

Analyst Briefing Notes

Budget Committee

(January 28, 2008)

2008 OPERATING BUDGET

Executive Summary	2
Recommendations	5

Section A: 2007 Budget Variance Analysis 6

2007 Experience	6
Impact of 2007 Operating Variance on the 2008 Recommended Budget	7

Section B: 2008 Operating Budget Overview 8

3-Year Operating Budget Overview	8
Challenges and Issues.....	9

Section C: 2008 Recommended Base Budget..... 10

2008 Recommended Base Budget	10
2008 Key Cost Drivers and Reduction Strategies	11

Section D: 2008 Recommended Service Priorities 12

Summary of 2008 New / Enhanced Service Priorities	12
---	----

Section E: Issues for Discussion 14

2008 Operating Budget Issues.....	14
Future Year Issues	N/A

Appendices:

Appendix 1: Summary of Recommended Base Budget Changes from 2007 Approved Budget.....	15
Appendix 2: Summary of Service Level Adjustments	N/A
Appendix 3: Summary of 2008 Recommended New/Enhanced Service Priorities	16 (a) to (c)
Appendix 4: Inflows/Outflows to/from Reserves and Reserve Funds	17

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

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

January 28, 2008

2008 OPERATING BUDGET**Executive Summary**

- The 2007 preliminary year-end net expenditure of \$10.772 million represents a positive variance of \$0.772 million or 6.7% below the 2007 Approved Budget of \$11.545 million. This favourable variance is a result of an attendance of 1,385,000 visitors, an increase of 120,000 visitors or 10% over the 2007 target attendance of 1,265,000 and is attributed to the success of the Dinosaur Alive Exhibit.
 - Admission revenues are projected to be on budget while retail sales, rides, parking and food services revenues are projected to be favourable.
 - The \$0.802 million increase in expenditures are due to the costs associated with supporting the higher attendance levels. This includes salaries, cost of merchandise, and food services costs to meet the needs of the additional visitors.
 - The Zoo has achieved cost containment savings of \$0.071 million in 2007 and has no continued savings in 2008.
- The 3-Year Operating Budget is guided by the Zoo's ten-year 2001 Strategic Plan. The plan sees the Zoo positioned as a leader in conservation, a centre for education and research, and a respected community institution. The Toronto Zoo faces a number of service challenges over the next three years (see page 9):
 - Maintaining an attendance level of 1,265,000 visitors
 - Minimizing the impact of construction on the North Zoo Site scheduled for completion in 2008
 - Fundraising for capital and conservation projects.
- The 2008 Recommended Operating Budget for the Toronto Zoo is 1.4% (\$0.161 million) over the Program's 2007 Approved Operating Budget. City Council, in its consideration of the 2007 Operating Budget directed that the Zoo's 2008 target be held to the same level as its 2006 Approved Operating Budget of \$11.670 million net given the one-time Dinosaur Alive Exhibit that provided additional revenues for the Toronto Zoo. On this basis, the 2008 Recommended Operating Budget is \$0.036 million or 0.3% above the 2006 level.

Table 1: 2008 Recommended Budget

	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
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXP.	38,882.5	39,684.2	40,273.1	967.0	41,240.1	2,357.6	6.1	102.0	(932.2)
REVENUE	27,337.9	28,911.8	27,552.9	1,981.1	29,534.0	2,196.1	8.0	0.0	(1,956.1)
NET EXP.	11,544.6	10,772.4	12,720.2	(1,014.1)	11,706.1	161.5	1.4	102.0	1,023.9
Approved Positions	354.0	354.0	354.0	5.3	359.3	5.3	1.5		(2.3)
* TARGET			11,670.0		11,670.0				
\$ Over / (Under) Program Target			1,050.2		36.1				
% Over / (Under) Program Target			9.0%		0.3%				

* 2008 Target is set at the 2006 Approved Operating Budget.

