

Analyst Briefing Notes

Budget Committee - February 16, 2010

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February 16, 2010

PART I: 2010 OPERATING BUDGET**Executive Summary**

- Economic Development and Culture provides services to advance the City's prosperity, opportunity and liveability. The Program engages partners in the planning and development of the City's economy and cultural resources and delivers targeted programs and services to create an environment in which business and culture can thrive. EDC provides five services: Strategic Growth & Sector Services; Culture Services; Film & Digital Media Services; Business Services and Marketing & Promotion Services.
- Economic Development and Culture's 2010 service objectives support the Agenda for Prosperity which includes:
 - Maintaining and growing local employment and investment in key economic clusters;
 - Positioning Toronto as a creative City;
 - Revitalizing local economies; and,
 - Strengthening the "Can-Do" service culture in City Hall.
- 2009 accomplishments for Economic Development and Culture include:
 - Facilitated 4.6 million square feet of business expansion affecting 4560 jobs and initiated the GoldStar services with 21,000 associated jobs;
 - Assisted 71 BIAs and other small businesses with 26,000 enquiries and 2800 consultations; and
 - Achieved attendance of 2.5 million people for EDC culture events, an increase of 10%, and developed and led the successful year-long commemoration of Toronto's 175th Anniversary.
- For 2009, Economic Development and Culture after a preliminary review completed in December 2009, is anticipating that the Program will experience a \$0.521 million net favourable variance by year-end 2009.
 - The 2009 Operating Variance is projected to have no impact on the 2010 Recommended Operating Budget.

Table 1: 2010 Recommended Budget

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	36,854.6	36,586.6	35,874.3	40.0	35,914.3	(940.3)	(2.6)	348.3	127.7
REVENUE	9,507.4	9,239.4	9,467.9	40.0	9,507.9	0.5	0.0	0.0	0.0
NET EXP.	27,347.2	27,347.2	26,406.4	0.0	26,406.4	(940.8)	(3.4)	348.3	127.7
Approved Positions	286.2	286.2	285.8	0.0	285.8	(0.4)	(0.1)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	26,408.5	26,406.4	(2.1)	25,041.2
PROGRAM REDUCTION (\$)	(1,600.3)	(1,602.4)	(2.1)	(1,367.4)
PROGRAM REDUCTION (%)	(5.9)	(5.9)	(0.0)	(5.0)

- The 2010 Recommended Operating Budget for Economic Development and Culture of \$35.914 million gross and \$26.406 million net is \$0.941 million or 3.4% below the 2009 Approved Operating Budget, and achieves Program Reductions of \$1.602 million or 5.9% of the 2009 Approved Budget which is \$0.002 million or slightly greater than the reduction target of \$1.600 million for Economic Development and Culture in 2010.
- The 2010 Recommended Operating Budget of \$26.406 million net is comprised of base funding of \$26.406 million net and \$0.040 million gross for one new/enhanced service priority action which requires no net City funding. The 2010 Recommended Operating Budget of \$26.406 million net includes revenue and service changes of \$1.299 million.
- Approval of the 2010 Recommended Operating Budget will result in the Program's total staff complement decreasing from 286.2 to 285.8 approved positions as a result of the elimination of 0.4 positions following the completion of the 175th Anniversary celebration.
- The 2010 Recommended Operating Budget for Economic Development and Culture results in incremental future year net impacts to the Program of \$0.348 million in 2011 and \$0.128 million incremental impact in 2012.
 - The 2011 Outlook includes projected increases of \$ 0.231.4 million for COLA and \$0.128 million for progression and step increases.
 - The 2012 Outlook includes projected increases of \$0.128 million for progression and step increases.
 - Economic Development and Culture has developed options to achieve the 2011 Base Budget Target Reduction of \$1.367 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration with the 2011 Operating Budget.

