

TORONTO STAFF REPORT

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 20th 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 20th 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

(Executive Summary)

The Casa Loma Connection



REPORT OF THE CASA LOMA ADVISORY COMMITTEE

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A Small History of Toronto's Biggest House

In 1911, one of the Canada's most important industrialists, Sir Henry Pellatt, hired one of Canada's most important architects, Edward J. Lennox, to build him a house. Pellatt had made a fortune by investing in the Canadian Pacific Railway, and bringing electricity to Toronto from Niagara Falls. Lennox, the son of immigrants from Ireland, had built the Niagara Falls powerhouse, Toronto's magnificent City Hall, the West Wing at Queen's Park, and many significant churches. By 1914, with three hundred men and \$3.5 million, they had erected Casa Loma, a vast Gothic confection on a five-acre estate with a commanding view of Toronto (just around the corner from Lennox's house). Casa Loma was conceived as a bridge between European tradition and North American innovation, between the archaic and the modern. Its Norman and Scottish towers, its Elizabethan style plaster, its Romanesque Great Hall, evoked the past. Its conveniences – electric lighting, heating and cooling systems, telephones, central vacuum and an elevator – invoked the future. Even the exterior was both cutting edge and ancient: it was built of a man-made product called Roman Stone. Casa Loma's duality made it the ultimate Edwardian house.

But times change. In 1924, Pellatt's fortune collapsed. Casa Loma became the property of the City of Toronto in lieu of payment of taxes. By 1937, when the Kiwanis Club shouldered the task of trying to make something of Casa Loma, it had stood empty for 12 years. There were no other bidders when Kiwanis licensed its use from the City as a vehicle to raise money. Though Casa Loma was then still a modern house, Kiwanis marketed it to tourists as a medieval castle in a modern city. As the license was renegotiated and renewed at regular intervals, Kiwanis began to rent Casa Loma's rooms for special events, catering and as film locations, earning revenue both for the City and for Kiwanis Club charities.

Years went by. Casa Loma, with its once ultramodern infrastructure was designated historically significant under the Ontario Heritage Act in 1987. Though it is the City-owned property that could best tell the story of Toronto's Edwardian transition from an agrarian to an industrial society, its grand reception rooms remained mostly empty so they could be rented out efficiently. Torontonians lost interest: more than 85% of visitors came from outside the Greater Toronto Area (GTA), mostly the US. While the City was responsible for the exterior infrastructure, and Kiwanis for the interior, both deteriorated.



Above: Restored rooms in Casa Loma Below: Casa Loma circa 1914-1923 viewed from the northwest



The Crisis

In 1997, City staff discovered the Roman Stone was crumbling. Casa Loma needed urgent exterior repairs to keep its visitors safe. In 2002, the City's application to SuperBuild failed in part, City staff were told, due to lack of community support. Nevertheless, the City embarked on a seven-year \$20 million exterior restoration program. The \$1 million a year the City earns from Kiwanis Club's efforts was redirected to this project, but more was needed: Casa Loma became a drain on the City's capital budget. In 2003 the SARS crisis severely curtailed Toronto tourism. The 60% drop in attendance at the height of the outbreak forced Kiwanis to postpone licence payments owed to the City and severely reduced its earnings for charities. Casa Loma became a financial pressure for both Kiwanis and the City. While attendance slowly recovered, in 2005 the Kiwanis Club of Casa Loma realized only a fraction of previous profits. As other major cultural facilities in the city enjoyed a renaissance, Casa Loma was in trouble.



The Casa Loma Advisory Committee (CLAC)

In early 2004 Council asked the Commissioner of Economic Development, Culture and Tourism to appoint a citizen's committee to inquire into Casa Loma's restoration and operation. Chairman Ron Kanter led six other prominent Torontonians, and Councillors Joe Mihevc and Michael Walker through a series of studies, economic analyses, and community sessions to formulate a vision for Casa Loma's future and the steps to get there.



Above: Major restoration work on Casa Loma's exterior commenced in 2003

Opposite: Crumbling exterior masonry

The Problems

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. The status quo is not sustainable.

- Casa Loma lacks a champion due to the lack of a governing body. Responsibilities are split between several City divisions and Kiwanis. 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. Kiwanis' goal as operator is to earn 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. 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 to charities.
- In spite of its size, it's 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.
- The licence to Kiwanis on a sole source basis is the result of history rather than an open and competitive process.



