

Analyst Briefing Notes

Budget Committee

(January 28, 2008)

2008 OPERATING BUDGET

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January 28, 2008

2008 OPERATING BUDGET**Executive Summary**

- The 2007 projected year-end net expenditure as of September 30 is expected to be \$24.807 million representing a negative variance of \$0.217 million or 0.9% over the 2007 Approved Budget of \$24.591 million. A number of factors contribute to this result:
 - The lack of a “Block Buster” will generate a year-end gross under expenditure of \$2.032 million, offset by an equivalent revenue shortfall.
 - A year-end shortfall of \$0.300 million is projected for the film permit revenue.
 - Development of the Prosperity Plan resulted in increased costs of \$0.200 million.
 - \$0.284 million in cost containment savings partially offset the over expenditure.
- In 2007, the Economic Development, Culture and Tourism Division undertook a Program Review to assess mandate, priorities and structure. The review has included an assessment of current programming including an analysis of strengths and weaknesses, comparative analysis of other jurisdictions and a stakeholder satisfaction analysis.

The review will result in a clarification of the division’s mandate, responsibilities and future activities and will lead to an initial restructuring of services in early 2008. Work on a detailed staffing and organizational change transition plan will continue in 2008. The Program faces the following challenges in achieving its service mandate:

- Increased demand for Culture Services. Internal and external partners are requesting the expansion of Arts Services programs to an additional nine priority neighbourhoods, from the current level of service including only four.
- Increased demand for BIA services. As the number of BIAs continues to grow, currently at 63, staff will be challenged to provide the same level of services. The 2007 service levels will be maintained in 2008, pending the outcome of the Program Review and the BIA funding strategy.
- Renewed focus on the creation of a sustainable economy. The increase in Business and Investment enquiries combined with the limited incentives available to business to relocate or remain in Toronto continues to be a challenge.
- Growing demand for Special Events and sustaining the current levels of corporate sponsorship in Toronto Special Events is increasingly difficult given the competitive environment for corporate sponsorships.
- A 3-year Memorandum of Understanding, spanning the years 2006-2008 that clarified the respective roles and responsibilities of Tourism Toronto and the City of the Toronto

Tourism Program expires in 2008. A renewal of the MOU for 2009-2011 must be negotiated in 2008.

- The 2008 Recommended Operating Budget for the Economic Development Culture and Tourism of \$25.961 million is 5.6% or \$1.370 million over the Program's 2007 Approved Operating Budget.

Table 1: 2008 Recommended Budget

(In \$000s)	2007		2008 Recommended Operating Budget			Change - 2008 Recommended from 2007 Approved Budget		FY Incremental Outlook	
	2007 Approved Budget	2007 Projected Actual	2008 Base	2008 New /Enhanced	2008 Operating Budget			2009	2010
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	34,266.1	31,783.7	32,222.9	728.0	32,950.9	(1,315.2)	(3.8)	262.5	
REVENUE	9,675.4	6,976.5	6,967.2	23.0	6,990.2	(2,685.2)	(27.8)	0.0	
NET EXP.	24,590.7	24,807.2	25,255.7	705.0	25,960.7	1,370.0	5.6	262.5	
Approved Positions	274.8	274.8	274.8	4.0	278.8	4.0	1.5	1.0	
TARGET			24,590.7		24,590.7				
\$ Over / (Under) Program Target			665.0		1,370.0				
% Over / (Under) Program Target			2.7%		5.6%				