- The 2010 Recommended Operating Budget of \$26.406 million net provides funding for the following key cost drivers:
 - A cost of living adjustment (COLA) of 2% for union staff and 1% for exempt staff and step and progression pay increases results in an increase to salaries and benefits of \$0.346 million,
 - \$0.261 million net for annualized costs of new/enhanced initiatives including commemoration of the War of 1812 and the “Can-Do” initiative approved in 2009.
- The cost drivers noted above will be partially offset by the following revenue increases:
 - \$0.050 million increased sponsorship revenue from Enterprise Toronto, and
 - \$0.075 million increased sponsorship revenue from Winterlicious/Summerlicious
- The Program’s 2010 Recommended Operating Budget includes base budget reductions of \$0.352 million net and service changes of \$1.250 million net that will have no incremental impact in 2011. Service change actions include service efficiency savings of \$0.425 million, increased revenue of \$0.750 million and minor service level changes totaling \$0.075 million. The service impact is minimal from these changes.
- Approval of the service changes will result in no reduction of approved positions with the complement maintained at 285.8 positions.
- A new governance framework to manage Nathan Phillips Square was adopted by City Council in December, 2009. New responsibilities to manage Nathan Phillip Square will be phased in over several years during the revitalization process with no or minimal additional cost to the City. There is no financial impact on the 2010 Recommended Operating Budget. Economic Development and Culture will report on an implementation plan by June, 2010.
- The 2010 Recommended Operating Budget of \$26.406 million net will provide funding to:
 - Support small business formation and growth through Enterprise Toronto advisory services and three incubators transferred from the Toronto Port Lands Company (TPLC- formerly TEDCO) – Toronto Fashion Incubator, Toronto Business Development Centre, and Toronto Food Business Incubator;
 - Support local business retention and expansion by maintaining positive relationships with corporations and facilitating the expansion and renewal of facilities;
 - Continue to provide support for approximately 25 key sector development projects and advance strategic development and program support for green industry;
 - Provide professional and administrative support to 70 BIAs and other small businesses which include approximately 20,000 businesses and 200,000 employees;
 - Continue marketing and promotion support for film production in Toronto;

- Continue production of 109 event days for an audience of 2.5 million residents and visitors including: WinterCity, Winterlicious, Canada Day, Tasty Thursdays, Fresh Wednesdays, Summerlicious, Sunday Serenades, Cavalcade of Lights, New Year celebration and Nuit Blanche;
- Continue to support the city-owned heritage and cultural buildings including 97 city-owned heritage and cultural buildings at 60 heritage sites; and
- Support the operation and programming of 10 historic museum sites: Colborne Lodge (1837), Spadina Museum: Historic House & Gardens (1866), Fort York National Historic Site (1793), Montgomery's Inn (1847), Todmorden Mills Heritage Museum & Arts Centre, Gibson House Museum (1851), Scarborough Historical Museum, York Museum, Zion Schoolhouse (1869), and Mackenzie House (1850s).

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for Economic Development and Culture of \$35.914 million gross and \$26.406 million net, comprised of the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Culture Services	20,327.9	15,132.6
Strategic Growth & Sector Services	4,926.6	4,224.1
Business Services	5,169.4	2,694.3
Program Support	4,152.6	3,142.6
Film Services	<u>1,337.8</u>	<u>1,212.8</u>
Total Program Budget	<u><u>35,914.3</u></u>	<u><u>26,406.4</u></u>

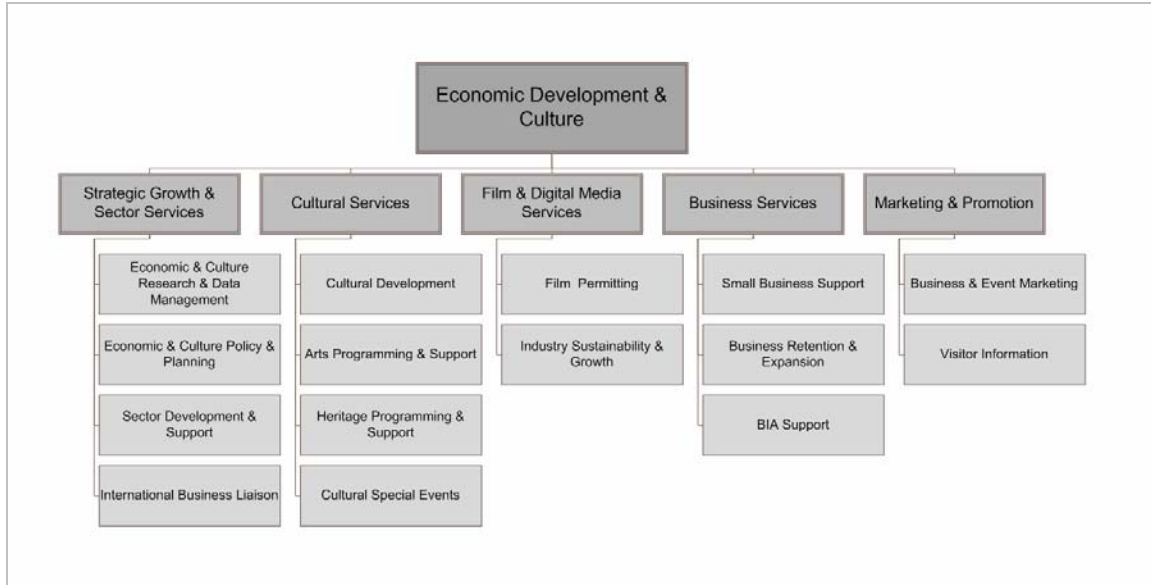
2. the General Manager of Economic Development and Culture report to Budget Committee on a plan for managing Nathan Phillips Square by June 2010.