Above: Ancillary services at Casa Loma located in the basement **Below Left:** An empty room on Casa Loma's third floor **Below Right:** The Great Hall



The Future

CLAC engaged in extensive consultations with stakeholders, including the Kiwanis Club of Casa Loma, heritage experts, and the community at large. The results of our meetings, the research by City staff and well-known experts in museum operations, forced CLAC to conclude that what is broken needs to be fixed. Given the experience with SARS, 9/11 and the coming need for US tourists to acquire expensive identification to cross international borders, it would be risky to rely as heavily on tourists to support Casa Loma. Its future lies in reconnecting to the citizens of Toronto, as well as tourists. To engage Toronto's interest, Casa Loma must have a single governing body that can raise funds, license operations in an open and competitive fashion, and generate exciting new programs.



The Vision

Casa Loma will thrive under a new system of governance that creates a connection with the citizens of the GTA. Curators will create exhibits that tell the fascinating story of Toronto's Edwardian transition from rural hub to a major commercial capital. Casa Loma will become the centerpiece of a heritage precinct in which the Toronto story will unfurl for visitors, from colonial roots to the flourish of modernity. Visitors will move from the City Archives north of Dupont, up the Baldwin steps to the 19th Century at Spadina House, and finally to Casa Loma – the bridge to the dynamic 20th Century.



Above: The entrance to Casa Loma

Above Right: Spadina Historic House and Gardens

Right: The City of Toronto Archives



The Road Ahead

- City Council should make use of the new City of Toronto Act to create a non-profit charitable organization, the Casa Loma Trust, to support this vision.
- The Casa Loma Trust should take on the responsibility for and the cost of running Casa Loma, managing all maintenance and operations.
- The Casa Loma Trust should be enabled to raise funds from public and private granting agencies, ticket sales, ancillary sales, corporate sponsorships and charitable donations to sustain the new Casa Loma.
- The Casa Loma Trust should report to Council and the community in a transparent way on an annual basis.
- The Casa Loma Trust should be run by a volunteer board, with expertise in tourism, marketing, heritage, fundraising and hospitality, with City representatives appointed to it by Council.
- The Casa Loma Trust's board should only assign rights by sublicenses after open and competitive processes: including the provision of new programming and interpretation to reflect Toronto's innovative Edwardian period; to operate new and improved ancillary services; to sell sponsorship and naming opportunities. Kiwanis should have every opportunity to respond to requests for the provision of operating services.
- The Casa Loma Trust should work to tie the estate to the historical precinct around it, specifically through the creation of heritage walks, signage, collaborative programming and co-marketing of exhibitions with Spadina Museum, the City Archives, and other Creative City heritage endeavours.
- Casa Loma's operators should be instructed to revise and refresh ancillary services so they act as magnets to draw in the surrounding community.





Above: The stables at Casa Loma after partial restoration work



Left: Casa Loma from Austin Terrace

Opposite: Casa Loma circa 1912-14

Next Steps

During the period in which CLAC inquired into Casa Loma's operations, the Kiwanis Club of Casa Loma requested and was granted an extension of its current licence. The licence ends December 2008.

We propose:

1. That the City appoint a Transition Committee comprised of citizens, City Councillors, and members of Kiwanis Club of Casa Loma:

- to oversee the creation of the Casa Loma Trust;
- to establish a Nominations Committee charged with recruiting board members for the Casa Loma Trust;
- to acquire necessary legal opinions and undertake necessary studies on behalf of the Casa Loma Trust, such as: a best practices study on creating a heritage precinct; reports by City staff on improving public transit access to the estate.

2. That the Transition Committee hand over its responsibilities to the Casa Loma Trust no later than September 2007.

- The Trust's board will supervise the Kiwanis Club of Casa Loma's licence until it lapses in December 2008.
- The Trust's board will initiate and oversee an open and transparent process to find operators for Casa Loma.
- The Trust will also search out grants, donations and sponsorships, ensuring a seamless transition between the old methods of financing and managing Casa Loma, and the new.
- The Trust will recognize the contribution made by Kiwanis to Casa Loma.