- The 2008 Recommended Operating Budget for the Economic Development Culture and Tourism is \$25.961 million net. This is comprised of base funding of \$25.256 million and funding for new/enhanced service priorities of \$0.705 million. Approval of the 2008 Recommended Operating Budget will result in the Program's staff complement increasing from 274.8 to 278.8 approved positions.
 - The 2009 Outlook increase of \$0.263 million includes the annualized impact of new/enhanced services recommended for 2008 and 1 additional position which had been deferred in 2007.
 - For the 2009 and 2010 Outlook there is no increase included as merit & step and other cost pressures have not been confirmed. The Program details of the impact of divisional realignment based on the findings of the Program Review will be reported in the 1st quarter of 2008 and will include budget impacts on the 2009 and 2010 Outlook.
- The 2008 Recommended Base Budget of \$25.256 million or \$0.665 million or 2.7% over the 2008 target. The base budget incorporates the Program's key cost drivers including COLA, collective agreement and other non-discretionary expenditures that total \$1.696 million. These are partially offset by revenue increases of \$0.115 million, efficiencies of \$0.223 million, \$0.150 million for deferred minor services and \$0.544 million for service reductions.

- To promote the objectives of the Program, the 2008 Recommended Operating Budget incorporates various new/enhanced services. A number of these 2008 initiatives also advance the Council's priorities including:
 - \$0.100 million gross and net for Financial Services Sector Strategic Initiatives supporting a renewed focus on the Economy.
 - \$0.075 million gross and net for priority projects as part of the Green Economic Development Strategy.
 - \$0.048 million gross and \$0.025 million net for a Museum Administrator to support the Bicentennial of the War of 1812 special event.
 - \$0.505 million gross and net to expand venues and grow the special event Nuit Blanche - with an additional increase of \$0.059 million in 2009.
- The 2008 Recommended Operating Budget for Economic Development Culture and Tourism provides funding to:
 - Lead the development of City's Prosperity Agenda: Report to Council early 2008
 - Complete approximately 25 key sector development projects (Green Sector Strategy, Financial Services Human Resources Strategy, Bio Discovery District Brochure)
 - Coordinate direct city support (Concierge Service) to a minimum of 24 business investment/expansion projects (Woodbine Live, MARs, etc.)
 - Provide professional and administrative support to 61 BIAs and other Small Business Areas
 - Continue to provide Marketing and Promotion to support Film Production in Toronto
 - Continue safeguarding the city-owned heritage and cultural buildings for the cultural legacy of Toronto including 97 city-owned heritage and cultural buildings at 60 heritage sites. Continue to negotiate with the private sector for partnerships in adaptive reuse of these properties
 - Continue implementation of the Culture Plan – a ten-year plan for cultural development in Toronto approved by Council in 2003 including the third year of the Live With Culture project which continues to deliver the website, street banners in over 400 locations, the Arts in the Hood Program, Doors Open Guide and the Face the Arts programs. Culture will continue to manage cultural investment through the CPIP program.
 - Operate 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); Mackenzie House (1850s)

- Begin planning for bicentennial celebrations of the War of 1812.
- Support 1,350 events annually Examples include: Salsa on St. Clair, Just for Laughs, Community events on Nathan Phillips Square and Mel Lastman Square. Produce/deliver 131 event days annually for audience of 2.2 million residents and visitors including: (WinterCity, Winterlicious, Canada Day, Tasty Thursdays, Fresh Wednesdays, Summerlicious, Sunday Serenades, Cavalcade of Lights, Nuit Blanche)
- Make Nuit Blanche an annual signature event by increasing the budget by \$0.505 million
- Continue to provide Tourism Information Services at: Nathan Phillips Square, Toronto Desk at Provincial Tourism Information Office, Tourism Info Van and Information Pillars
- Negotiate and manage a new 3 year agreement with Tourism Toronto after the current agreement expires in 2008
- Provide support to 1 to 2 major events in 2008 and Report to Council on an Event Enhancement Strategy in early 2008

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for the Economic Development Culture and Tourism of \$32.951 million gross and \$25.961 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Culture	13,783.6	10,334.7
Economic Development	11,240.7	9,489.0
Special Events	6,218.0	4,808.4
Tourism	1,708.6	1,328.6
	<hr/>	<hr/>
Total Program Budget	<u>32,950.9</u>	<u>25,960.7</u>

2. the details of savings of \$0.140 million gross and net as a result of divisional realignment based on the findings of the Program Review will be reported with the June 30, 2008, Operating Budget Variance report.

