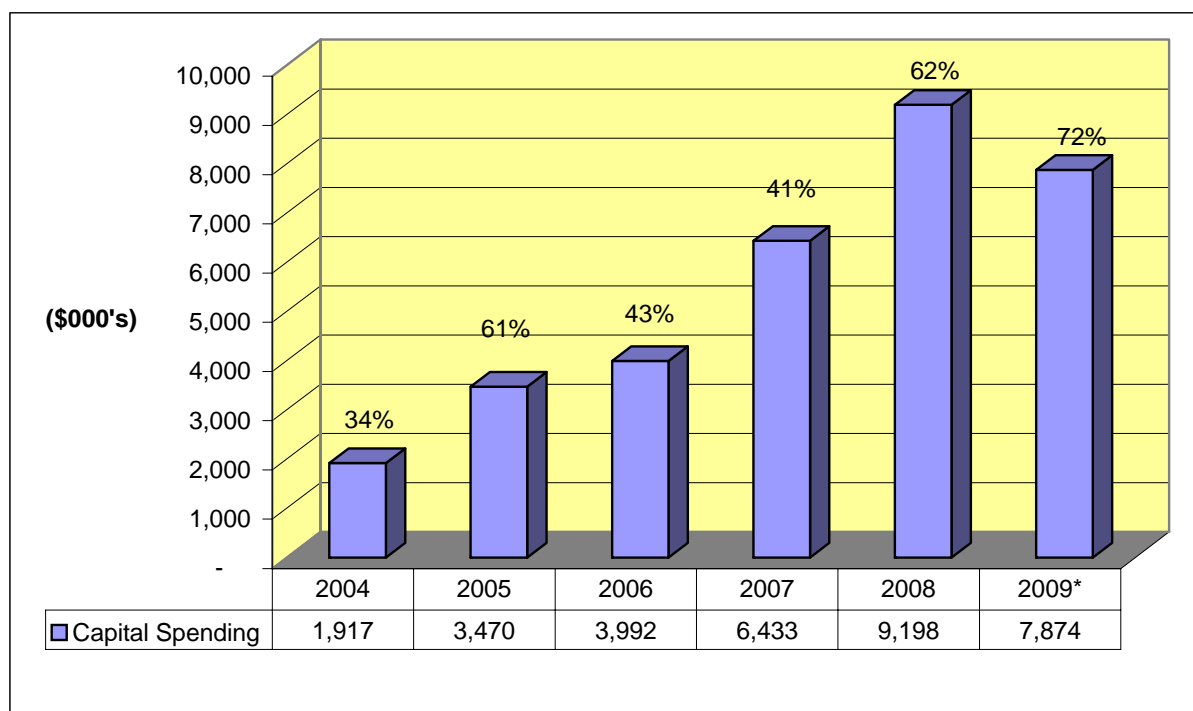
Program Capacity and Readiness to Proceed

Toronto Zoo is anticipating spending \$7.874 million or 72% of the 2009 Approved Capital Budget of \$10.984 million, continuing to improve on the 2008 spending rate of 62%. The Zoo has overcome the challenges of re-tendering the Tundra sub-project in 2007 which resulted in 41% spending. The 2010 Recommended Capital Budget of \$6.285 million includes \$4.125 million new funding and \$2.160 million funding carried forward from 2009. The 2009 projects with funding carried forward into 2010 include \$.389 million for the Korean Gardens and \$0.731 million for the Elephant – Winter Holding project and both of these projects are totally funded from other sources which were not received in

2009. The projects included in the 10-Year Recommended Capital Budget includes \$5.170 million or 11% funding from other sources significantly reducing the dependency on other funding from \$164.602 million or 80% in the 2009 10-Year Capital Plan.

The re-tendering of several large construction projects in 2007 was the result of escalating construction costs. In 2009 the Toronto Zoo changed its approach with respect to project budget forecasts and design. Project costs were increased, on a project by project basis, to better reflect the realistic cost of construction. This costing practice was continued in the 2010 Capital process.

Toronto Zoo Capital Budget Spending (2004-2009)



Note: *2009 Year-End Capital Budget Spending Rate Projection as of Sept. 30th, 2009.

Toronto Zoo's capital spending rate has continued to show improvement, from \$1.917 million or 34% in 2004 to \$9.198 million or 62% in 2008. The projected spending of \$7.874 million or 72% in 2009 continues to improve. Design and tendering phases for projects are included in the 10-Year Capital Plan making it feasible to complete more projects within the specific timelines and funding targets that have been set.