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement

Economic Development and Culture stimulates prosperity, opportunity and creativity for Toronto.

Program Map



Economic Development and Culture provides five services: Strategic Growth & Sector Services; Culture Services; Film & Digital Media Services; Business Services and Marketing & Promotion Services to advance the City's prosperity, opportunity and creativity. The Program engages partners in the planning and development of the City's economy and cultural resources and delivers targeted programs and services to create an environment in which business and culture can thrive. The 2010 Operating Budget is guided by the Agenda for Prosperity and The Creative City Planning Framework.

Toronto has the raw ingredients to be competitive relative to other international cities, however, future success cannot be taken for granted. In order to be successful Toronto needs to attract and retain talent as well as investors and companies in an increasing competitive environment. The extent and depth of the cultural fabric of a city is a critical element in differentiating between cities.

Collaboration, creativity, partnerships, leadership and increased investment are imperative for economic success. One of Toronto's challenges remains "the need to build greater investment and financing capacity in order to move from a low investment/low return equilibrium to a high investment/high return equilibrium." (*Greg Clark - Toronto's Place in the World*)

Strategic Growth and Sector Development Services

The Agenda for Prosperity will be implemented by increasing Toronto's presence in international markets and maintaining or growing employment and investment in key economic clusters.

- Economic & Culture Research and Data Management
 - Collect, analyse and distribute economic data and advice as required, maintain business directory and econometric models.
- Economic & Culture Policy and Planning
 - Provide strategic and policy analysis and advice as required. Build collaborative alliances and mechanisms.
- Sector Development
 - Facilitate and advance Labour Force Readiness Plan Recommendations.
 - Support growth of 8 targeted sectors.
 - Initiate support for the Green Industry sector in 2010.
- International Business Activity
 - International Alliance-complete 9 Partner City Projects.
 - International Bids-evaluate 4 bids and over 500 event opportunities.
 - Investment Attraction & Globalization Services (210 enquiries and 70 prospects), has transferred to Invest Toronto.

Cultural Services

The Agenda for Prosperity will be implemented by positioning Toronto as a Creative City.

- Cultural Development
 - Cultural asset development-complete 32 Capital Budget projects worth \$14.8 million; negotiate partnerships to revitalize derelict heritage properties.
 - Strategic development- Oversee and spearhead implementation of the Culture Plan.
- Arts Programming and Support
 - Public Art- Manage City's inventory of 215 major pieces and develop 30 new projects.
 - Community Arts Programming- Facilitate 160 youth programs and permits for 9300 participants plus general arts programming in partnership with the community for 145,000 participants.
- Heritage Programming and Support
 - Museums- Maintain, programs and markets for 11 heritage facilities with annual attendance of 248,000; stage 2 major heritage celebrations and plan for the 1812 Bicentennial.

- Asset management - Maintain the City's 2700 piece art collection, MOCCA and Market Gallery and historical archives.
- Cultural Special Events
 - Major Festival Production - Plan and execute the annual Nuit Blanche, WinterCity and Cavalcade of Lights festivals for 2 million attendees.
 - Programming and Festival Liaison for the City's Squares - Provide 131 days of public programming on City's Squares.
 - Develop a new governance and financial plan for Nathan Phillips Square.
 - Summerlicious / Winterlicious Restaurant Programs-150 restaurants participate in each 2 week program with 400,000 participants.

Film and Digital Media Services

Stimulate economic activity through support of the local production community and promotion of Toronto as a major production centre.

- Film Permitting
 - Issue 3300 permits for Toronto film productions.
- Industry Sustainment & Growth
 - Provide advocacy, marketing, incentive development and issue resolution. Eliminate cash sponsorship for 20-25 film festivals.

Business Services

Foster job creation and support growth of new and existing businesses by providing capacity building information and tools.

- Small Business Support
 - Provide small business advisory services to 32,000 clients annually through Enterprise Toronto and providing business incubation support to 50 early stage firms employing 200 citizens.
- Business Retention and Expansion
 - Manage relationship through 1000 corporate contacts.
- BIA Support
 - Support 71 BIAs with 2-3 new BIAs added each year.

Marketing and Promotion

Provide business and event marketing and visitor information in support of economic and cultural services.