Section A: 2007 Budget Variance Analysis

Table 2: 2007 Budget Variance Review

	2006 Actuals	2007 Approved Budget	2007 Projected Actuals*	2007 Appvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	33,171.6	34,266.1	32,183.7	(2,082.4)	(6.1)
REVENUES	8,857.9	9,675.4	7,376.5	(2,298.9)	(23.8)
NET EXP.	24,313.7	24,590.7	24,807.2	216.5	0.9
Approved Positions	283.8	274.8	274.8	0.0	0.0

Source: *Projected Actuals Based on the September 30, 2007 Variance Report.

2007 Experience

The Economic Development Culture and Tourism projected year-end net expenditure of \$24.807 million represents an unfavourable variance of \$0.217 million or 0.9% of its 2007 Approved Operating Budget of \$24.591 million net. A number of factors have contributed to this unfavourable result:

- The lack of a “Block Buster” will generate a year-end gross under expenditure of \$2.032 million, offset by an equivalent revenue shortfall.
- A year-end shortfall of \$0.300 million is projected for Film Office revenue.
- \$0.200 million of increased costs are projected arising from the development of the Economic Strategy.
- A partial offset from \$0.284 million in cost containment reductions is anticipated.

Cost Containment Savings

As reported in the 3rd Quarter Variance Report (see following table), EDCT has achieved cost containment savings of \$0.284 million in 2007 and has no annualized savings in 2008:

Net Cost Containment Savings	2007 (\$000) Savings	2008 (\$000) Continued Savings	Comments
Hiring Freeze Savings			
Service Level Adjustments			
Reduced printing and data collection	40.0		One-time
Reduced Sponsorship	20.5		One-time
Reduced Training	2.4		One-time
	62.9	0.0	
Discretionary Savings:			
Deferred / Cancelled Conferences	12.3		One-time
Deferred / Cancelled Seminars	2.5		One-time
Deferred / Cancelled Business Travel	136.0		One-time
Deferred / Cancelled Furniture	1.0		One-time
Deferred / Cancelled Supplies	18.0		One-time
Deferred / Cancelled Advertising and Production of Print Material	27.0		One-time
Deferred / Cancelled Miscellaneous	23.8		One-time
Sub-Total	220.6	0.0	
Total Cost Containment	283.5		

Impact of 2007 Operating Variance on 2008 Recommended Budget

The 2008 Recommended Budget excludes funds for the Blockbuster event. In recent years, there has been no Blockbuster activity. The funding and the corresponding recoveries are no longer required. The Blockbuster 2007 approved budget was \$2.032 million gross and 0 net. Projected revenue from parking for film shoots has been reduced by \$0.165 million in 2008 as the 2007 reduction in film activity is anticipated to continue in 2008.

Section B: 2008 Operating Budget Overview

3-Year Operating Budget Overview

- To continue to fulfill its mandate, the Program's 3-Year Operating Budget focuses on the following objectives:
 - Implement Program Review recommendations
 - Implement the Prosperity Agenda
 - Continue implementation of the Creative City Plan
 - Participation in the planning for the War of 1812 Bicentennial
 - Deliver the Event Enhancement Strategy
 - Renegotiate the Memorandum of Understanding with Tourism Toronto
 - Launch and manage Biz Pal
- A Program Review of the Economic Development, Culture and Tourism Division was conducted in 2007 to review its mandate, priorities and structure. The review included a full program assessment including an analysis of strengths and weaknesses, comparative analysis of other jurisdictions and a stakeholder satisfaction analysis.
- The review will result in a clarification of the division's mandate, responsibilities and future activities and will lead to an initial restructuring of services in early 2008. Work on a detailed staffing and organizational change transition plan will continue in 2008. Additional detailed assessments of certain key functions will continue in 2008 and will be informed by the TEDCO agency review.
- The 2008 Recommended Operating Budget for Economic Development Culture and Tourism is \$25.961 million. This is \$1.370 million (5.6%) over the Program's net target of \$24.591 million. The Recommended Budget incorporates base expenditures and minimizes the impact by recommending \$0.965 million in feasible reduction options and revenue increases. (see page 14)
- Economic Development Culture and Tourism's 2008 Recommended Operating Budget will add 4 additional positions. All of these are required to support new and enhanced service priorities recommended for 2008. This will bring the EDCT staff complement to 278.8 approved positions from 274.8 in 2007 and increase service levels in key strategic areas:
 - Expand venues and grow the special event Nuit Blanche with 3 additional part time positions
 - Begin the planning to develop the Bicentennial of the War of 1812 special event with an addition of a part time position for a Museum Administrator.