- The 2008 Recommended Operating Budget for the Toronto Zoo is \$11.706 million net. This is comprised of base funding of \$12.720 million and new/enhanced service priorities resulting in a net revenue of \$1.014 million. Approval of the 2008 Recommended Operating Budget will result in the Program's staff complement increasing from 354 to 359.3 approved positions.
 - The 2009 Outlook provides \$0.102 for the annualized impact of two additional keeper positions required late in 2008 to prepare for the new Tundra exhibit opening planned for early 2009.
 - The 2010 outlook reverses \$1.024 million net after the second year of the Stingray Touch Tank exhibit introduced in the 2008 Recommended Operating Budget
- The 2008 Recommended Base Budget is \$12.720 million or 9.0% over the 2008 target (2006 net budget). The base budget incorporates the Program's key cost drivers including COLA, collective agreement and other non-discretionary expenditures that total \$1.603 million. These are partially defrayed by revenue increases of \$0.427 million.
- The 2008 Recommended Base Budget increases incorporates various new/enhanced services that result in \$1.014 million net revenue. The recommended new/enhanced initiatives include:
 - the Stingray Touch Tank Exhibit will realize net revenue of \$1.024 million
 - funding for 2 Animal Care staff for the opening of the new Tundra Exhibit requiring \$0.017 million in 2008 and an additional \$0.102 million incremental increase in 2009
 - Zoo Camp improvements resulting in a \$0.007 million net revenue for 2008

- The Zoo has four key performance metrics: attendance levels, memberships, retail sales per visitor and food sales per visitor. Although for 2008, the Zoo is projecting greater attendance (including school groups), memberships as well as retail and food sales per visitor are expected to remain fairly constant.
- Toronto Zoo continues to face a number of challenges in 2008:
 - Maintain attendance levels, memberships, retail sales per visitor and food sales per visitor
 - Continue to improve customer satisfaction with the grounds, exhibits and services by reducing wait times, keeping the exhibits attractive and accessible, improving visitor experience with new shows and demonstrations and improving information processing
 - Continued pressure from standard base changes such as merit/step increases, inflationary increases and the increasing staff requirement for the Capital expansion will make it a challenge for the Zoo to meet a 0% target for 2009.
- The 2008 Recommended Operating Budget for the Toronto Zoo provides funding to:
 - Bring a new interactive exhibit called “Stingray Bay Touch Tank” and coupled with the new Great Barrier Reef exhibit that will provide a high impact offering with the ability to generate incremental attendance again for the Zoo (\$0.932 million gross and \$1.024 million net revenue)
 - Improve the Toronto Zoo Bush Camp site and programming (\$0.018 gross and \$0.007 net revenue)
 - Retain the Capital Projects Manager, maintaining consistent and high professional project management standards (0 net) establishing the contracted Manager as the permanent Capital Projects Manager.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. the 2008 Recommended Operating Budget for the Toronto Zoo of \$41.240 million gross and \$11.706 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Conservation, Education & Research	5,414.4	4,011.6
Marketing & Communications	11,284.6	(88.9)
Operations & Administration	22,485.5	22,229.2
General Management, Interpretation, Culture & Design	1,919.6	1,858.7
Animal & Endangered Species	136.0	—
Revenue & Recoveries	—	(16,304.5)
	<hr/>	<hr/>
Total Program Budget	<u>41,240.1</u>	<u>11,706.1</u>

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.	36,254.5	38,882.5	39,684.2	801.7	2.1
REVENUES	24,673.3	27,337.9	28,911.8	1,573.9	5.8
NET EXP.	11,581.2	11,544.6	10,772.4	(772.2)	(6.7)
Approved Positions	354.0	354.0	354.0	0.0	0.0

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

2007 Experience

The Toronto Zoo is projecting in its Third Quarter Variance Report, year-end expenditures for 2007 of \$10.772 million net. This represents a positive variance of \$0.772 million or 6.7 % of its 2007 Approved Operating Budget of \$11.544 million net.

A number of factors have contributed to this favourable result:

- The overspending of \$0.802 million gross is due to the costs necessary to support the higher attendance levels. This includes salary and benefits, costs of merchandise, and food services costs to meet the needs of the additional 157,147 visitors to the Zoo Site. The projected 2007 attendance is 1,385,000 which is 120,000 or 10% more than the 2007 target of 1,265,000. This resulted in a favourable variance for ancillary revenues of \$1.574 million which exceeds the net expenditure budget by \$0.772 million.
- Utility costs were over budget by 1.9% (\$0.053 million). This is due primarily to increased hydro costs on a year-to-date basis resulting from air conditioning needs in the peak summer weather, offset by lower natural gas costs from earlier in the year.

2007 Cost Containment Savings

- As reported in the 3rd Quarter Variance Report (see table below), the Zoo has achieved cost containment savings of \$0.071 million in 2007. These cost containment measures are not recommended to continue into 2008.