State of Good Repair (SOGR) Backlog

Toronto Zoo currently has a SOGR backlog, estimated at \$91.267 million or 30% of the capital replacement cost of \$300 million by year-end 2009. The backlog is projected to decrease by approximately \$1.481 million to \$89.786 million or 29.9% by 2014. The backlog will be reduced to \$85.616 million or 28.5% by 2019. Future year backlog will be reduced by service improvement projects replacing/improving existing exhibits that are deteriorating.. This reduction of SOGR backlog relies on 80% funding from the fund raising campaign and is not included in the 10 Year Recommended Capital Plan.

Capital Projects Highlights

The 10-Year Recommended Capital plan includes projects that can be summarized into State of Good Repair, New or Enhanced exhibits, improving Health Services for the animal collection and improving Visitor Services. The following highlights significant capital projects in the Recommended 10-Year Capital Plan and Forecast:

State of Good Repair:

- **Exhibit Refurbishment**

The Exhibit Refurbishment Project requires \$3.356 million over 10 years and is planned with 100% debt funding. Exhibit Refurbishment is a multi-year plan involving initiatives to renovate exhibits throughout the Zoo site. In 2010, replacement of the deteriorated Siberian Tiger Holding is planned to meet AZA accreditation, animal welfare and state of good repair requirements.

- **Building and Services Refurbishment**

The Building & Services Refurbishment Project requires \$12.603 million over 10 years and is planned with 100% debt funding.. The Building & Services Refurbishment project implements the repair or replacement of building components identified in the Building Audit Report approved by the Board in 1998.

- **Information Services**

The Information Services Project requires \$2.449 million over 10 years and is planned with 100% debt funding. This project supports the Information Needs 2000 Report replacing various systems including: points of sale, data warehousing, biology and conservation records system, document management and imaging, telecommunications and financial systems. The Toronto Zoo is working with the City's Information Technology Services Division on these projects.

Enhancement of Exhibits:

- **North Zoo Site Redevelopment (Eurasia)**

The North Zoo Site Redevelopment Project (Eurasia) requires \$5.304 million including \$3.888 million or 73% debt financing and \$1.416 million from the Zoo Internal Capital Fund.

The North Zoo Site Redevelopment will complete more efficient integration of visitor site circulation changes at the Toronto Zoo by bringing important Canadian animal exhibits now in the Rouge Valley up into the table lands. The construction has been planned in multi phases to match debt target and fund-raising plans.

The Tundra Trek, including the new Polar Bear Exhibit, opened in 2009. In 2010, the detailed design of Phase II and Phase III of the North Zoo Site Redevelopment Project will be completed. The Eurasia Rehabilitation (Phase II) (2011-2013) will consolidate and intensify the experience by shortening the visitor path in the existing Eurasia area. Renovation of this area in 2012-2013 is necessary to make way for the Phase III North Site Redevelopment construction.

- **Orangutan II & III Indoor/Outdoor Exhibits**

The Orangutan II & III Indoor/Outdoor Exhibits Project requires \$7.473 million which is 100% debt funded. The combined indoor/outdoor project (2015-2018) will provide for a new landscape immersion visitor experience including education and interactive features and ensure a new standard of animal care.

- **Elephant – Winter Holding/Paddock Expansion Design**

The Elephant – Winter Holding/Paddock Expansion Design requires \$1.767 million including \$1.164 million or 66% debt funding. The design is planned for 2014-2015.

- **Giraffe House Refurbishment**

The Giraffe House Refurbishment Project requires \$2.602 million which is 100% debt funded. The giraffe house is one of the Zoo's original wooden structures, built in 1973. The Giraffe House was listed as a major concern in the AZA Accreditation report in 2007 and therefore the project is being advanced in the 10-Year Capital Plan. In 2012 design work will commence on the new house, yards and winter facilities. Construction is planned for 2014-2015.

- **Gorilla II: Outdoor Display**

The Gorilla II: Outdoor Display Project requires \$2.602 million which is 100% debt funded. Detailed design of the exhibit will occur in 2018 with construction to follow in 2019. The project includes a new outdoor display to be extended up the hill to the north, towards the Family Centre, improving visibility for visitors and providing a larger, more enriched environment for the gorillas.