CLAC believes following this vision and these steps will ensure that a magnificent Edwardian structure will become self-sustaining and provide many years of enjoyment for the citizens of Toronto.



Above: The ornate conservatory ceiling **Below Left:** A restored room in Casa Loma **Below Right:** The Great Hall as viewed from the second floor





The Casa Loma Connection



REPORT OF THE CASA LOMA ADVISORY COMMITTEE

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1 Background

1.1 Historical Information

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.

The result was an 18,000 square foot mansion complete with Norman and Scottish Towers that dominated the Toronto skyline. Pellatt built an elaborate stable complex to the north of the house, and invested heavily in extensive terracing and gardens surrounding the residence. During the construction period, Sir Henry and Lady Pellatt lived in The Hunting Lodge on the Casa Loma estate, on the North side of Austin Terrace.

By 1924 Sir Henry’s business empire had collapsed and he and his wife were forced to sell the contents of their home at auction. The estate was appropriated by the City in lieu of back taxes.

For 12 years various attempts to operate Casa Loma as a restaurant and as a hotel failed and the building sat empty until 1936 when committed members of the Kiwanis Club of West Toronto undertook to restore the neglected interior of the building and to reopen it as a tourist attraction.

Since 1937, the Kiwanis Club of Casa Loma (the Club changed its name from the Kiwanis Club of West Toronto in 1992) has been operating Casa Loma. Over the years, the Kiwanis Club of Casa Loma (KCCL) has acquired artefacts that either belonged to Sir Henry (sold at auction in 1926, and subsequently donated to or purchased by the KCCL) or are period pieces from that era. The furniture and artefacts inside Casa Loma are the property of KCCL.

The KCCL has developed Casa Loma into a multifunctional venue with four core businesses:

1. Heritage tourist attraction – attracting approximately 250,000 visitors per year, including 33,000 visitors from the GTA.
2. Local special event attraction – presenting family events such as Christmas and March Break programs, and other themed events throughout the year attracting approximately 80,000 participants from the GTA.
3. Evening event venue – Casa Loma is a popular venue for weddings, corporate events and other social events, hosting approximately 190 evening events each year with local attendance of 35,000.
4. Location for film, television and photo shoots – film crews are on site approximately 40 days a year, plus additional days when the building is used as a backdrop.

Casa Loma is designated historically significant under the Ontario Heritage Act and is recognized by the City as being architecturally and historically important.

1.2 Licence Agreement

The Casa Loma estate is operated by the Kiwanis Club of Casa Loma under a Licence Agreement with the City of Toronto. The estate comprises the Casa Loma mansion and extensive terraces and gardens on the south side of Austin Terrace, plus a stables complex and potting sheds on the north side of the street.

Since 1937 the KCCL has operated Casa Loma on a sole source basis, with regular renegotiation and renewal of the Licence Agreement. The current Licence Agreement expires in December 2008. It contains provisions for the City to receive rent as a percentage of gross revenues from the operation of the facility, as well as property taxes. On an annual operating budget of approximately \$6 million, this has generated approximately \$800,000 annually which the City uses for capital maintenance plus \$65,000 in property taxes. Net revenue of approximately \$225,000 annually is directed by the KCCL to charitable causes.

A separate month to month Caretaking Agreement for The Hunting Lodge, part of the Pellatt estate located on the north-west corner of Austin Terrace and Walmer Road, was approved by City Council in September 2005. Under this agreement, the KCCL will administer special events, promotions and short-term rentals at the Lodge.

Until 2000, full responsibility for Casa Loma rested with Corporate Services, more recently known as City of Toronto Chief Corporate Office. In 2000, responsibility for the capital and program overview of Casa Loma estate was transferred to the Culture Division while Chief Corporate Office maintains responsibility for the Licence Agreement and the Hunting Lodge. The Culture Division has raised the profile of the urgent capital restoration requirements of the buildings.

1.3 Exterior Restoration

The Licence Agreement calls for the City to maintain the exterior of the building, including roof, windows, parking garage, walls and fences. The City is also responsible for major repairs or replacement of the boiler and heating system, air conditioning, electrical system and switching, and emergency systems such as fire pump and sprinklers. KCCL is responsible for all interior maintenance costs.

The exterior shell of Casa Loma and the Stables 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 and fell to the ground. A 1997 Restoration Master Plan estimated that it would cost \$20 million to restore and rebuild sections of the exterior walls.