- **Business & Event Marketing**
 - Provide Business Marketing – Including marketing strategies, materials and campaigns to the local business community.
 - Provide Event Marketing – Including 6 event campaigns and marketing fulfillment , Sponsorships resulting in 2.5 million attendance at events.
- **Visitor Information**
 - Produce and distribute information and assistance which results in over 2 million annual touch points with visitors.

Service Objectives

Economic Development and Culture’s 2010 service objectives are aligned with the Agenda for Prosperity and the Creative City Planning Framework and take into account the changes that have occurred in the global economy. Key priorities are to:

- **Expand and Deepen a “Can-Do” Attitude and Approach to Service**
 - Proactively promote “GoldStar” and Tax Incremental Expansion Grants (TEIG) programs and work with businesses and other City Divisions to expedite development approval processes.
 - Advocate and support streamlining of processes and information access important to business and visitors and wider adoption of a proactive problem-solving culture across City Hall.
 - Support implementation of the “BizPal” on-line portal’s next generation and effective e-service delivery.
- **Strengthen and Expand Strategic Industry Sectors**
 - Increase program development supporting the growth of green industry.
 - Work with Invest Toronto to promote investment and growth opportunities in strategic sectors internationally.
- **Build effective partnership with Invest and Build Toronto to increase Toronto’s presence in international markets and enhance the productive and effective use of the City’s assets.**
 - Develop strategic linkages to support the globalization of local companies (e.g. through export development).

- Develop and launch a business investment database with local businesses.
- **Local Outreach and Revitalization to promote economic and cultural inclusion**
 - Work with communities to support job creation and local hiring.
 - Outreach to local business to encourage continued Toronto operation and local investment at approximately \$310 million. Register approximately 3,100 new business start-ups.
 - Improve quality, safety and attractiveness of mainstreets and employment districts in partnership with the City's 70 BIAs.
 - Continue to advance labour force readiness initiatives and explore stronger linkages with education sector.
 - Create a Film Festival web portal to enhance awareness and amplify the marketing of the more than 70 local film festivals and promote Toronto as an attractive Film Festival City.
- **Position Toronto as a Creative City, focusing on opportunities to leverage creative and innovation assets**
 - Continue support for the Public Arts and Museum program to provide residents and visitors with compelling reasons to attend cultural facilities and create opportunities for young people to engage with the Creative City program.
 - Continue to profile creativity and cultural assets at major festivals and events, and extend the reach of their audiences and reputation.
 - Continue to advance the Fort York Visitors Centre, 1812 Bicentennial, Toronto Museum, the renovation of Spadina House and the opening of the Roundhouse Museum as well as the many other projects included in the Capital Budget.
 - Assist the Toronto International Film Festival in its launch of the Bell Lightbox.
- **Progress towards enhanced service delivery strategies**
 - Complete the implementation of a organizational structure recommended in the 2008 Program Review.
 - Invest in productivity and effectiveness tools, particularly IT enhancements and stronger system of performance metrics.
 - Develop new external revenue sources to support program delivery and improve partnerships with stakeholders.

PART III: 2009 EXPERIENCE**2009 Accomplishments**

Economic Development and Culture's major accomplishments in 2009 are highlighted below:

- Responded to the global economic crisis in strategy and work program, continuing with implementation of the Agenda for Prosperity.
- Initiated the GoldStar service to expedite municipal approvals for industrial / commercial development and investment projects. There are 39 projects receiving Gold Star service with an investment value of \$1.5 billion and 21,000 associated jobs.
- Supported seven developers who are proceeding with projects stimulated by Toronto's new financial incentives (TIEGs) which will generate \$641 million in construction activity. Five new projects are under consideration.
- Delivered Enterprise Toronto's seminars and advisory services, tailored to meet recessionary demands and provided assistance to 26,000 small business enquiries, 2800 intensive consultations and 4800 seminar attendees. Participation levels were about 10% higher than in 2008.
- Managed BizPal Program, an on-line service assisting business clients with permit and license requirements from all levels of government to start, grow and operate specific types of businesses. Laid the groundwork for the next generation of BizPal in collaboration with Service Ontario, to eventually enable businesses to apply for permits on-line and manage their own personal on-line accounts with the Province and City through a single access point on the internet.
- Worked with newly formed Invest Toronto and Build Toronto to lay the foundations for a synergistic globalization and investment attraction program. While those organizations are forming, continued to manage the globalization portfolio, e.g. attracting six new international companies to Toronto and representing the City at 4 global trade shows.
- Continued to revitalize neighbourhoods through working with a growing number of BIAs, increased from 68 to 70 in 2009, representing 20,000 businesses, 200,000 employees and \$30 million of investment.
- Developed and led the successful year-long commemoration of Toronto's 175th Anniversary
- Facilitated 4.6 million square feet of business expansion associated with \$590 million of investment and 4560 jobs.
- Staged culture events for 2.5 million people, an increase of 10% over 2008 attendance.
- Provided museum and arts programs for 604,600 people, an increase of 1% over 2008.