- **Mandrill Outdoor Exhibit**

The Mandrill Outdoor Exhibit Project requires \$1.824 million which is 100% debt funded. The proposed new outside exhibit will provide a glass outdoor public viewing area constructed by the Africa Tembo Market. This project is scheduled to commence in 2018.

- **Penguin Exhibit**

The Penguin Exhibit Project requires \$0.946 million which is 100% debt funded. The Toronto Zoo is planning for the reintroduction of penguins into the Zoo collection by renovating the old Cape Fur Seal exhibit to accommodate penguins from the temperate regions of the world. Exhibiting penguin species from more moderate climates negates the need to refrigerate the exhibit, reducing both the construction and on-going operating costs. Detailed design will be completed in 2010, with construction planned for completion in 2011.

Improving health services for the animal collection:

- **Animal Health Centre**

The Design of the Animal Health Centre Project requires \$1.634 million which is 100% debt funded. The design is scheduled for 2010-2011 and is critical to the fund raising campaign required for the completion of this \$16.5 million animal hospital and research facility. Construction costs of \$15 million have not been included in the 10-Year Recommended Capital Plan as it requires 100% funding support from the Fundraising Campaign. The design will provide a realistic concept to be used in the Fund Raising Campaign. Once the campaign has

successfully received the level of funds required for construction, the project will be added to the 10-Year Capital Plan

Construction of the Quarantine Facility was completed in 2007, as the first phase of the Animal Health Facilities project. The Quarantine Facility enabled the Zoo to meet accreditation standards of the American and Canadian zoological associations that require quarantine of incoming animals for the protection of the existing collection. The new Animal Health & Reproduction Centre will be specifically designed for medical and surgical care of zoo species, and will provide specialized housing for hospitalized animals, addressing AZA accreditation requirements.

Improving Visitor Services:

• Grounds and Visitor Improvements

The Grounds and Visitor Improvements Project requires \$3.860 million which is 100% debt funded. This project addresses the public's needs for improved visitor amenities, paving of parking lot #2, the appearance of indoor and outdoor areas, improvements to site circulation and visitor orientation. Additional seating, shade and drinking water fountains will be provided at various locations around the site and a new feature will be installed at Splash Island to improve the visitor experience and maintain the high usage of this venue.

Summary of Major Capital Initiatives

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
New & Expansion Facility Projects											
Orangutan II & III Outdoor						750	2,500	3,223	1,000		7,473
North Site-Eurasia		1,000	2,324	1,980							5,304
Animal Health Centre-Design	934	700									1,634
Sub-total	934	1,700	2,324	1,980	0	750	2,500	3,223	1,000	0	14,411
IT Projects	255	260	260	104	357		266	266	324	357	2,449
Other Major Initiatives:											
SOG-Exhibits, Grounds, IT, and Buildings	2,490	1,540	2,304	2,182	1,832	1,557	2,777	2,535	1,952	650	19,819
Penguin Exhibit	446	500									946
Gorilla Outdoor Display									1,000	1,893	2,893
Outdoor Mandrill Exhibit									724	1,100	1,824
Giraffe House Refurbishment			262		1,000	1,340					2,602
Elephant-Winter Holding/Paddock Expansion					811	956					1,767
Sub-total	2,936	2,040	2,566	2,182	3,643	3,853	2,777	2,535	3,676	3,643	29,851
Total	4,125	4,000	5,150	4,266	4,000	4,603	5,543	6,024	5,000	4,000	46,711

The 10-Year Recommended Capital Plan includes funding of \$14.411 million for three new/expanded facilities including the \$7.473 million for the Orangutan II & III exhibit, \$5.304 million for the Eurasia exhibit and \$1.634 million for the Design of the Animal Health Centre.

Funding for one information technology project amounts to \$2.449 million in the 10-Year Capital Plan. The project provides funding for planned upgrades to meet key Zoo animal information management requirements and replacement of hardware identified in the Zoo's Information Technology Needs Report completed in 2000.