Since 1998, the revenue of approximately \$800,000 per annum received from the Kiwanis Club of Casa Loma under the terms of the Licence Agreement has been allocated to the restoration of the buildings. The City began patching the walls and towers on an emergency basis in 1998, and closed off parts of the exterior while seeking funding for a major restoration project.

The City and the restoration architect, Charles Hazell of Taylor Hazell Architects, have embarked upon a 7-year construction plan that will restore Casa Loma while allowing the KCCL to continue to operate the site during the prime tourist and event season. Construction commenced in 2003, and will conclude in 2011 at a total cost of \$20 million. An application to SuperBuild for an \$8.2 million grant towards the renovation was turned down in 2002. The restoration is currently being financed by the City from Casa Loma revenues and debt repaid from taxes.

Upon completion of this work, the exterior should be in a state of good repair for at least 60 years with regular upkeep. The anticipated annual cost to the City for capital maintenance (structural, mechanical and electrical) is between \$800,000 and \$1 million, which is roughly equivalent to current City revenues under the Licence Agreement.

2 Establishment of Casa Loma Advisory Committee (CLAC)

The need to undertake a \$20 million exterior restoration cast the spotlight on Casa Loma's finances and operations, and on the relationship between the Kiwanis Club of Casa Loma and the City. As noted above, the City applied to SuperBuild in 2002 for capital funding for the exterior restoration. The SuperBuild application process was highly competitive and the City in cooperation with KCCL hoped to rally community backing for its application. There was surprisingly little community support for the proposal as the individuals and organizations in the neighbourhood appeared disconnected from Casa Loma and the general public did not rally to the cause.

In spring 2003 SARS struck, and the tourism industry saw a precipitous drop in the number of visitors to Toronto for the balance of the year. Because Casa Loma generates 85% of its heritage tour revenue from visitors from outside the GTA, SARS had an immediate impact on KCCL revenues. Attendance dropped by 60% at the height of the outbreak. Attendance slowly grew through the balance of the year, but it left KCCL with a cash flow shortage. KCCL requested deferral of \$200,000 in revenue owed for 2003 until July 31, 2004, and this request was approved by City Council at its meeting of January 27, 28, and 29, 2004. At that meeting, Council adopted a recommendation from the Policy and Finance Committee that "the Commissioner of Economic Development, Culture and Tourism establish a Casa Loma Advisory Committee of prominent citizens, as contemplated in the Licence Agreement between the City and the Kiwanis Club of Casa Loma, to provide advice on the restoration and operation of this important heritage building".

The Terms of Reference for the Casa Loma Advisory Committee (CLAC) are to:

- a) promote and facilitate community support for the restoration and revitalization of Casa Loma; and
- b) advise and comment on the development of Casa Loma to meet community aspirations and needs, and highlight Casa Loma's potential as a public asset.

CLAC comprises seven citizen members (including a Chair) and the Councillors for Wards 21 and 22 as ex-officio members. CLAC members are:

Ron Kanter – CLAC Chair

- Municipal lawyer, Gardiner Roberts LLP
- Former City Councillor (area just south of Casa Loma)
- Former MPP, St. Andrew St. Patrick (Casa Loma area)
- Former Chair of the Board of Trade Municipal Affairs Committee
- Area resident

Kristine Connidis

- Chairperson, Tarragon Village Residents Association

- Doctoral candidate, University of Toronto
- Former partner at Fasken Martineau Walker LLP
- Area resident

Pauline Couture

- Writer and communications consultant
- Board member, Colborne Lodge/Mackenzie House Spadina Historic House and Gardens Community Museum
- Chair, ShakespeareWorks

Bill Duron

- Chair, Ontario Tourism Marketing Partnership Corporation
- CEO, Royal Agricultural Winter Fair
- Former CEO, Tourism Toronto
- Chair, Toronto Board of Trade Tourism Committee

Danny Melamed

- Lawyer, and Partner at Torkin, Manes, Cohen Arbus LLP
- Parent Volunteer, Hillcrest School
- Member, Humanitas Steering Committee
- Area resident

Michael Moir

- University Archivist and Head of Archives and Special Collections at York University
- Former Director, Corporate Records Systems and City Archivist, City of Toronto
- President, The Champlain Society

Kathleen Sharpe

- Executive Director, Ontario Cultural Attractions Fund
- President, Toronto Artscape
- Former Director, Culture Division, Metro Toronto

Councillor Joe Mihevc (ex-officio)

Councillor Michael Walker (ex-officio)

3 CLAC Activities

CLAC's first meeting was held June 9, 2004. Since then the Committee has held nine meetings, toured Casa Loma and met with the KCCL Board of Trustees, commissioned research into comparable historic castles, and undertook three consultation sessions.