Table 2: 2009 Budget Variance Review (\$000s)

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	34,010.1	36,854.6	36,586.6	(268.0)	(0.7)
REVENUES	8,098.2	9,507.4	9,239.4	(268.0)	(2.8)
NET EXP.	25,911.9	27,347.2	27,347.2	0.0	0.0
Approved Positions	276.8	286.2	286.2	0.0	0.0

*Projected Actuals Based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

The Economic Development and Culture's Third Quarter Variance report projects that the program will experience no net variance from the 2009 Approved Operating Budget of \$27.347 million by year-end.

- After a preliminary review completed in December 2009, Economic Development and Culture anticipates a \$0.521 million net favourable variance by year-end 2009.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- The 2009 Operating Variance will have no impact on the 2010 Recommended Operating Budget. Economic Development and Culture will continue to carefully monitor expenditures and take corrective actions required to achieve the 2010 Recommended Operating Budget.

PART IV: 2010 RECOMMENDED BASE BUDGET

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	36,854.6	35,874.3	(980.3)	(2.7)	348.3	127.7
REVENUE	9,507.4	9,467.9	(39.5)	(0.4)	0.0	0.0
NET EXP.	27,347.2	26,406.4	(940.8)	(3.4)	348.3	127.7
Approved Positions	286.2	285.8	(0.4)	(0.1)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	26,408.5	26,406.4	(2.1)	25,041.2
PROGRAM REDUCTION (\$)	(1,600.3)	(1,602.4)	(2.1)	(1,367.4)
PROGRAM REDUCTION (%)	(5.9)	(5.9)	(0.0)	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	27,347.2	
Pressures Reported with 2010 Outlook	428.7	0.0
Pressures Not Reported with 2010/2011 Outlook	232.9	
5% Reduction Target	(1,367.4)	(1,367.4)
Additional Pressures not in 2010 Reported Outlook	(232.9)	TBD
Program Reduction Target	(1,600.3)	(1,367.4)
Net Budget Target	26,408.5	25,041.2

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$26.406 million net represents a decrease of \$0.941 million or 3.4% below the Economic Development and Culture's 2009 Approved Operating Budget of \$27.347 million. The 2010 Recommended Base Budget includes funding of \$0.233 for base budget increases, which have been offset by decreases of \$1.602 million, bringing the Program's 2010 Operating Budget slightly over the target of \$1.600 million or 5.9%, including \$1.250 million arising from recommended service changes, summarized below.

Approval of the 2010 Recommended Base Budget will result in the Program's total staff complement decreasing by 0.4 positions from 286.2 to 285.8 as a result of the completion of the 175th Anniversary project in 2009.

2010 Base Budget Key Cost Drivers

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Cost of living adjustments (COLA) of 2% for union staff and 1% for exempt staff require an increase of \$0.220 million;
- Step and progression pay increases of \$0.126 million;
- Annualized staffing costs of \$0.126 million to continue planning for the Bicentennial of the War of 1812;
- Annualized staffing costs of \$0.150 million for continuation of the "Can Do" initiative; and

These pressures have been partially offset by the following savings included in the 2010 Recommended Base Budget:

- \$0.050 million additional revenue from Enterprise Toronto for increased sponsorships;
- \$0.075 million additional revenue from Winterlicious/Summerlicious for increased sponsorships; and
- \$0.049 million savings from additional gapping.

2010 Service Changes

Economic Development and Culture's 2010 Recommended Base Budget service change includes savings of \$1.602 million representing 5.9% of the 2009 Approved Budget resulting in no incremental savings in 2011. The recommended 2010 service changes are comprised of \$0.352 million in base change savings, noted above, and \$1.250 million in savings arising from service efficiencies, revenue changes and minor service level changes. The recommended service changes are summarized below:

Service Level Efficiencies

- Reduction of services delivered by EDC and related expenditures totaling \$0.425 million by transferring Investment Attraction & Globalization Services to Invest Toronto with no transfer of funding.

Revenue Changes

- An increased contribution of \$0.500 million from the Toronto Port Lands Company (TPLC), formerly TEDCO, to further fund the incubator program transferred from TEDCO in 2009 to bring the total funding from TPC for incubators to \$1.502 million.