10-Year Capital Plan: Incremental Operating Impact Summary

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
2010 Recommended Capital Budget											
Program Costs (Gross)			86		420						506
Program Costs (Revenue)											
Program Costs (Net)			86		420						506
Approved Positions			1		5						6
Debt Service Costs	103	463	126								692
Recommended 10-Year Capital Plan											
Program Costs (Gross)											
Program Costs (Revenue)											
Program Costs (Net)											
Approved Positions											
Debt Service Costs		70	394	520	520	520	520	520	520	520	4,104
Total											
Program Costs (Gross)			86		420						506
Program Costs (Revenue)											
Program Costs (Net)			86		420						506
Approved Positions			1		5						6
Debt Service Costs	103	533	520	520	520	520	520	520	520	520	4,796
<i>Debt Service cost of repayment of principal and interest is calculate according to corporate guidelines, in the following manner: 2.5% Year 1, and 13% for subsequent years</i>											

The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan includes total operating impacts from new projects of \$0.506 million.

The program cost impact from the approval of the 2010 Recommended Capital Budget includes:

- \$0.086 million net and 1 additional keeper in 2012 for the Orangutan Exhibit,
- \$0.420 million and 5 additional keepers for Eurasia in 2014.

The 10-Year Recommended Capital Plan will impact future year operating debt service costs. The 2010 Recommended Capital Budget includes incremental debt service costs of \$0.103 million in 2010, \$0.463 million in 2011, and \$0.126 million in 2012. The 2011-2019 Recommended Capital Plan is projected to require incremental debt service costs of \$4.104 million over the 2011-2019 period

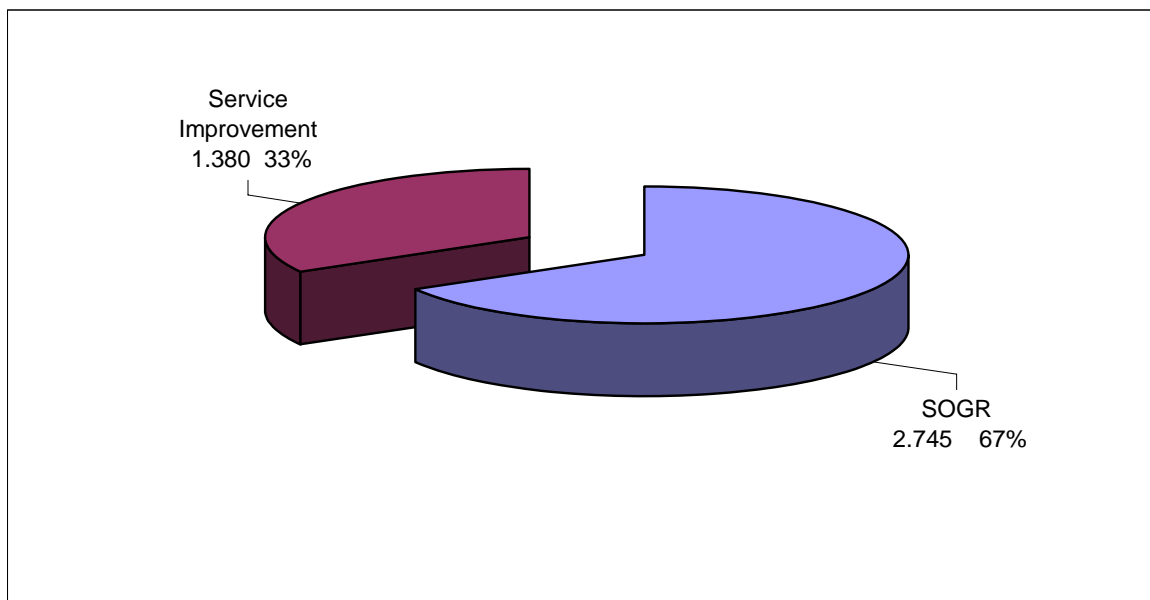
Total 2010 Recommended Cash Flow & Future Year Commitments

	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2009 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
Expenditures																
Previously Approved					2,160	2,160										2,160
Change in Scope																
New			2,745	2,745		2,745										2,745
New w/Future Year			1,380	1,380		1,380	1,200									2,580
Total Expenditure	0	0	4,125	4,125	2,160	6,285	1,200	0	0	0	0	0	0	0	0	7,485
Financing																
Debt				4,125	856	4,981	1,200									6,181
Reserves/Res Funds																
Development Charges																
ISF / RInC																
Provincial/Federal																
Other				0	1,304	1,304										1,304
Total Financing	0	0	0	4,125	2,160	6,285	1,200	0	0	0	0	0	0	0	0	7,485

- The 2010 Recommended Capital Budget is \$6.285 million and includes funding from 2009 projects carried forward into 2010 of \$2.160 million; \$2.745 million for new one year projects and \$1.380 million for new projects with future year commitments.
- The 2010 Recommended Capital Budget is funded \$4.981 million or 79% from debt and \$1.304 million or 21% from other sources.
- Approval of the 2010 Recommended Capital Budget will result in a commitment of future year funding for new projects of \$1.200 million in 2011, including \$0.500 million for the Penguin Exhibit and \$0.700 million for the Design of the Animal Health Centre.