One of the first issues that came before CLAC was the Licence Agreement, which was due to expire in September 2006. At a meeting in the October 2004 with KCCL, CLAC learned from KCCL that uncertainties surrounding licence renewal were having a negative impact upon Casa Loma operations, both in terms of event bookings and lease agreements (such as those with caterers) for 2006 and beyond. In response, CLAC wrote to the City's Facilities and Real Estate Division asking them to offer KCCL a one to two year extension under the current terms, pending the outcomes of CLAC's deliberations and recommendations to the City. Subsequently, the City and KCCL negotiated an extension until December 2008.

In the early stages of the Committee's deliberations, a number of questions and points of discussion were raised:

Governance:

- Does the division in responsibility for the exterior and interior of the site between the City and KCCL hinder the development of a true vision for Casa Loma?
- What is the ideal governance model for Casa Loma?
- Should there be an open process for the selection of an operator or licensee?

Markets:

- There is lack of connection between Casa Loma and the immediate geographic community.
- Approximately 15% of visitors taking heritage tours of Casa Loma are from Toronto. While this suggests a lack of appeal to, or interest by, Torontonians, it does reflect Casa Loma's success at attracting tourists.
- What level of investment would be required if the goal were to attract more Torontonians to visit the building without diminishing tourist attendance?

Curatorial/Programming:

- Is the curatorial function of the building and Casa Loma's importance as a heritage asset compromised by the KCCL mandate to generate revenues for the City and for their charitable causes?
- Are there opportunities for additional programming on the site that will engage the community?
- What should the curatorial function of the building be?
- The museum function of Casa Loma is largely disconnected from the heritage functions of other City-owned properties. Do more opportunities exist for programmatic collaboration

with neighbouring City properties, Spadina Museum: Historic House and Garden and the City Archives?

- The interior of the building is “tired”. Casa Loma could benefit from a massive infusion of capital for interior restoration. What percentage of revenues are, or should be, reinvested to upgrade the interior of the building?

Building and Budgets:

- How does Casa Loma’s operation and capital asset management compare with other similar historic home attractions in North America?
- What impact does the high level of usage have upon the wear and tear of the building?
- Maximizing revenue from Casa Loma used to be the City’s priority. Should the City forego revenue to make heritage preservation and programming a higher priority?

To inform its thinking on these topics, CLAC undertook research into the operation of a number of heritage house museums and castles in other jurisdictions and explored potential alternative revenue sources for Casa Loma. The Committee met twice with the Kiwanis Club of Casa Loma, and also hosted three consultations: the first for representatives of local community organizations; the second for a larger group of stakeholders; and the third a public meeting.

3.1 Research

3.1.1 Comparative research of other heritage house museums

Preliminary on-line research was undertaken by staff to identify the ownership and operating models of six similar properties: Dundurn Castle, Hamilton; Biltmore Estate, North Carolina; Parkwood Estate, Oshawa; George Eastman House, Rochester; Hearst Castle, California; Mount Vernon, West Virginia.

The preliminary findings demonstrated that there was not one model of ownership, governance or operations that was applicable to each of these properties or to Casa Loma. Points of similarity were that all operate primarily as heritage house museums and each functions with a mixture of public and private sector subsidy.

