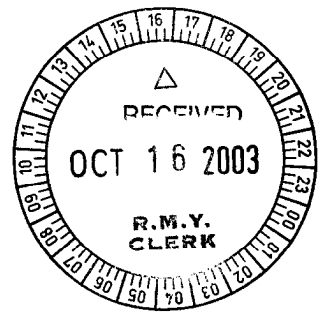


 TORONTO AND REGION
Conservation
for The Living City

October 8, 2003

Mr. Denis Kelly
Regional Clerk, Corporate and Legal Services
Regional Municipality of York
17250 Yonge Street
P.O. Box 147
Newmarket, ON L3Y 6Z1



P19
→ S. Cartwright ✓
Finance
10/17/03
MG

Dear Mr. Kelly:

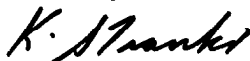
At Authority Meeting #6/03, held on July 25, 2003, Resolution #A159/03 was approved as follows:

THAT the report dated July 2, 2003, on the negative pressures on TRCA Public Use business units 2003 revenue be forwarded to the Premier of Ontario, representatives of the Government of Canada, and the City of Toronto and the Regional Municipalities of Peel, York and Durham;

AND FURTHER THAT staff continue to monitor the impact of the various negative pressures and report to the Board at their September meeting.

Enclosed for your information and any action deemed necessary is the report as presented to the Public Use Advisory Board on July 4, 2003. If you have any questions or require additional information, please contact the undersigned at 416-661-6600 extension 5264.

Sincerely



Kathy Stranks
Supervisor, Board Member Services

/Encl.



TO: Chair and Members of the Public Use Advisory Board
Meeting #2/03, July 4, 2003

FROM: James W. Dillane, Director, Finance and Business Development

RE: NEGATIVE PRESSURES AFFECT ON REVENUE

KEY ISSUE

Report on the negative pressures of SARS, West Nile Virus, inclement spring weather, the war in Iraq and labour disruptions in the education system as they relate to revenue for public use business units and potential lost revenue of \$712,000.

RECOMMENDATION

THE BOARD RECOMMENDS TO THE AUTHORITY THAT the report dated July 2, 2003, on the negative pressures on TRCA Public Use business units 2003 revenue be forwarded to the Premier of Ontario, representatives of the Government of Canada, and the City of Toronto and the Regional Municipalities of Peel, York and Durham;

AND FURTHER THAT staff continue to monitor the impact of the various negative pressures and report to the Board at their September meeting.

BACKGROUND

The Toronto and Region Conservation Authority's public use business units engage in a wide variety of revenue generating opportunities, including admissions, programming, event bookings, retail, food services, and commercial filming. The war in Iraq, the rising Canadian dollar, Severe Acute Respiratory Syndrome (SARS), West Nile Virus (WNV), recent labour disruptions in the education system including work to rule and teachers' strikes, and inclement spring weather have created negative pressure on TRCA business units. It is anticipated that due to the aforementioned pressures, revenue targets will fall short of projections.

RATIONALE

The weakening American economy has resulted in a lower US dollar and a rising Canadian dollar. Americans are not travelling outside the USA to the extent they have in the past because of the Iraq war and general economic decline. European travel has declined in part because of the weakening European economy, fears of the impact of the war and fears of SARS. The impact on TRCA public use facilities has been twofold; American film makers are not traveling beyond their borders and tourism to BCPV and campgrounds has dropped off dramatically.

SARS has had a direct impact in that people were avoiding public places. Combined with fears of West Nile Virus and various education labour disruptions, all of the TRCA public use facilities have been faced with reduced revenues.

Conservation Parks

The conservation parks and campgrounds are experiencing reduced visitation due to the media frenzy associated with West Nile Virus. To date it appears to have had a substantial affect on picnicking and campground bookings. Campground bookings are down \$94,700 and picnic revenue is down \$38,500 compared to the same time last year. Staff is unable to project the impact to year end at this time however, it appears that West Nile will be a major contributor to the decrease in camping and picnicking bookings.

The inclement spring weather adversely affected visitation to the Maple Syrup program and the opening of the parks spring programs. Revenue fell short of projections due to ice and snow storms. Maple Syrup program projected revenue was \$522,100 and the actual revenue was \$408,559, resulting in a shortfall of \$113,541.