2010 Recommended Capital Budget: Overview

Capital Budget by Project Category



The following summarizes the 2010 Recommended Capital Budget funding by project category:

- The 2010 Recommended Capital Budget includes the allocation of significant funding for *State of Good Repair* projects accommodating the Program's highest priority needs. These projects account for approximately \$2.745 million or 67% of the total new cash flow of \$4.125 million recommended for 2010. State of Good Repair for the Toronto Zoo is driven by the needs for Buildings and Exhibit Refurbishment and Grounds Improvements.
- *Service Improvement* projects represent approximately 33% or \$1.380 million of the total recommended cash flow for 2010 and include the Design of the Animal Centre project and the Penguin Exhibit project.

2010 Recommended Capital Budget versus Debt Target

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$4.125 million with debt funding of \$4.125 million. This cash flow combined with funding carried forward of \$2.160 million for 2009 projects results in a total 2010 Recommended Capital Budget of \$6.285 million.

The 2010 Recommended Capital Budget for Toronto Zoo meets the 2010 debt affordability target of \$4.125 million.

Capacity and Readiness to Proceed

The 2010 Recommended Capital Budget of \$6.285 million includes \$4.125 million new funding and \$2.160 funding carried forward from 2009.

The funding carried forward from 2009 totals \$2.160 million including the Korean Gardens project for \$0.389 million and the Elephant Winter Holding/Paddock Expansion project for \$0.731 million which are both 100% funded from Fund raising and will not proceed until funds are secured. All of the other projects included in 2010 are debt funded and are ready to proceed as planned.

Projects requiring third party funding are to be approved conditionally on securing third party funding.

Capital Project Highlights

The 2010 Recommended Capital budget provides funding for projects that advance the Toronto Zoo's Service Objectives:

Maintaining the Zoo site

- Building Services Refurbishment –\$1.301 million for roof replacement. Building repairs, mechanical equipment replacement and transformer replacement
- Information Services –\$0.255 million for Zoo Tech 2.0 enhancements, server hardware refreshment, ERP upgrade, implementing the Zoological Information System (ZIMS)Management
- Exhibit Refurbishment –\$0.309 million to replace the Siberian Holding Building

New Exhibits

- Penguin Exhibit –\$0.946 million to refurbish the fur seal exhibit to reintroduce penguins.

Improved Animal Care

- Design-Animal Health Centre – Recommended \$0.934 million for planning/design of the Animal Health Centre.

Improved Visitor Services

- Grounds and Visitor Improvements –\$0.380 million for site accessibility improvements and provision of additional shade, seating and drinking water
- Paving Parking Lot 2 –\$0.500 million to pave lot #2 and improve parking capacity.

The 2010 Recommended Capital Budget of \$18.879 million provides funding to:

- Begin design and construction of the Penguin Exhibit for \$0.446 million.
- Continue the following projects: Building Refurbishment for \$1.301 million, Improving Information Services for \$0.255 million, Refurbishment of Exhibits for \$0.309 million, and Grounds and Visitor Services Improvements of \$0.380 million.
- Complete the Paving of Parking Lot #2 for \$0.500 million.

PART II: ISSUES FOR DISCUSSION**2010 Recommended Capital Budget Issues****Third party funding**

The 2010 Recommended Capital Budget includes \$2.550 million third party funding for the following two projects: Korean Gardens (\$0.389 million), and Elephant Winter Holding/Paddock Expansion (0.731 million), both to be 100% funded from fund raising. These projects requiring third party funding are to be approved conditionally on securing third party funding; projects are not to proceed until funding is secured.

It is recommended that all sub-projects with third-party financing be approved conditionally, subject to the receipt of such funds during 2010 and that the projects not proceed until funds are received.