- The Program will continue to face mounting base pressures including rising salary, utility and other costs. In absence of incremental revenue, service efficiencies and/or major cost cutting measures, Economic Development Culture and Tourism will be challenged to meet the City's affordability targets for 2009 while meeting service demands.

Challenges and Issues

- **Increased Demand for Culture Services**

Current resources limit capacity to support the arts programs included in the Neighbourhood Action Plan. Arts Services delivers programs in four of the 13 priority neighbourhoods. Due to the tremendous success of these programs and their reception by youth and communities, internal and external partners are requesting that these successful partnerships and programs be delivered in the additional nine priority neighbourhoods. Culture Services will work with the new Partnership office and continue to work with community and private sector partners to pursue increased partnerships and sponsors to expand program outreach to additional neighbourhoods.

- **Increased Demand from BIA for Services**

The number of BIAs continues to grow, from 60 to 63 in 2007 with projections of 69 designated BIAs by the end of 2008. Staff will be challenged to provide the same level of services as the number grows. The 2007 service levels will be maintained in 2008, pending the outcome of the Program Review and the BIA Capital projects funding strategy report.

- **Renewed Focus on the Creation of a Sustainable Economy**

The increasing number of Business and Investment enquiries, combined with the limited incentives available to business to relocate or remain in Toronto continues to be a challenge. It is difficult to meet the goals of the City and adequately promote itself as a prime location to for business with the current available resources.

- **Demand for Special Events**

Growing and sustaining current levels of corporate sponsorship for Toronto Special Events is increasingly difficult given the competitive environment surroundings corporate sponsorships. A strategic plan for all new projects, including sponsorship criteria, must be established for 2008.

- **Demand for Tourism Sector Services**

The demand for Tourism services is increasing while staff and resources are limited. However, partnership with Tourism Toronto continues to fund priority programs identified through the Premier Ranked Destination Framework Program. The agreement for Tourism Toronto funded 2008 projects will be finalized in the first quarter of the year. Terms of the new agreement with Tourism Toronto will be reported to Council by the end of 2008 for implementation in 2009.

Strategic Priorities

The 2008 Recommended Operating Budget for Economic Development Culture and Tourism directly advances, through a number of new/enhanced initiatives, the following strategic priorities outlined in the Council's policy agenda:

- **A Strong City with a Strong Economy:**

- Continue work with the Mayor's economic advisory committee to build the work plan and implement actions contained in the Agenda for Prosperity and extend the engagement of other business, educational and labour leaders in its implementation.
- Implement the organizational changes recommended in the EDCT Program Review to build the division's strategic capacity and ability to address the priorities outlined in the Agenda for Prosperity.
- Create the "Team Toronto" to host inbound trade missions and business visitors as well as to promote Toronto as a place to do business, with focus on innovative, creative, knowledge-based industries when the Mayor and business leaders travel abroad.
- Stimulate economic growth through the creation and implementation of a set of financial tools, activities and policies (city-wide CIP and *Enhancing Business Climate, Executive Growth Team, eServices – BizPal*) to increase Toronto's competitiveness and attractiveness for investors and companies.
- Stabilize manufacturing sector by working with business, labour and governments to address systemic problems and to augment productivity.
- Enhance the economic inclusion of marginalized groups including youth at risk, those in priority neighbourhoods and foreign trained professionals.
- Grow key sectors such as biotech, information technology, screen based industries, creative industries, tourism, business and financial services and environment.
- Build a stronger partnership with the learning and educational institutions to ensure the continued training and skill development of the labour force.