In order to obtain more comprehensive information about the governance, operation and management of heritage attractions, CLAC commissioned Lord Cultural Resources to undertake a comparable research report to examine four properties, two of which had been identified in the preliminary research. The heritage house museums studied were:

- Craigdarroch Castle, Victoria, BC – owned by the Craigdarroch Castle Museum Society
- Dundurn Castle, Hamilton, Ontario – owned by the City of Hamilton
- Hearst Castle, San Simeon, California – owned by the State of California
- Vizcaya Museum and Gardens, Miami, Florida – owned by Miami-Dade County

In each case, the study examined:

- Governance, organization and staffing

- Restoration
- Programming, interpretation and collections
- Markets
- Budgets

It is worth contemplating the fundamental differences and similarities identified in this study in the context of Casa Loma's mission and operations. Findings of particular relevance to CLAC are noted below, with information about Casa Loma in parenthesis where relevant:

Governance, organization and staffing:

- Two government-owned houses are staffed by government employees; the third government has entered into a management agreement with a trust, which operates within the auspices of the government.
- The Statement of Purpose for each museum is to collect, preserve and interpret the objects and artefacts from the era in which the building was constructed. (Casa Loma's mission, in contrast, is "To operate a profitable heritage tourist attraction and hospitality venue which delivers high levels of customer satisfaction and enhances the City of Toronto's image as a premier leisure and meeting destination.").

Restoration:

- Three of the sites are engaged in major restoration projects. Two sites have access to capital budget programs through the government owner of the site. However, each has to secure some or all of the capital funding from private sources. Affiliated not-for-profit friends groups play an important role in such fundraising. (City of Toronto is the sole source of restoration funding for Casa Loma at this time).
- Affiliated friends groups at two of the properties actively fundraise and help to develop relationships and involve members of the community. For example, one site has 525 members in the friends group generating US\$250,000 per year. Friends groups are typically more active and successful if there is recognition of the value of the site to the community. (Casa Loma has recently initiated a membership program but has no affiliated friends group or fundraising activity).
- None of the sites have developed corporate partnerships to support conservation or restoration activities. (Same situation at Casa Loma).

Programming, interpretation and collections:

- All of the sites have significant collections of artefacts, buildings and grounds, for which there are limited or no resources allocated on an annual basis for conservation. Efforts focus on maintaining a standard for the visitor experience rather than the care of the material objects. Most institutions are focussed on minimizing expenses and maximizing the visitor experience and earned revenues. (Similar to Casa Loma)
- In each case, the house is the most important artefact and is often strong enough as a visitor experience to attract visitors. Because these institutions can attract respectable numbers on the strength of the historic building alone, costly museum functions such as public programming, exhibitions, collecting and conservation are sometimes de-emphasized,

which enables one of the attractions (Craigdarroch Castle) to operate on earned revenue alone. (Similar to Casa Loma)

Markets:

- Major historic house museums are primarily tourist attractions. An exception to this is Dundurn Castle which has managed to position itself as a community resource that exists for the benefit of residents. In order to continue to attract local residents, Dundurn Castle regularly refreshes its programming. However, expansion of programming has cost implications which have a direct bearing on operating strategies and the overall strategic direction of the institution. (Casa Loma's primary market for heritage tours is outside the GTA).
- Several of the historic homes are concerned about the stress on the fabric of the site and so mitigating strategies have been introduced, such as restricting the number of event rentals, or limiting attendance by charging higher admission fees. (Not the case at Casa Loma)
- All heritage house museums have experienced a decline in attendance in the past four years (Casa Loma's attendance is still approximately 10% lower than pre SARS)

Budgets:

- The average heritage house museum in the US earns 39% of its operating revenue (the balance coming from government and fundraising). The three US houses surveyed earn significantly higher revenue, between 81% and 100% of budget (Casa Loma earns 100% of revenue). Dundurn Castle, by comparison, with a heavy focus on community programming and access, earns 35% of budget, the balance contributed by the City of Hamilton.

The interesting observation from this study is that although all four properties have the preservation and care of historic buildings and artefacts as their primary function, they are, in many cases, facing budget pressures to minimize expenditures on these core functions, while looking at alternate ways to increase earned revenue – the same challenge, it appears, as Casa Loma.

3.2 Consultations

3.2.1 Local Community Consultation

In January 2005, CLAC invited community representatives from the local area – businesses and residents' associations – to a facilitated meeting to learn how the community relates to Casa Loma today, and to hear their views on ways to ensure a strong relationship into the future. The meeting was held at Casa Loma and representatives from the KCCL Board of Trustees and staff were invited to attend.