2011-2019 Recommended Capital Plan Issues**Fund Raising Campaign**

In September 2008, the Board of Management of the Toronto Zoo decided to end its relationship with the Toronto Zoo Foundation. The Foundation continued to operate for an interim period for the orderly wind-up of its affairs. On May 29, 2009 this process was successfully completed.

By agreement with the Board of Management, the Foundation's financial assets of approximately \$6.0 million were deposited with the Toronto Community Foundation. The Toronto Community Foundation performs a financial stewardship role, which includes managing the investments and ensuring that the funds are disbursed to the Zoo consistent with donor intent. The Zoo is permitted to draw down these funds, in accordance with the terms of the Trust Agreement with the Toronto Zoo Foundation, the Toronto Community Foundation and the Board of Management.

Two studies were recently undertaken by professional fundraising consultants to assess the Toronto Zoo's capacity to undertake a major fundraising campaign. In January 2008, DVA Navion completed a campaign feasibility study for the Zoo. This was followed by a Campaign Readiness Plan prepared by KCI (Ketchum Canada) in February 2009.

In order to develop and launch a successful fundraising campaign, both DVA Navion and KCI have recommended a series of steps that need to occur as follows:

- Build internal capacity/resources dedicated to the Capital Campaign.
- Create a new vision for the Toronto Zoo and use the new vision to develop an inspiring case for support.
- Finalize the campaign priorities.
- Develop case materials for each project in phases by priority.
- Enlist senior volunteers to support the campaign.
- Develop a prospect list.
- Cultivate prospects and build relationships.

The Zoo Board of Management and staff are proceeding with these steps to ensure a successful campaign. In July 2009, the Board approved a five year Strategic Plan for the Zoo which includes a new vision and strategic directions. In early October, the Board approved the project priorities for the Capital Campaign, which align with the new vision and strategy.

Recognizing that major gift solicitation and capital fundraising requires specialized skills, KCI has been hired to assist the Zoo with the development and planning for a Capital Campaign. This is a common approach as most organizations embarking on a capital campaign engage fundraising counsel to lead the campaign or to support their in-house staff. As well, to provide oversight to the Zoo's fundraising activities, the Board is in the process of recruiting an Executive Director of Development. This position was transferred from the Toronto Zoo Foundation and is currently vacant. Reporting to the Chief Executive Officer, this position will provide direction and have responsibility for all fundraising programs, including the implementation of the Capital Campaign.

The project priorities approved by the Board of Management have established a total campaign goal of \$250 million (including fundraising costs) to be raised over the next 10 years. These funds will come from private sources (corporations, foundations and individuals) as well as government support. Funded projects will be added to the 10-Year Capital Plan in the future when fund raising results are realized.

Projects planned to be funded from the fund raising campaign include: (with estimated project costs)

- Schofield Memorial - \$4.500 million
- Canadian Wilderness - \$24.550 million
- Giant Panda - \$16.408 million
- Animal Health Centre construction - \$14.920 million
- North Zoo Site, Tropical Americas - \$8.255 million
- Front Entrance and Food Services - \$6.942 million
- Elephant Paddock Expansion - \$40.000 million
- Education Building - \$21.956 million
- Breeding Holding Facility - \$3.214 million
- Rouge Valley Interpretive Centre - \$2.664 million
- Ride Development - \$2.754 million

It is recommended that once fund raising requirements have been met, the Toronto Zoo will bring planned projects forward for Council consideration through the annual Capital Budget Process or an in-year report to Budget Committee.

AZA Certification

AZA Accreditation issues from the 2007 accreditation report are priorities in the in the 10-Year Recommended Capital Plan including, the Eurasia exhibit, the Giraffe House and the Design of the Animal Health Centre. AZA will again review the Toronto Zoo in 2012 and it is anticipated that the Canadian Wilderness and the construction of the Animal Health Center will be accreditation concerns at that time. Accreditation issues create ongoing pressures for capital improvements at the Zoo but often are aligned with state of good repair issues.

Appendix 1
10-Year Recommended Capital Plan Project Summary

Appendix 2

**2010 Recommended Capital Budget; 2011 to 2019
Capital Plan**

Appendix 3

**2010 Recommended Cash Flow
And Future Year Commitments**

Appendix 4
2010 Recommended Capital Projects
With Financing Details

Appendix 6

2010 to 2019 New and Expansion Facility Projects

Projects (In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
Animal Health Centre-Design	934	700									0 1,634
Total	934	700	0	0	0	0	0	0	0	0	1,634