Net Cost Containment Savings	2007 (\$000s) Savings	2008 (\$000s) Continued Savings	Comments
Hiring Freeze Savings:	32.8		One-time
	32.8		
Service Level Adjustments:			
Discretionary Savings:			
Reduced Business travel	1.6		One-time
Reduction in various line items	37.0		One-time
Sub-total	38.6		
TOTAL COST CONTAINMENT	71.4		

Impact of 2007 Operating Variance on 2008 Recommended Budget

The 2008 Recommended Revenue of \$29.534 million is based on maintaining the 2007 target attendance of 1,265,000 and not the projected 2007 attendance level of 1,385,000 which was 11% higher than the 2007 target. The 2008, \$2.358 million increase in gross is due to the costs necessary to support the higher attendance levels. The Zoo had excellent summer attendance in 2007, the third highest for July and August in the Zoo's 33 year history. The one-time special Dinosaurs Alive exhibit was very popular and together with a full calendar of weekend events, boosted attendance to exceed expectations.

For the summer of 2008, the Zoo has made arrangements to bring in another new interactive exhibit called "Stingray Bay Touch Tank" to replace the 2007 Dinosaurs Alive exhibit, and coupled with the new Great Barrier Reef exhibit will provide a high impact offering with the ability to increase attendance levels in 2008 for the Zoo. The 2008 Recommended Operating Budget includes \$0.945 million gross and \$0.030 million net reduction for the 1-year Dinosaurs Alive exhibit, but is more than offset by the \$0.932 million gross and \$1.024 million net revenue increase for the 2-year Stingray Touch Tank exhibit. Also considered in the attendance estimate for 2008 is the absence of a Polar Bear exhibit, which will be undergoing redevelopment in 2008 and re-opening as part of the new Tundra area in 2009.

Section B: 2008 Operating Budget Overview

3-Year Operating Budget Overview

- The Toronto Zoo's 2008 Operating Budget is guided, in part, by its ten-year 2001 Strategic Plan that aims to position the Zoo as a leader in conservation, a centre for education and research, and a respected community institution.
- In line with its vision, the Zoo endeavors to offer exciting experiences that inspire visitors to care about nature and commit to personal action. In addition, the Zoo is constantly looking to build a higher profile in wildlife education, conservation and research as well as strengthen community involvement and public pride in the Zoo.
- To fulfill its mandate, the following are some of the priority service goals for the Program:
 - Maintain the 2007 target attendance level of 1,265,000 by promoting the theme of oceans and aquatic life through the Stingray Touch Tank temporary exhibit and the new Great Barrier Reef exhibit and continue to develop new innovative exhibits to help grow future attendance;
 - Continue construction on the new Tundra area, as Phase I of the North Zoo Site Redevelopment project, and complete the detailed design on Phase II ;
 - Undertake a campaign to raise funds for capital projects, exhibit improvements and conservation and education programs;
 - Begin renovations to the south end of the African Rainforest Pavilion to improve the quality of exhibits and the visitor experience consistent with the pavilion's north end; and
 - Complete implementation of the Enterprise Resources Planning (ERP) system.
- The 2008 Recommended Operating Budget for Toronto Zoo is \$41.240 million gross and \$11.706 million net, resulting in the budget being \$0.036 million (0.3%) over the Program's net target of \$11.670 million and supports the Toronto Zoo in advancing its strategic priorities.
- Toronto Zoo's 2008 Recommended Operating Budget will add 4.3 additional positions to the Program as a result of the new and enhanced services recommended for 2008. Recommended new positions include: 2 additional permanent animal keeper positions for the new Tundra Exhibit opening in late 2008, 1 permanent capital projects manager to manage the North Site Redevelopment and other capital projects, and 2.3 temporary positions required to host the new Stingray Exhibit for 2008 and 2009. The Program's staffing complement will thus increase from 354 to 358.3 approved positions.
- The projected net revenue increase from the new Stingray Touch Tank exhibit is expected to be adequate to bring the Zoo to \$0.036 million or 0.3% above \$11.670 million (2006 target). Options for service level reductions are therefore not necessary.

- The Zoo's new collective agreements call for average annual wage increases of 3% in 2008 and this trend is expected to continue over the next three years (Term of the Agreement is 2006-2010). In the absence of heightened revenue, service efficiencies and/or major cost cutting measures, the Zoo will be challenged to meet the City's 0% target in 2009.