- A new contribution of \$0.250 million from Tourism Toronto to support core Tourism programs in the ongoing Base Budget.

Minor Service Level Changes

- A reduction of \$0.050 million to eliminate support for local film festivals; and
- A reduction of \$0.025 million from the Major Events Fund which is available to attract major international events to Toronto.

Please refer to Part V for a more detailed discussion regarding the 2010 Recommended Base Budget Service Changes.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for Economic Development and Culture will result in a 2011 incremental impact of \$0.348 million and \$0.128 million in 2012 to maintain the 2010 level of service and staff complement. Future year increases in cost are primarily attributed:

- The 2011 outlook for Economic Development and Culture anticipates an increase of \$0.231 million in COLA and benefits increases in 2011, \$0.128 million for progressive and step payments and a reduction of \$0.011 million in 2011 arising from a one-time phone system replacement cost in 2010.
 - The 2010 Recommended Operating Budget will not result in any incremental service change savings to assist the Program in achieving their 2011 reduction target of a further \$1.367 million or 5% of the 2009 Approved Budget.
 - Economic Development and Culture has developed options to achieve the 2011 Budget Target Reduction and are working on an implementation plan for these options. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.
- The 2012 outlook for EDC anticipates an increase of \$0.128 million for progression and step increases.

PART V: 2010 RECOMMENDED SERVICE CHANGES

Table 4: 2010 Recommended Service Change Summary
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
Base Change Summary		(178.2)	(352.4)	-1.3%	0.0	0.0
Service Efficiencies: Transfer of Investment Attraction & Globalization Services to Invest Toronto		(425.0)	(425.0)	-1.6%		
Revenue Changes: Revenue from TPC (TEDCO), Incubator Prog.			(500.0)	-1.8%		
Tourism Toronto Revenue			(250.0)	-0.9%		
Minor Service Level Changes: Event Incentive Funding Reduction		(25.0)	(25.0)	-0.1%		
Eliminate Sponsorship for Film Festivals		(50.0)	(50.0)	-0.2%		
Major Service Level Changes:						
Sub-Total Service Changes	0.0	(500.0)	(1,250.0)	-4.6%	0.0	0.0
Total Changes	0.0	(678.2)	(1,602.4)	-5.9%	0.0	0.0

2010 Recommended Service Changes

The budgetary impact of implementing the following service changes is included in the 2010 Recommended Base Budget, with savings of \$1.602 million in 2010 and no incremental savings in 2011. Approval of the recommended service changes will not change the number of approved positions, maintaining the Program's complement at 285.8 positions. Included in the \$1.602 million in savings is \$0.352 million in reductions applied to the base budget, which will have no impact on the level of service provided by the Program in 2010.

Service Changes

Recommended service changes included in Economic Development and Culture's 2010 Recommended Base Budget, resulting in 2010 savings of \$1.250 million net are discussed below.

Service Efficiencies***Transfer of Investment Attraction and Globalization Services to Invest Toronto***

The responsibility for Investment Attraction and Globalization Services previously delivered by EDC now rests with Invest Toronto as detailed in the Shareholder Direction between Invest Toronto and the City of Toronto. Missions and events, travel and technical services, strategic research and information purchases related to pursuing international investment opportunities will be undertaken on the City's behalf by Invest Toronto starting in 2010. Invest Toronto does not require a budget transfer, resulting in savings of \$0.450 million for EDC.

Revenue Changes***Increased funding from TPLC (formerly TEDCO)***

The final Agreement between TPLC and the City includes the annual payment of an additional \$0.500 million to the City to achieve 100% funding of business incubation and related services. The additional \$0.500 million will cover all the relevant costs associated with the Incubator Program, including training, senior management support, and advisory services by other staff within the Division.

In 2009 the responsibility for the Incubator Program was transferred, by Council, from TEDCO now the Toronto Port Lands Company (TPLC) to Economic Development and Culture. The 2009 Approved Operating Budget for this program was \$1.002 million gross, \$0 net for 2 staff and direct program costs. The Incubator Program will now continue to be 100% funded from TPC at the level of \$1.502 million per year.

Increased Revenue from Tourism Toronto

The City has negotiated an amendment to its agreement with Tourism Toronto to cover more of the costs associated with supporting the tourism sector and building a strong tourist destination. In 2009, Tourism Toronto provided \$0.500 million to enable the delivery of specific programs supporting tourism with net \$0 cost to the City. The amendment has resulted in a \$0.250 million increase in the overall contribution, covered by the Memo Of Understanding with Tourism Toronto to cover a portion of EDC's costs supporting the tourism sector.