Commercial filming revenue in the conservation parks has been further negatively impacted by a \$30 million budget cut to the CBC. For the conservation areas, the CBC is the biggest filming client outside of the American feature film industry. Commercial filming revenue has declined by \$53,000 compared to the same time period last year. Prospect business to year end is virtually non existent. In 2002, commercial filming revenue totalled over \$200,000

Measures taken to counteract the ensuing deficit:

- a marketing initiative was undertaken to encourage Film Makers to visit TRCA lands including a listing of facilities in an International Filming Index, a presentation on the TRCA web page, and negotiations with small budget and documentary film makers
- the camping season at Albion Hills and Indian Line campgrounds has been extended by one month to offset the decreased spring and summer revenue
- free child coupons were handed out at various events such as the York and Peel Children's Water Festivals and Calton Canada Day to increase return visitation
- participation in the Toronto Tourism publication "Toronto: You Belong Here PlayBook" encouraging visitation through 2 for 1 discount coupons for Conservation Areas and the Kortright Centre and 25% discount coupon for camping at Indian Line and Albion Hills. One million copies will be distributed to GTA Residents and hotel guests from July 1 to September 30, 2003
- participation in York Region marketing campaign "Stay N Play" offering a discount coupon booklet which includes discounts to TRCA parks with a distribution of 30,000 from July 1 to September 30, 2003
- secured additional seasonal wage subsidies between \$2 to \$3 per position through Mississauga's YMCA job service, Brampton Summer job service, Durham College, Seneca College, to decrease expenses
- reduced some seasonal staff work weeks to 35 hours from 40 hours per week to reduce expenses

- the ST Music Enviro-Picnic at Bruce's Mill which was effected by the Durham region school board disruption was reduced to two days from three to minimize the operational costs and fill the two days.

Black Creek Pioneer Village

Black Creek Pioneer Village (BCPV) projects significant loss of business and revenue due to SARS for 2003. Total loss of revenue projection could be as high as \$312,000 if the impact of SARS continues to affect attendance through July / August.

May/June Impacts

20% drop in education / tour attendance

17% off target for general attendance

Off revenue target by 25% for admissions and related spending, or \$122,500

Off revenue target by 95% for filming, or \$52,500

Education Attendance

BCPV education attendance dropped by 20% in May / June. A total of 52 school and travel trade tours cancelled, which resulted in the drop in attendance by 4,000 group tour visitors. These included US high school students, US leisure travel groups, international incentive travel groups, as well as schools from Northern Ontario, Peterborough, Bowmanville, Lindsay, and even Oakville, who had booked guided tours and cancelled because of fear of SARS.

Revenue loss from education admissions is \$35,000. Of this total, only about \$5,000 was the direct result of disruptions within Toronto District and Toronto Catholic District School Boards. In addition to loss of admissions, there is a multiplier effect in loss of retail, and food revenue, which is included in the total figures below. The May / June retail revenues, in particular, reflect the loss of tourist school and travel business from the U.S., which tends to have higher than average per capita spending.

General Attendance

General attendance for May / June 2003 was close to 2002 attendance however it is below 2003 target by 17%, or a total of 3500 visitors. BCPV projected an increase in attendance over May / June 2002 because 2002 was a particularly poor year. Despite the cool spring this year, attendance shortfall was 1500 visitors in May, and 2000 in June. The general economic gloom, including over-arching impact of SARS on Toronto appears to be the primary reason for sluggish general public attendance. On a positive note, several large local corporate bookings in June kept our attendance picture from looking worse.

BCPV's program and marketing for May and June were similar to 2002, but poor results confirm the assumption that Torontonians are somewhat hesitant to get out and visit attractions at present, let alone fill the additional gap caused by lost tourism. Special city-wide marketing initiatives to help drive attendance have not yet materialized, but will be starting in early July.

Revenue shortfall from targets include:

General Admission	\$27,000
Education Tours	35,000
Retail	40,000
Parking	5,500
Food	<u>15,000</u>
	\$122,500

Filming Impacts

BCPV estimates it has lost \$52,500 in filming in April - June. In 2002, BCPV had completed \$58,000 in filming by this point in the year. The majority of BCPV film revenue comes from US film productions shooting at our location. BCPV staff estimates losses of \$50,000 in location fees and \$2,500 in prop rentals due to SARS.