Challenges and Issues

The Toronto Zoo is one of the premier attractions in the Greater Toronto Area. As part of its service mandate, the Program is involved in a number of activities:

- The preservation of endangered plant and animal species and threatened natural areas
- Maintaining the health and general welfare of the animal collection
- Conducting reproductive research of endangered species
- Promoting educational initiatives that engage the support and involvement of the community and that create learning opportunities which encourage respect for nature

For the Zoo to continue successfully fulfilling its mandate, the Program must address the following challenges and issues in 2008:

- Maintain an attendance level of 1,265,000 by promoting the theme of oceans and aquatic life through the Stingray Touch Tank temporary exhibit and the new Great Barrier Reef exhibit;
- Reduce the potential impact on attendance resulting from closure of the Australasia and outdoor Americas exhibits (including the Polar Bears);
- Maximize the revenue impact related to the changing mix of attendance;
- Undertake a campaign to raise funds for capital projects and conservation and education programs;
- Develop a "Green Plan", outlining infrastructure and program initiatives to further the "greening" of the Zoo over the long term;
- Pursue alternative sources of revenue to broaden the Zoo's program and funding base.
- Remaining within the targets set by the City while meeting contractual and other economic factor increases.

Strategic Priorities

The 2008 Recommended Operating Budget for the Toronto Zoo directly addresses, through a number of new/enhanced initiatives, the following strategic priorities outlined in the Council's policy agenda:

- **A creative City**
 - The Zoo is hosting the Stingray Touch Tank Exhibit (\$0.932 million gross and \$1.024 million net revenue) as a special feature for 2008 and 2009. No other exhibit of this kind is in the marketplace and with up to 32 stingrays residing in tanks 23 inches high it will allow visitors the unique experience of touching and seeing stingrays providing a highly compelling reason for families to visit the Zoo.

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.	38,882.5	40,273.1	1,390.6	3.6	102.0	(932.2)
REVENUE	27,337.9	27,552.9	215.0	0.8	0.0	(1,956.1)
NET EXP.	11,544.6	12,720.2	1,175.6	10.2	102.0	1,023.9
Approved Positions	354.0	354.0	0.0	0.0		
* NET TARGET		11,670.0			0.0	0.0
\$ Over / (Under) Program Target		1,050.2			102.0	1,023.9
% Over / (Under) Program Target		9.0%			0.87%	8.77%

* 2008 Target is set at the 2006 Approved Operating Budget.

2008 Recommended Base Budget

- To ensure that the Zoo was not unfairly penalized for establishing a net budget of \$11.539 million in 2007, an amount that was below the Program's 2007 target, Council approved that the Zoo's 2008 target be held to the same level as its 2006 Approved Operating Budget of \$11.670 million net.
- The 2008 Recommended Base Budget of \$12.720 million net represents a \$1.176 million (10.2%) increase over Toronto Zoo's 2007 Approved Budget. This is \$0.036 million (0.3%) over the Program's net target of \$11.670 million. The 2008 Recommended Base Budget will maintain service levels offered in 2007.
- Cost-of-living adjustments (COLA) that average 3.25% for 2008 are non-discretionary outlays that comprise \$0.757 million or 54% of the recommended gross expenditure increase of \$1.391 million.
- Alleviating some of this expenditure growth, the 2008 Recommended Base Budget incorporates \$0.644 million in incremental revenues due to the annualized impact of the \$1 admission charge increased in 2007, bringing total budgeted revenue for 2008 to \$0.215 million more than 2007.
- The 2008 Recommended Base Budget results in 354 approved positions. This is unchanged from the staff complement level approved in 2007.

2008 Key Cost Drivers and Reduction Strategies

- The 2008 net budget increase of \$1.176 million over 2007 is due to the following factors:
 - Negotiated salary and union increases (Term of the Agreement 2006-2010) for union and exempt staff that total \$0.757 million;
 - A net adjustment of \$0.227 million for prescribed non-salary inflationary increases;
 - Omers and Canada Pension cost increases and bank service cost that total \$0.234 million;
 - Funding for minor equipment and repairs for a total of \$0.249 million.
- The 2008 Recommended Base Budget incorporates \$0.644 million in incremental revenues from the \$1 admission fee increase in 2007 resulting in total budgeted revenue for 2008 being \$0.215 million more than 2007.
- The Zoo's revenues are primarily driven by attendance. Visitor levels not only impact admissions, but also on-site revenues including parking, retail, rides and food services. The 2008 Recommended Budget is based on the 2007 target of 1,265,000.
- For the summer of 2008, the Zoo has made arrangements to bring a new interactive exhibit called "Stingray Bay Touch Tank" and coupled with the new Great Barrier Reef exhibit will provide a high impact offering with the ability to generate incremental attendance again for the Zoo. However, also considered in the attendance estimate for 2008 is the impact of no Polar Bear exhibit, which will be undergoing redevelopment in 2008 and re-opening as part of the new Tundra area in 2009.