Minor Service Level Changes***Reduction to Major Events program***

The Incentive Funding for major international events will be reduced by \$0.025 million (25% of the 2009 major events budget of \$0.100 million). EDC will continue to work with stakeholders such as other City Divisions and Tourism Toronto to offer event organizers products and services that improve the attendance and visibility of their events in Toronto. Major events committed for 2010 include: the G8/G20 Summit, the Great Lakes Tall Ships and the Canadian Open.

Elimination of Sponsorship for Local Film Festivals

EDC will eliminate sponsorship to local film festivals in 2010. The Toronto Film & Television Office (TFTO) will no longer provide sponsorship to individual local film festivals. In 2009, EDC

provided sponsorship funding to 20 small festivals ranging from \$500 to \$3,500. The Office of the Film Commissioner has begun work on bringing local film festivals stakeholders together (approximately 75) to find synergies and ways the festivals can work together on activities such as marketing, communications, volunteer programs and sharing of rental space.

PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

Table 5: 2010 New / Enhanced Service Priority Actions: Summary

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
(a) Enhanced Services - Council Approved							
(b) Enhanced Services - Program Initiated							
Sub-Total Enhanced Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Services:							
(a) New Services - Council Approved							
(b) New Services - Program Initiated							
John St. Roundhouse - Op. Impact of Capital	40.0	0.0	0.0				
Sub-Total New Services	40.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enhanced/New Services	40.0	0.0	0.0	0.0	0.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions –Program Initiated

The 2010 Recommended Operating Budget for Economic Development and Culture includes funding for one new Service Priority Action of \$0.040 million gross and \$0 net. Approval of the recommended new service will not change the number of approved positions.

- *John St. Roundhouse - Operating Impact of Capital*

The restoration of the John Street Roundhouse by the head lease tenant was completed in 2009. Three bays have been turned over to the City of Toronto for the Rail Heritage Museum. The basic building costs (hydro, gas, water) as well as security and maintenance became Economic Development and Culture's responsibility on January 1, 2010. Expenses will be offset by revenue from the Rail Heritage Museum.

PART VII: ISSUES FOR DISCUSSION**2010 Budget Issues****A Governance Model for Nathan Phillips Square Governance**

The report “**A Governance Model for Nathan Phillips Square Governance**” adopted by City Council, December 1, 2009 recommended a new governance framework to manage Nathan Phillips Square. In recognition of the strategic importance of the Square as the City government’s front door the City will enhance the programming opportunities and coordinate improved quality standards once the Square is revitalized. The citizen advisory committee will be created and the management function transferred to Economic Development and Culture.

A number of options will be pursued for the transfer of the Nathan Phillips Square management function to the Cultural Services section of Economic Development and Culture. This will be phased in over a number of years during the revitalization process. The report directed that incremental costs will either be re-allocated from within existing budgets and/or off-set by additional revenues related to the Square, with no or minimal additional costs to the City. If and when required, a business case will be presented in a future budget process to justify revenue and expenditure increases.

It is recommended that the General Manager Economic Development and Culture report to Budget Committee on a plan for managing Nathan Phillips Square by June 2010.

2011 and Future Year Issues**2011 Reduction Targets**

Economic Development and Culture presented 2011 reduction options during the 2010 Budget process to achieve the Program’s 2011 reduction target of \$1.367 million or 5% of the 2009 Approved Budget. These options will be further reviewed over the course of the year and presented for consideration during the 2011 Operating Budget process.

Outstanding Issues from 2009 and Prior Years**Street Furniture Program (Information Pillars)**

The following recommendation adopted with the 2009 Recommended Operating Budget is still outstanding.

“The General Manger of Economic Development Culture and Tourism report back to Budget Committee by May, 2009 on the multi-year plan and associated funding requirement to develop and sustain the information content system to provide tourist information and way finding signage for the Information pillar element of the Coordinated Street Furniture Program”.

