

2007 BUDGET BRIEFING NOTE

Hummingbird Centre for the Performing Arts – Background and Plans

Issue/Background:

- The Hummingbird Centre for the Performing Arts (“the Centre”) was the home to the Canadian Opera Company and the National Ballet of Canada for many years. As of 2007, both companies are resident at the new Four Seasons Centre for the Performing Arts. The departure of the two resident companies has resulted in a reduction of two-thirds of the Centre’s annual net revenue.
- Prior to 1996, the City and the Centre had a different financial arrangement with respect to operating revenues and capital funding. The previous arrangement provided the City to be responsible for 75% of the capital needs of the Centre with 25% funded from a Capital Reserve Fund generated through ticket surcharge. All operating surpluses became part of City general revenues. For example, in 1995, the City received the Centre’s operating surplus of \$0.560 million. In the 15-year period from 1980 to 1995, the City received a total of almost \$12 million from the Centre and this did not include the return of City funding, as the Centre did not receive any annual operating subsidies from the City.
- In 1996, in conjunction with the renaming of the Centre from the O’Keefe Centre to the Hummingbird Centre for the Performing Arts, the City agreed to allow the Centre to retain its operating surpluses in a Stabilization Reserve Fund provided the Centre would become 100% responsible for its capital costs. Since 1996, the Centre has funded 100% of \$13 million in capital work from its Capital Reserve Fund.
- The Centre has operated with fiscal responsibility and without City funding for many years. Since the establishment of the Stabilization Reserve Fund in 1996, it has not been necessary for the City to finance the Centre’s operations. The financial record since 1996 is as follows:

Net Expenditure (Surplus) excluding non-cash amortizations:

1996	\$ (605,907)	Audited	2002	\$ (65,262)	Audited
1997	\$ (81,499)	Audited	2003	\$ (26,184)	Audited
1998	\$ (116,776)	Audited	2004	\$ (24,815)	Audited
1999	\$ (11,649)	Audited	2005	\$ (136,838)	Audited
2000	\$ 226,441	Audited	2006	\$ (163,600)	Forecast
2001	\$ 448,586	Audited			

- In 2002, the Centre began work on a Business Plan for the revitalization of the Centre. The presumption was that because the theatre could take many years to rebuild the level of use sufficient to replace the loss of the resident companies, the challenge was therefore how to better utilize the site at 1 Front Street East to enhance revenues within the existing charitable organization mandate of the Centre.

Key Points:

- The Business Plan, which was approved by City Council by its adoption of Policy and Finance Committee Report 6, Clause 59 on July 25, 26 and 27, 2006, demonstrated that if the full development of the site could be achieved with capital funding of \$75 million (\$3.3 million from the Centre's Capital Reserve Fund, \$15 million from the sale of land for residential development, \$26 million from naming rights and private sector contributions and \$30.7 million in federal and provincial contributions), the new business activities at the Centre would generate sufficient positive cash flow to cover off any deficits expected from operations of the MainStage theatre.
- A central component of the Business Plan was to use funding from the air rights granted by the City to allow a condominium development on the southwest corner of the site and to include within the podium of this development a new cultural component called the Arts & Heritage Awareness Centre or the AHA! Centre (formerly referred to as CityCentre in the Business Plan).
- The Business Plan demonstrated that, at reasonable levels of attendance, the total activities under the redevelopment plan would not only provide self-sufficiency but also provide a substantial operating surplus which could be used for future capital maintenance and refurbishment.
- The Arts & Heritage Awareness Centre concept involves broadening the attractions available to the general public and tourists at the 1 Front Street East site. Within this concept, the Centre would open a new resident and tourist attraction prospectively named ArtsLab™, a 40,000 square foot highly interactive experience using the 7 art forms (fine arts, music, drama, dance, literature, architecture and the moving image) to demonstrate the intersection and enrichment of our multi-cultural society through the arts; a destination restaurant; an interactive collective video gaming facility; a state of the art convention style catering space; and a resident/tourist promotional link to the cultural attractions in the Greater Toronto Area and beyond.
- The internationally acclaimed architect Daniel Libeskind has chosen to design the Arts & Heritage Awareness Centre podium and tower.
- The July 2006 report to City Council (which can be accessed at www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl059.pdf) outlined these concepts, the financial impact of implementing the Business Plan, and the development agreement with Castlepoint Realty Partners Limited (Castlepoint).
- The Centre is actively involved in the first steps of the implementation of the Business Plan. Key activities include the filing of the site plan by Castlepoint; the Centre's capital fundraising efforts with the federal and provincial governments, as well as the corporate sector; and expanding the Centre's programming on the MainStage.

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