2009 and 2010 Outlook: Net Incremental Impact

A number of pressures will result from the approval of the 2008 Recommended Operating Budget for the Toronto Zoo:

- The 2009 Outlook includes \$0.102 for the annualized impact of two additional keeper positions required late in 2008 to prepare for the new Tundra exhibit opening planned for early 2009. These positions will maintain the 2008 service levels.
- The 2010 Outlook reverses \$1.024 million net after the second year of the Stingray Touch Tank exhibit introduced in the 2008 Recommended Operating Budget. The Stingray Touch Tank special initiative is over in 2009 and other special attractions may be required to offset the potential reduction in attendance.

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:						
(b) Enhanced Service Priorities - Program Initiated:						
Camp Improvements		17.8	(7.2)			
Staff for Animal care in Tundra Exhibits		17.0	17.0	2.0	102.0	
Permanent Project Manager				1.0		
Sub-Total Enhanced Services		34.8	9.8	3.0	102.0	0.0
(a) New Service Priorities - Council Approved:						
(b) New Service Priorities - Program Initiated:						
Stingray Touch Tank Exhibit 2008		932.2	(1,023.9)	2.3		1,023.9
Sub-Total New Service Priorities		932.2	(1,023.9)	2.3	0.0	1,023.9
Total Recommended New / Enhanced Service Priorities		967.0	(1,014.1)	5.3	102.0	1,023.9

Recommended Enhanced Service Priorities – Program Initiated:

Camp Improvements (\$0.018 million gross, \$0.007 million net revenue)

The Zoo Camp and Bush Camp increase of fees by \$5.00, from an average fee of \$230 to \$235, will result in \$0.007 million net revenue. These camps are currently running at capacity, limiting any growth in attendance. The recommended fee increase improves cost recovery for the program. Improved services include: additional seasonal supervision, camp site improvements, and a projector for the auditorium.

Staff for Animal Care in Tundra Exhibits (\$0.017 million gross and net)

Two new animal keeper positions were identified in the Zoo's 2007-2011 Capital Plan and will be required late in 2008 to prepare for the new Tundra exhibit, planned to open in early 2009. The 2009 Outlook includes \$0.102 million for the annualized cost for these two positions to be filled in November 2008.

Permanent Capital Projects Manager (\$0 gross and net)

The Capital Project Manager was contracted in 2006 to manage the \$30 million North Site Redevelopment and other capital projects. Converting the current Capital Projects Manager contract position to a permanent exempt position will enable the Zoo to maintain consistent and high professional project management standards by retaining the Capital Projects Manager's expertise for ongoing capital projects. This position will continue to be funded from the Capital Budget.

Recommended New Service Priorities – Program Initiated:***Special Exhibit Stingray Touch Tank – (\$0.932 million gross, \$1.024 million net revenue)***

The Zoo will host the Stingray Touch Tank as a special feature/exhibit in 2008 and 2009. This special attraction will be ticketed separately from gate admission and is conservatively estimated to produce net revenue of \$1.024 million in 2008. The planned Stingray Touch Tank exhibit is planned to continue over two years, building on the successful one year run of the 2007 Dinosaur Exhibit. No other exhibit of this kind is in the marketplace and with up to 32 stingrays residing in tanks 23 inches high it will allow visitors the unique experience of touching and seeing stingrays providing a highly compelling reason for families to visit the Zoo. The Zoo hopes to maintain the 2007 target attendance levels of 1,265,000 with this new exhibit. Attendance would fall if the Zoo doesn't replace the one year, 2007 Dinosaur Alive Exhibit with this attraction.