The 2010 Recommended Operating Budget includes \$0.210 gross, and \$0 net funding for the Information Pillar element of the Coordinated Street Furniture Program. Transportation Services will report on the status of the Coordinated Street Furniture Program, including the Information Pillar element early in 2010.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	285.2	36,410.9	9,097.4	27,313.5	0.0	0.0
Technical Adjustments	1.0	443.7	410.0	33.7		
In-Year Budget Adjustments						
2009 Approved Operating Budget	286.2	36,854.6	9,507.4	27,347.2	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year		163.9	(97.0)	260.9		
Reversals from Prior Year	(0.4)	(930.0)	(700.0)	(230.0)		
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		345.7		345.7	359.1	127.7
Adjusted Base Budget	285.8	36,434.2	8,710.4	27,723.8	359.1	127.7
Base Expenditure Changes		(59.9)	(102.5)	42.6	(10.8)	
Base Revenue Changes			110.0	(110.0)		
2010 Base Budget Prior to Service Changes	285.8	36,374.3	8,717.9	27,656.4	348.3	127.7
Recommended Service Changes:						
Service Efficiencies		(425.0)		(425.0)		
Revenue Changes			750.0	(750.0)		
Minor Service Level Changes		(75.0)		(75.0)		
Major Service Level Changes						
Total Recommended Base Changes	0.0	(500.0)	750.0	(1,250.0)	0.0	0.0
2010 Recommended Base Budget	285.8	35,874.3	9,467.9	26,406.4	348.3	127.7

Appendix B
Summary of Service Changes

Appendix C

**Summary of 2010 Recommended
New/Enhanced Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: CITIZEN CENTRED SERVICES"A"							
PROGRAM: Economic Development and Culture							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	22,899.9	22,899.9	23,466.5	566.6	2.5%	23,825.6	23,953.3
Materials and Supplies	1,391.7	1,391.7	1,371.6	(20.1)	(1.4%)	1,371.6	1,371.6
Equipment	142.3	142.3	142.3		0.0%	142.3	142.3
Services & Rents	9,126.4	9,126.4	7,645.8	(1,480.6)	(16.2%)	7,635.0	7,635.0
Contributions to Capital		25.0	904.1	904.1	n/a	904.1	904.1
Contributions to Reserve/Res Funds	904.1	904.1	1,905.7	1,001.6	110.8%	1,905.7	1,905.7
Other Expenditures	1,912.5	1,887.5		(1,912.5)	(100.0%)		
Interdivisional Charges	477.6	477.6	478.2	0.6	0.1%	478.2	478.2
TOTAL GROSS EXPENDITURES	36,854.5	36,854.5	35,914.3	(940.2)	(2.6%)	36,262.6	36,390.3
Interdivisional Recoveries					n/a		
Provincial Subsidies	482.7	482.7	482.7			482.7	482.7
Federal Subsidies	214.2	214.2	231.7	17.5	8.2%	231.7	231.7
Other Subsidies	170.0	170.0		(170.0)	(100.0%)		
User Fees & Donations	2,204.3	2,204.3	2,234.3	30.0	1.4%	2,234.3	2,234.3
Transfers from Capital Fund	1,017.0	1,017.0		(1,017.0)	(100.0%)		
Contribution from Reserve Funds	807.0	807.0		(807.0)	(100.0%)		
Contribution from Reserve					n/a		
Other Revenues	4,612.2	4,612.2	6,559.2	1,947.0	42.2%	6,559.2	6,559.2
TOTAL REVENUE	9,507.4	9,507.4	9,507.9	0.5	0.0%	9,507.9	9,507.9
TOTAL NET EXPENDITURES	27,347.1	27,347.1	26,406.4	(940.7)	(3.4%)	26,754.7	26,882.4
APPROVED POSITIONS	286.2	286.2	285.8	(0.4)	(0.1%)	285.8	285.8

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Vehicle Reserve Fund EDCT	XQ1200	Beginning Balance	175.5	197.0	0.0
		Proposed			
		Withdrawals (-) / Contributions (+)	21.5		
		Total Proposed Contributions (Withdrawals)	21.5	0.0	0.0
Vehicle Reserve XQ1200, BALANCE AT YEAR END			197.0	0.0	0.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Casa Loma Reserve Fund	XR1501	Beginning Balance	2,908.3	2,908.3	0.0
		Proposed			
		Withdrawals (-) / Contributions (+)	(800.0) 800.0		
		Total Proposed Contributions (Withdrawals)	0.0	0.0	0.0
Casa Loma XR1501, BALANCE AT YEAR END			2,908.3	0.0	0.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Design Exchange	XR3012	Beginning Balance	504.0	504.0	0.0
		Proposed			
		Withdrawals (-) / Contributions (+)	(500.0) 500.0		
		Total Proposed Contributions (Withdrawals)	0.0	0.0	0.0
Design Exchange XR3012, BALANCE AT YEAR END			504.0	0.0	0.0

*Balance as of December 2009

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) /		
			2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve	XR1010	37,580.9	(121.4)		
Insurance Reserve	XR1010		121.4		
Public Realm	XR1410	20,069.0	(210.0)		
Total Reserve / Reserve Fund Draws / Contributions			(210.0)	0.0	0.0