- **A Creative City**

- Produce a Nuit Blanche that delivers quality displays and activities for Torontonians and enhances the Toronto brand in North America and around the world.
- Deliver the Live with Culture initiative to promote Toronto's creative enterprise and more fully engage the whole community. Continue managing the Live With Culture website, showcasing all of the cultural activities in Toronto, and the "Arts in the Hood" community art programs.

- Work to strengthen Toronto's screen-based industries by advocating for the acknowledgement of and reinvestment in the City as Canada's English language centre of excellence and enhancing the financial tools available.
 - Lead the development and implementation of a City Community Arts Action Plan with a working group of internal and external community partners which include underserved groups such as seniors, youth and newcomers.
 - Provide quality arts programs for children and youth in priority neighbourhoods in support of the Community Safety Plan and in conjunction with Neighbourhood Action Teams.
 - Establish, with the steering committee, the groundwork to go forward with planning and programming for the War of 1812 Commemoration.
 - Begin the work and fundraising required for the revitalization of Fort York with a focus on the Visitor's Centre.
 - Deliver a strategy to implement the next steps for the Council approved Culture Plan within the context of the "Creative City Planning Framework".
 - Introduce and implement a major event enhancement strategy to address the acquisition and hosting of major one-time events, and support for enhancing recurring annual events.
 - Begin implementation of Premier Ranked Tourism Destination Framework program including: introducing a destination planning process, improving the Toronto visitor value proposition and improving the public awareness of the importance of Tourism.
- **A Corporate Culture that Demonstrates a "Can-Do" Approach**
 - Continue to work with the Interdivisional Economic Growth Team and review and revise policies and practices to support economic prosperity, creativity and innovation.

Section C: 2008 Recommended Base Budget

Table 3: 2008 Recommended Base Budget

(In \$000s)	2007 Approved. Budget	2008 Recommended Base	Change 2008 Recommended Base vs. 2007 Approved Budget		FY Incremental Outlook	
					2009	2010
	\$	\$	\$	%	\$	\$
GROSS EXP.	34,266.1	32,222.9	(2,043.2)	(6.0)	203.5	0.0
REVENUE	9,675.4	6,967.2	(2,708.2)	(28.0)	0.0	0.0
NET EXP.	24,590.7	25,255.7	665.0	2.7	203.5	0.0
Approved Positions	274.8	274.8	0.0	0.0	1.0	
NET TARGET		24,590.7			0.0	0.0
\$ Over / (Under) Program Target		665.0			203.5	0.0
% Over / (Under) Program Target		2.7%			0.83%	0.00%

2008 Recommended Base Budget

- The 2008 Recommended Base Budget of \$25.256 million net represents a \$0.665 million (2.7%) increase over Economic Development Culture and Tourism's 2007 Approved Budget which is the Program's 2008 target. The 2008 Recommended Base Budget will maintain service levels offered in 2007.
- Cost-of-living adjustments (COLA) that average 2.44% for 2008 are non-discretionary outlays that comprise \$0.534 million or 80% of the recommended gross expenditure increase of \$0.665 million.
- The elimination of the "Block Buster" funding results in a \$2.032 million gross reduction and an equivalent revenue reduction and \$0 net impact.
- The 2008 Recommended Base Budget results in 274.8 approved positions. This is unchanged from the staff complement level in 2007.

