

# TORONTO STAFF REPORT

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May 19, 2006

To: Economic Development and Parks Committee

From: Donald G. Eastwood, General Manager  
Economic Development, Culture and Tourism

Subject: Report of the Casa Loma Advisory Committee  
St. Paul's - Wards 21 and 22

Purpose:

To present the report of the Casa Loma Advisory Committee for endorsement by City Council and to recommend implementation of a new vision and governance structure for Casa Loma.

Financial Implications and Impact Statement:

There are no immediate financial implications arising from the adoption of this report. In the longer term, it is anticipated that the new vision and governance structure for Casa Loma will result in an increase in revenue that will offset increases in program and restoration costs.

The mandate and membership of the proposed Casa Loma Trust would allow it to seek out new sources of earned revenue and private sector support for Casa Loma, making it less dependant on City funding over time.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) Council endorse the findings of the Casa Loma Advisory Committee (CLAC) contained in the report "The Casa Loma Connection" in Attachments No. 1 and No. 2;
- (2) Council adopt the vision for the future of Casa Loma recommended by CLAC that:
  - (a) the Casa Loma estate and its programs will reflect its Edwardian heritage;
  - (b) a heritage precinct will link the Casa Loma estate to other heritage assets in the neighbourhood; and

- (c) a refreshed visitor experience will attract a greater number of Torontonians to the Casa Loma estate;
- (3) Council endorse the recommendation of CLAC for the creation of a new non-profit organization, the Casa Loma Trust, to oversee the operation of the Casa Loma estate and direct the General Manager of Economic Development, Culture and Tourism, in consultation with the City Manager and the City Solicitor, to report back on the establishment of the Casa Loma Trust including its structure and mandate;
- (4) the General Manager of Economic Development, Culture and Tourism be directed to establish a Casa Loma Transition Committee made up of citizens, the Ward Councillors and members of the Kiwanis Club of Casa Loma to assist with the implementation of the new vision and governance structure for Casa Loma until the Casa Loma Trust is created; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

Casa Loma was built by Sir Henry Pellatt between 1911 and 1914 as his principal residence. He spared no expense – as a successful entrepreneur he wanted to create a home that showcased the latest technology and contained fixtures and furnishings from around the world. He hired Toronto’s leading architect of the era, E.J. Lennox, to realize his vision. By 1924 Sir Henry’s business empire had collapsed and the City acquired the estate in lieu of back taxes. Casa Loma has been operated as a heritage attraction by the Kiwanis Club of Casa Loma (KCCL) since 1937 under a Licence Agreement with the City.

The exterior shell of Casa Loma is constructed primarily of a man-made product called Roman Stone. By the mid 1990s, the Roman Stone was deteriorating rapidly, causing a major safety hazard as exterior elements crumbled. A 1997 Restoration Master Plan estimated that it would cost \$20 million to restore and rebuild sections of the exterior walls. The City was unsuccessful in its application to SuperBuild for \$8.2 million to assist with this work. The City has committed to the restoration of Casa Loma and dedicates all the revenue received through the Licence Agreement plus additional City capital funding to this purpose. Construction began in 2003 and the restoration of the exterior of Casa Loma is 50 percent complete.

At its meeting held on January 27, 28, and 29, 2004, Council directed the Commissioner of Economic Development, Culture and Tourism to establish a Casa Loma Advisory Committee of prominent citizens to provide advice on the restoration and operation of Casa Loma. In the same report, Council had approved a deferral of \$200,000 in Licence payments to the City from Kiwanis due to the adverse impact on revenue resulting from the severe drop in attendance related to SARS. Given the deterioration of the exterior and the potential vulnerability of the operation to a decline in tourist visits to the city, Council directed that it was time to undertake an arms’ length review of Casa Loma.

Comments:

Casa Loma Advisory Committee:

The Casa Loma Advisory Committee held its first meeting on June 9, 2004 with a mandate to promote and facilitate community support for the restoration and revitalization of Casa Loma. CLAC was also charged with providing advice and comment on the development of Casa Loma to meet community aspirations and needs, and to highlight Casa Loma's potential as a public asset.

The membership of CLAC includes seven citizens and the Councillors for Wards 21 and 22. The members are Ron Kanter (Chair); Kristine Connidis; Pauline Couture; Bill Duron; Danny Melamed; Michael Moir; Kathleen Sharpe; Councillor Joe Mihevc and Councillor Michael Walker.

Since its inception in June 2004, CLAC has held nine meetings; toured Casa Loma and met with the Kiwanis Club of Casa Loma Board of Trustees; commissioned research into the operation of comparable historic castles; and undertook consultations sessions in January, June and November, 2005. CLAC held two meetings with the KCCL in October, 2004 and November, 2005 and KCCL members and Casa Loma staff were active participants at each of the consultations sessions.

