

EX21.4	ACTION			Ward: All
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Management Agreement with Kiwanis Club of Casa Loma

(May 20, 2008) Report from the City Manager

Recommendations

The City Manager recommends that Council:

1. approve the Management Agreement with the Kiwanis Club of Casa Loma, Toronto substantially in the form of Attachment 1 to this report for a term of 20 years and 6 months beginning July 1, 2008 and ending on December 31, 2028; and
2. authorize the Chief Corporate Officer to administer and manage the Management Agreement including the provision of any consents, approvals, notices, and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.

Financial Impact

The operation of Casa Loma will continue to be self-sustaining. As part of the agreement, the accumulated chattels (valued at over \$1.3 million) currently used at Casa Loma and owned by the Kiwanis will be purchased to form part of the City assets at no direct cost to the City. Payments of \$50 thousand per year for 20 years will be provided from Casa Loma operating revenues over the term of the agreement.

The exterior restoration of Casa Loma and other major capital repairs will continue to be the City's responsibility and form part of the Economic Development, Culture and Tourism Division's 5-year capital plan. This agreement provides for revenue of \$800 thousand per year from the operation of Casa Loma to be deposited in the City's Casa Loma Capital Reserve Fund. These annual payments, indexed to inflation, are payable for 20 years as part of the Management Agreement and will be re-invested in the renewal of the Casa Loma estate. The City's 5-year capital plan already includes this \$800 thousand per year for 5 years and \$3.7 million in debt funding. It is anticipated that the capital requirements will continue at that level for the following 5 years as well.

Under the current license agreement, the Kiwanis pays approximately \$178 thousand in 2008 property taxes. Under the proposed new relationship, this new agreement is structured as a management agreement where the Kiwanis, through a joint board, will operate the facility on behalf of the City. Accordingly it is anticipated that the assessed values for all or a portion of the estate may be exempted by MPAC from payment of property taxes in future. Any amount exempted up to the equivalent of the 2008 property taxes levied and indexed by inflation will be re-invested under the terms of this agreement in making improvements to the Casa Loma program. If approved, this will result in a small reduction in property taxes to the City.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information

Summary

Casa Loma is a key heritage landmark, premier tourist attraction, and unique special events venue. The property is owned by the City and has been operated through a license agreement by the Kiwanis Club of Casa Loma, Toronto since 1937. In July 2007, Council approved a new Strategic Vision for Casa Loma and authorized staff to negotiate a new agreement between the City and the Kiwanis. This report recommends approval of the new agreement that implements Council's vision, creates a governance structure to provide balanced representation of community and City interests, and restructures the financial arrangements to continue Casa Loma as a self-sustaining operation, while contributing to the City's capital repair obligations including the on-going exterior restoration.

This report, as reflected in the attached Management Agreement, recommends a new relationship where the Kiwanis manages the operation on behalf of the City through a new Casa Loma Board, restructured with equal participation of members appointed by the City and by the Kiwanis. The agreement also preserves some key elements of the earlier arrangement including the Garden Club Agreement, Free Access Days, and the periodic use of the facility by the Kiwanis and the City.

The effort to revitalize Casa Loma through restructuring of the management agreement and ongoing reinvestment is timely as tourism in Ontario faces challenges due to unfavourable economic circumstances.

The current agreement with the Kiwanis expires at the end of 2008 and bookings for events in 2009 and subsequent years are already being requested. It is essential that a new agreement be put in place immediately to ensure continuity of operations and to permit revitalization of Casa Loma in tandem with the City's ongoing restoration efforts.

Background Information

Management Agreement with Kiwanis Club of Casa Loma

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-13204.pdf>

Garden Club Agreement - Schedule B

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-13205.pdf>

Kiwanis Club of Casa Loma - Executive Summary - Schedule C

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-13206.pdf>

Casa Loma Strategic Plan 2009 - 2013 - Schedule D

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-13207.pdf>

Heritage Designation By-Law - Schedule E

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-13208.pdf>