2008 Key Cost Drivers and Reduction Strategies

- The 2008 net budget increase of \$0.665 million over 2007 is due to the following factors:
 - Negotiated salary and union increases for union and exempt staff and merit/step increases that total \$0.772 million;
 - A net adjustment of \$0.231 million for required non-salary inflationary increases in services/rents and utilities.

- To alleviate some of this expenditure growth, the 2008 Recommended Base Budget incorporates various efficiencies, increased revenue and service reductions which generate additional savings of \$0.965 million:
 - Foregoing most of the non-salary economic factors to save \$0.223 million;
 - One-time additional gapping for \$0.152 million;
 - Savings relating to the realignment of the division based on the Program Review findings are projected to be \$0.140 million gross and net. Details will be included in the 2nd Quarter Operating Variance Report;
 - The deferral of the Tourism Product Incubation initiative one more year will result in \$0.150 million savings. A one-year deferral is recommended to ensure that the Product Incubation initiative is included in the Premier Ranked Tourism Framework Strategy, to be completed in 2008;
 - The reduction to marketing of the Live with Culture program will result in \$0.240 million savings in 2008. The Live with Culture program will continue to deliver the website, street banners in over 400 locations, the Arts in the Hood Program, Doors Open Guide and the Face the Arts programs, and
 - The increased revenue for Museums, through implementing planned cost recovery rate increases, will result in savings of \$0.049 million.

2009 and 2010 Outlook: Net Incremental Impact

A number of future pressures arise from the 2008 Recommended Operating Budget for the Economic Development Culture and Tourism:

- 2009 Outlook
 - The 2009 Outlook includes \$0.302 million for the following one-time 2008 reductions: \$0.150 million for the Tourism Product Incubation initiative, and \$0.152 million for the one-time additional gapping offset by \$0.079 million reduction for the 2008 leap year adjustment and \$0.020 million reduction for one-time costs to relocate the Assets Workshop and repair the Mackenzie House cook stove.
 - The 2009 incremental impact arising from 2008 new/enhanced service priorities is \$0.059 million for the annualized salary cost of the 3 additional positions recommended.
 - The total 2009 Outlook is \$0.263 million.
- 2010 Outlook
 - The 2008 Recommended Operating Budget does not directly impact the 2010 operating budget. The Outlook for 2010 does not include a provision for COLA, as this is subject to future negotiations.

Section D: 2008 Recommended Service Priorities

Table 4: Summary of 2008 New / Enhanced Service Priorities (In \$000s)

Priority	Description	2008 Recommended		Rec. New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.		2009	2010
		\$	\$		\$	\$
(a) Enhanced Service Priorities - Council Approved:	Financial Services Sector Strategic Initiatives	100.0	100.0			
	Green Economic Sector Development	75.0	75.0			
(b) Enhanced Service Priorities - Program Initiated:	Museum Administrator Bicentennial War of 1812	48.0	25.0	1.0		
	Growth of Nuit Blanche	505.0	505.0	3.0	59.0	
Sub-Total Enhanced Services		728.0	705.0	4.0	59.0	0.0
(a) New Service Priorities - Council Approved:						
(b) New Service Priorities - Program Initiated:						
Sub-Total New Service Priorities		0.0	0.0	0.0	0.0	0.0
Total Recommended New / Enhanced Service Priorities		728.0	705.0	4.0	59.0	0.0

Recommended Enhanced Service Priorities – Council Approved:

Financial Sector Strategic Initiatives (\$0.100 million gross and net)

Funding of \$0.100 million gross and net is recommended for the Financial Services Sector and Labour Force Development Strategic Initiatives in partnership with the Toronto Financial Services Alliance. Two major partnership initiatives are recommended to develop: 1) an International Centre for Financial Services Training and 2) a Financial Services Information Technology Innovation Initiative. The intended outcome will be growth and development of the Financial Services sector by increasing its talent pool and developing their ability and reputation in the use technology to develop new products, services and competitive advantage. These initiatives received Council approval on November 19-20, 2007, and \$0.100 million gross and net is included in the 2008 Recommended Operating Budget.