July/August Impacts

Off attendance targets by 25%, or 12,000 fewer visitors than projected.

Off revenue targets by 25%, or lower revenue by \$137,000.

Education Attendance

Revenue loss for this period is not projected to be significant. Bookings are still coming in, however this is traditionally a slow period for education tours.

General Attendance

BCPV projected attendance was 50,000 (25,000 in July and 25,000 in August), an overall increase of 18,000 new visitors driven expressly by the new 7 weekend summer music festival Sensational Sounds of Summer. Sensational Sounds of Summer was originally planned to be promoted to US border state, and Golden Horseshoe markets. Due to SARS, marketing plans have been revised to focus on GTA markets, however, recent attendance patterns in June at Toronto-wide attractions suggest our initial targets cannot possibly be achieved in post-SARS Toronto this summer. We are now projecting attendance and revenues for this period will fall short of budget by 25%. This translates into 12,000 fewer visitors than projected for July / August, and revenue loss of \$137,000. This is based on the following assumptions:

- Tourism attendance will not recover this summer
- Local GTA residents will not fill the tourism gap
- Per capita spending in July and August will be lower than normal, due to lack of tourists, who generally have higher spending patterns while on vacation
- Heavy discount promotions across GTA attractions in response to SARS impact increase competition for residential population leisure entertainment dollars.
- BCPV is participating in the Toronto-wide recovery program which includes distribution of 1 million Playbooks in GTA, offering 2 for 1 admissions from July 1 - Sept. 30.

September/December Impacts

BCPV anticipates little impact from SARS during the Fall program. Fall projections were similar to 2002 actuals, which included conservative attendance and revenue targets.

Conservation Residential Field Centres

Since January 2003, business operations at the three residential Education Field Centres have been impacted by a number of external issues. School Board labour disruptions in the GTA (particularly the two Toronto boards of education and the Durham public board) have had the biggest impact. West Nile Virus has had a minimal impact to date and SARS has had no impact on visiting groups, only a heightened awareness for health and safety on the part of our staff. A detailed summary of business impacts at each of the three Field Centres is outlined below.

Lake St. George

West Nile Virus has not noticeably impacted bookings or group sizes. Time has been invested in staff training and client information packages to manage this issue.

The Toronto Catholic District School Board is one of two school board partners in the operation of this field centre. The labour disruption within this board resulted in 22 days of lost bookings. Under the partnership agreement, we receive partial payment for unused time, therefore, the loss of revenue was limited to \$11,000. Revenue losses were partially offset through reduced staff hours and reassignments.

The Toronto District School Board labour disruption resulted in the cancellation of seven days of bookings at the second, non-partner student dormitory with a resultant loss of revenue of \$12,200.

Albion Hills

West Nile Virus appears to be having some impact on group sizes. There have been 6-10 inquiries regarding student safety and 6 students have cancelled their visit. Time has been invested in staff training and client information packages to manage this issue.

School Board labour disruptions did not have an impact on the visits to Albion Hills.

Claremont

West Nile Virus has not noticeably impacted bookings or group sizes. Time has been invested in staff training and client information packages to manage this issue.

The Durham District School Board labour disruption had a significant impact on the Claremont Field centre with a loss of 52 days of bookings. This translates into a loss of revenue of approximately \$89,000. The impact associated with the Toronto Catholic District School Board labour disruption was minimal at 2.6 days (approximately \$5,000 of lost revenue). Revenue losses were partially offset through staff layoffs (approximately 7 weeks of lost time) and staff reassignments. Staff moral has taken a hard hit.

SUMMARY

In total, negative gross revenue impact on TRCA is projected as follows:

Conservation Parks	\$ 300,000
Black Creek Pioneer Village	312,000
Education Field Centres	<u>100,000</u>
Total Potential Lost Revenue	\$ 712,000

Staff will continue to monitor revenue losses and report to the Board in September. Efforts are being taken to mitigate the impact through marketing and expenditure controls.

As the Province, the Government of Canada and the City of Toronto consider potential compensation for SARS and other factors, it is important that their representatives be made aware of the impact on TRCA.

For Information contact: Jim Dillane, 416-667-6292

Date: July 02, 2003