Section E: Issues for Discussion**2008 Operating Budget Issues****Revenue Targets**

The Zoo is facing a number of challenges in 2008. Primary among these is the challenge to meet higher revenue targets. The Program expressed concerns in achieving the 2008 attendance target of 1,265,000 (the same target as 2007) even after it was exceeded by 120,000 in 2007. Based on 2007 attendance results the 2008 Recommended Revenue is \$29.534 million or \$0.622 million higher than the projected 2007 Revenue of \$28.911 million. The Zoo staff is concerned that the 2007 increase in attendance and revenue was the result of excellent weather. If 2008 experiences periods of poor weather, discounted admissions and lower than expected on-site sales could be the result. This could have a considerable adverse impact on financial performance. In-year expenditure restraints may be required to offset revenue shortfalls, if any, in 2008.

Fundraising Efforts

During the 2006 Operating Budget process, Council recommended at its meeting on March 29 and 30, 2006 that “the General Manager and CEO of the Toronto Zoo explore alternative revenue streams and other income sources for augmenting its current funding base”.

In accordance with this directive, and in an effort to reduce the Zoo’s reliance on City financing, the Program has begun to concentrate on fundraising for both its future operating and capital needs. A successful fundraising campaign, however, will take time. An initial feasibility study that the Zoo commissioned in April 2006 concluded that “it takes considerable time to build stable bases of funding. The Zoo should not expect to raise \$1 to \$2 million per year through philanthropic donations in the short-term”.

The Zoo is continuing to develop a focused fundraising campaign and anticipates a launch early in 2008.

Operating Impacts of Capital Initiatives (Tundra Exhibits)

The 2008 Recommended Operating Budget includes the addition of two more animal keepers required for the new Tundra exhibit, starting in the Fall of 2008. Two keeper positions for the Americas were projected in the 2007-2011 capital works plan. Once completed, the new Polar Bear exhibit area will be 1,892 m sq compared to the old Polar Bear exhibit area of 650 m sq. The new Polar Bear holding area will be 215 m sq compared to the old Polar Bear holding area of 77 m sq. Also, the new Arctic Wolf exhibit area will be 4,015 m sq with one yard at 180 m sq and a feeding yard at 155 m sq. This expansion is significant compared to the old Arctic Wolf area that has a total of 63 m sq. These larger exhibits and holdings, with the additional square footage, will require increased staff time to service without compromising our current animal care standards and allow a consistent acceptable level of care for the collection. Hiring of the two new staff is required by November 2008 is required well before the scheduled opening of the Tundra in 2009. The incremental impact of the two recommended positions is \$0.102 million in 2009.

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	354.0	38,458.2	26,918.9	11,539.3	0.0	0.0
In-year approvals and technical adjustments	0.0	424.3	419.0	5.3		
Corporate adjustments						
2007 Approved Operating Budget	354.0	38,882.5	27,337.9	11,544.6	0.0	0.0
Prior year impacts	0.0	(889.0)	(975.0)	86.0		
Zero base items						
Economic factors		1,033.9		1,033.9		
Adjusted Base Budget	354.0	39,027.4	26,362.9	12,664.5	0.0	0.0
Other base changes		554.0	71.0	483.0		
Base revenue changes		691.7	1,119.0	(427.3)		
Recommended Service Level Adjustments:						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
Total Recommended Base Adjustments	0.0	1,245.7	1,190.0	55.7	0.0	0.0
2008 Recommended Base Budget	354.0	40,273.1	27,552.9	12,720.2	0.0	0.0
* 2008 Program Operating Target	N/A	N/A	N/A	11,670.0	0.0	0.0
% Over (Under) Program Target				9.0%	0.0%	0.00%
% Over (Under) 2007 Appvd. Budget				10.2%	0.0%	0.00%

* 2008 Target is set at the 2006 Approved Operating Budget.

Appendix 3

Summary of 2008 Recommended New / Enhanced Service Priorities

Appendix 4

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Balance as of December 2007	Proposed Withdrawals (-) / Contributions (+)		
			2008	2009	2010
		\$	\$	\$	\$
Vehicle Reserve Fund	XQ1703	539.0	333.0		
Sick Bank Reserve Fund	XR1007	62,542.3	86.3 (86.3)		
Insurance Reserve Fund	XR1010	24,027.8	156.7		
Metro Zoo Animal Reserve Fund	XR1029	403.6	36.0 (36.0)		
Metro Zoo Endangered Species Reserve Fund	XR3006	758.3	100.0 (100.0)		
Total Reserve / Reserve Fund Draws / Contributions			489.7	0.0	0.0