Green Economic Sector Development (\$0.075 million gross and net)

Funding of \$0.075 million gross and net is recommended to implement the Green Economic Sector Development Strategy. The three major initiatives proposed in 2008 include: 1) Toronto Discovery District-District Energy Assessment, 2) Municipal Green Vendors Trade Fair, and 3) Green Manufacturing Action Team/Plan. The total cost of the three projects is expected to be in excess of \$0.400 million with the balance of the funds to be provided through partnerships with associations, other orders of government and the private sector. These initiatives received Council approval on November 19-20, 2007.

Museum Administrator Bicentennial War of 1812 – (\$0.048 million gross and \$0.025 million net)

Funding of \$0.048 million gross, \$0.025 million net is recommended for one full time Project Management Manager, from 2008 to 2013 to lead the development and implementation of the program to commemorate the Bicentennial of the War of 1812. The Province has determined that Toronto will be one of six event regions in a Province wide commemoration. This project has been managed by a temporary contract position from June 2007 through February 2008 made possible through reallocation of available funds from a maternity leave.

Growth of Nuit Blanche (\$0.505 million gross and net)

Additional funding of \$0.505 million gross and net is recommended to grow and enhance Nuit Blanche. The increased funding will permit Nuit Blanche to continue its current growth pattern, continue to invite new neighbourhoods, arts installations and emerging artists. Three additional contract staff are recommended to assist in the planning of the 2008 and 2009 Nuit Blanche events. The artists participating in the 2007 event recommended that a long term planning cycle of 2 years is necessary for artists to plan and develop effective presentations. The Nuit Blanche staff will be planning two events in tandem, the 2008 event and the 2009 event. The \$0.505 million additional funding will support the following services (note: a Briefing Note on Nuit Blanche is in the Briefing Note package):

- **Enhanced programming cost:** \$0.165 million for increased scale of projects due to the massive attendance at the event, the scale of the individual projects/installations must grow significantly in order to be accessible to a mass audience.
- **Increased Staff resources:** \$0.225 million for additional 3 positions for program planning for 9 months, annualized in 2009) plus contracts for 6 production technicians and 21 technical installation assistants. The current 12 month planning cycle does not provide sufficient time for the production of an event of this scale. An 18 month planning cycle is required. The planning cycles of consecutive editions will overlap by 6 months, requiring a team of staff to begin working on the 2009 edition of Nuit Blanche 6 months prior to the execution of the 2008 edition of the event (and so on.)
- **Additional pedestrian plan/road closures cost:** \$40,000 for additional road closures in order to enhance the event experience, as well as to ensure the safety and security of the large pedestrian audience. The enhanced costs for road closures including barricading, re-routing, signage, notification etc. (excluding policing costs).

- **Additional Information/onsite direction costs:** \$20,000 for additional direction to navigate the various zones. To address this issue, Toronto Special Events will produce a quick onsite reference guide map for each zone.
- **Increased cost for Artwork securing:** \$25,000 for an additional 25 attendants for 48 hours to secure the artwork from vandalism and destruction. The enhancement of security services is required for the increased crowding at the event, the location of the event in public space and the timing of the event. This funding increase assumes in-kind services from Police, TTC, EMS will continue to be delivered at no cost to the event.

Section E: Issues for Discussion

2008 Operating Budget Issues

- **Additional One-time gapping**

2008 is the second year of recommending additional “one-time” gapping as a reduction to reach the funding target for the Program. The recommended additional gapping for 2007 was \$0.200 million and resulted in 4.1% gapping rate for the Program. The 2008 Recommended Budget includes a one-time gapping increase of \$0.152 million resulting in a 3.8% gapping rate for the Program.

The additional “one-time gapping has been recommended for two years. The one-time increases have declined but for 2009 the gapping may have to be established as permanent gapping if other offsets for Base Budget increases are not found.