Summary of Findings:

After touring Casa Loma and comparing its financial status and governance with similar heritage attractions elsewhere, CLAC identified serious issues which preclude continuing with the status quo at Casa Loma. It is CLAC's view that the status quo is not sustainable.

Most importantly, Casa Loma lacks a champion due to the lack of a governing body. Responsibilities are split between several City divisions and the Kiwanis Club of Casa Loma. No single authority is able to report in a transparent way to Toronto's citizens about their property.

Casa Loma is cut off from the community. This may be an unintended consequence of the Kiwanis goal as operator of earning maximum dollars from tourists. Casa Loma's reliance on tourists from outside the GTA makes its attendance more volatile than other City attractions.

The souvenir shop is in the basement; the restaurant is a deli in the basement. Other attractions have made these services significant parts of the visitor experience. Lacklustre ancillary services at Casa Loma deliver one fifth of the earnings per visitor of other attractions in the city, in spite of the fact there are few alternatives in the neighbourhood.

In a bad year, Casa Loma's earnings are insufficient to maintain the building and the licence payments. In a good year, earnings net of costs are not reinvested in Casa Loma's programs and services, but are directed by Kiwanis to charities.

In spite of its size, Casa Loma is hard to find. No physical signposts or walkways connect Casa Loma to the heritage precinct in which it is located: there is no signage to direct people from the subway, no links connecting it to nearby Spadina House, E.J. Lennox's former home, or the City Archives.

Finally, the Licence Agreement with Kiwanis on a sole source basis is the result of history rather than an open and competitive process.

It is the opinion of CLAC, and City staff agree, that a new vision and governance structure are needed to address these issues to allow Casa Loma to flourish.

#### Recommended Vision for Casa Loma:

CLAC's recommended vision for Casa Loma has evolved through discussions with and input from local community organizations and stakeholders, and has been debated, honed and tested at two community consultation meetings. The vision has three inter-connected elements:

- a) Casa Loma's programming, curatorial focus and interpretation will fully reflect its Edwardian heritage, tell the story of Toronto in that era, and reflect the imagination, energy and innovation present in Toronto in the early 20<sup>th</sup> century;
- b) complementary programming, heritage walks, signage and marketing will create a heritage precinct that links the Casa Loma estate to Spadina Museum and the City Archives, two important City assets in the neighbourhood;
- c) a refreshed visitor experience and stimulating heritage tours will attract a greater number of Torontonians to the Casa Loma estate.

#### Recommended Governance Structure:

CLAC believes that the vision can be realized and Casa Loma's future as a vibrant, financially self-sustaining City asset can be achieved if the appropriate governance model is implemented. CLAC recommends the establishment of the Casa Loma Trust, a non-profit organization responsible for overseeing all aspects of the management of the Casa Loma estate. The Casa Loma Trust would have responsibility for all exterior and interior capital maintenance, extending contracts, developing relationships, involving members of the community, and raising private and public sector funds towards the capital maintenance and the operation of the building. It is anticipated that the Casa Loma Trust would be run by a volunteer Board with expertise in tourism, marketing, heritage, fundraising and hospitality with City Council representatives appointed by Council.

#### Next Steps:

In order to move forward with the vision and governance for Casa Loma, a two-step process is recommended. The Licence Agreement with the Kiwanis Club of Casa Loma has been extended by Council until December 2008 and the current operation will continue. City staff will report back to Council on the establishment of the Casa Loma Trust including its structure and mandate. Work on the implementation of the vision can begin immediately and the General

Manager of Economic Development, Culture and Tourism should appoint a Casa Loma Transition Committee to continue to engage the community in this process.

Conclusions:

Casa Loma was the ultimate realization of Sir Henry Pellatt's personal dreams and stands today as a testament to the power and vision of one of Toronto's early industrialists. The estate is a rich blend of early 20<sup>th</sup> century technology housed within an architectural form that reflected the past. It is an important economic and cultural asset for the City of Toronto. With a focus on stimulating exhibitions that tell the story of Sir Henry Pellatt and Edwardian Toronto, residents of this city will again be drawn to visit the estate and enjoy learning about the city's history, while benefiting from collaborative marketing initiatives made possible through a heritage precinct.

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List of Attachments:

- Attachment No. 1: "The Casa Loma Connection", Executive Summary, Report of the Casa Loma Advisory Committee
- Attachment No. 2: "The Casa Loma Connection", Report of the Casa Loma Advisory Committee, May 15, 2006