- **Agreement with Tourism Toronto**

A 3-year Memorandum of Understanding, spanning the years 2006-2008, clarified the respective roles and responsibilities of Tourism Toronto and the City of the Toronto Tourism Program. Tourism Toronto agreed to invest not less than \$3.000 million over the three year term. Tourism Toronto is meeting with the City to review and consider projects to be delivered and funded by Tourism Toronto in 2008 that are of mutual interest as identified in the Tourism Action Plan 2003-2008. Contributions from Tourism Toronto for 2009 activities will be subject to the continuation of the Memorandum of Understanding which expires in 2008.

Outstanding Issues from 2007 and Prior Years

Program Review

- The General Manager for Economic Development, Culture and Tourism was requested to report to Budget Committee, prior to the commencement of the 2008 Operating Budget cycle on service delivery, efficiency and cost containment strategies identified by the Program Review. The report on the outcome of the Program Review is anticipated for early 2008.

Implementation of the EDCT Program Review in 2008 will result in operational realignment savings of \$0.140 million gross and net. The outcome of the Program Review will be included in a report to Council planned for early 2008. Budget details will be provided with the June 30, 2008, Operating Budget Variance report to Council.

Appendix 1

Summary of Recommended Base Budget Changes From 2007 Approved Budget

(In \$000s)	Summary of 2008 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2009	2010
		\$	\$	\$	\$	\$
2007 Council Approved Operating Budget	274.8	33,676.9	9,079.9	24,597.0		
In-year approvals and technical adjustments		589.2	595.5	(6.3)		
Corporate adjustments						
2007 Approved Operating Budget	274.8	34,266.1	9,675.4	24,590.7		
Prior year impacts	1.0	(185.5)	(610.5)	425.0		
Merit and Step Increases		238.6		238.6	(78.9)	
Zero base items						
Economic factors		765.0		765.0		
Adjusted Base Budget	275.8	35,084.2	9,064.9	26,019.3	(78.9)	0.0
Other base changes		(1,964.9)	(2,232.3)	267.4	(20.0)	
Base revenue changes			66.0	(66.0)		
Recommended Service Level Adjustments:						
Service efficiencies		(222.6)	0.0	(222.6)		
Revenue adjustments			48.6	(48.6)		
Minor service impact	(1.0)	(150.0)		(150.0)	150.0	
Major service impact		(523.8)	20.0	(543.8)	152.4	
Total Recommended Base Adjustments	(1.0)	(2,861.3)	(2,097.7)	(763.6)	282.4	0.0
2008 Recommended Base Budget	274.8	32,222.9	6,967.2	25,255.7	203.5	0.0
2008 Program Operating Target	N/A	N/A	N/A	24,590.7		
% Over (Under) Program Target				2.7%	0.8%	0.00%
% Over (Under) 2007 Appvd. Budget				2.7%	0.8%	0.00%

Appendix 2

Summary of Service Level Adjustments

Appendix 3

Summary of 2008 Recommended New / Enhanced Service Priorities

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

(\$000)

Reserve/Reserve Fund Name	Reserve/ Reserve Fund Number	Business Case/Issue	Projected Balance as of December 31, 2007	Proposed Withdrawals(-) Contributions(+)		
				2008	2009	2010
			\$	\$	\$	\$
Vehicle Reserve Fund	XQ1200	Contribution to Res.	110.9	21.5		
Casa Loma Reserve Fund	XR1501	Contribution to Res.	2422.5	800.0		
Insurance	XR1010	Contribution to Res.	24,027.80	93.5		
Art Collection Reserve Fund	XR4204	Draw from Res.	20.6	(10.0)		
Design Exchange	XR3012	Draw from Res.	512.5	(500.0)		
Government Relations Reserve	XR0009	Draw from Res.		(37.0)		
Total Reserve/Reserve Fund Draws/Contributions				368.0	0.0	0.0