Participants were asked to consider the following questions:

- Think about the experiences that you and/or your membership have as a result of living in a community close to Casa Loma. How does living in the same neighbourhood influence/impact your lives?
- What are some of the opportunities that are created when you live in the same neighbourhood as Casa Loma? What are some of the challenges that arise?
- What opportunities could the City and CLAC explore to ensure a strong relationship between Casa Loma and the community into the future?

The principal messages from the community were:

- Communications need to improve between Casa Loma and the Community:
 - Living in the same neighbourhood as Casa Loma enhances our quality of life.
 - There is nothing to draw the local community to the castle on a regular basis.
 - Casa Loma has a decreasing level of association with the local community, however there is potential for strengthening that association.
 - The community would welcome more involvement with Casa Loma, through participation in special events or through a membership/friends program.
- Subway and traffic improvements are needed:
 - Visitors arriving by subway at the Dupont Station have a poor experience: there are no directional signs (Casa Loma is not visible); the sidewalk from the subway to the Castle is not maintained (flooding under the bridge); and area is heavy with litter.
 - Traffic congestion exists on Spadina Road at times as vehicles are backed up to turn into/out of Casa Loma.
 - Bus parking area is an eyesore – could buses be parked further away and could the bus parking lot be reverted into gardens?
- Opportunities for collaboration exist:
 - There should be linkages to Spadina Museum and possibly heritage walks connecting the Archives and the Wychwood Barns. Link Casa Loma to the history of Toronto in the Edwardian era in which it was built.
 - The local community associations would welcome events that attract their members regularly.

The insight from the local community, coupled with the results of the research by Lord Cultural Resources, provided the foundation for CLAC's thinking through the Spring of 2005. We identified a preliminary vision for Casa Loma and drafted objectives. At this juncture, we were ready to hear from a larger group of Casa Loma stakeholders and test some of our thinking against their views and experiences.

3.2.2 Stakeholder Consultation

On June 7, 2005, CLAC hosted a workshop to update stakeholders on our work related to Casa Loma and to seek stakeholder feedback on opportunities for the building's future. The KCCL

graciously provided a list of their stakeholders, representing principal user groups (such as tour bus operators, meeting and event planners), KCCL Board of Trustees and staff, caterers, and tenants including the Queen's Own Rifles, Girl Guides of Canada and the Garden Club of Toronto. This invitation list was supplemented by City Councillors and staff, heritage representatives and residents' associations. In total, 70 participants attended.

The facilitated meeting commenced with overview presentations by CLAC Chair Ron Kanter, Ken Hanson and Lou Seiller from the KCCL, and restoration architect Charles Hazell.

Participants were then asked to respond to the following focus questions:

- How would you describe the value of Casa Loma to the people of Toronto?
- Are there opportunities to strengthen/improve the City's use of this asset? Identify your top 3-5 opportunities.
- Feedback from the CLAC and representatives of local community groups have suggested the following potential opportunities for the future: a castle that has equal draw from the community and tourists; evolving the Casa Loma "story" to reflect its Edwardian heritage; and creating a heritage precinct that links Casa Loma to other heritage assets in the area (including Spadina Museum and the City Archives). What do you see as the advantages and disadvantages of these opportunities, as well as any you identified in Question 2?
- Do you have any other advice for the CLAC to consider as it prepares its report to Council?

Discussions were held at round tables with reports from each table at the end of the meeting. Each participant and table was provided with a workbook that provided room for written responses to the questions which could be submitted that evening, or taken home by participants for completion and submission at a later date. The discussion at each table was lively and informative, with a range of views and perspectives, reflecting the diverse interests of the participants. In the reporting back from each table, there were many shared perspectives, and some where opinions differed. The following summary reflects the highlights of the feedback received.

- The Value of Casa Loma:
 - Many participants indicated that there is tremendous value in Casa Loma. Not only is it a unique heritage site and a civic landmark, it was also referred to as "magical" and an "immeasurable treasure". It is also a unique and curious building that captivates the imagination of a time that is gone – a time of great dreams, great hopes, great art, great beliefs, and great optimism.
 - The educational opportunities it provides were also recognized, as was the fact that it is not a financial drain on the City.
- Opportunities and advice for the future of Casa Loma:
 - Many participants expressed support for evolving the Casa Loma story to recognize the relevance of the building in the era in which it was built.

- A lot of support was also expressed for creating a heritage precinct in the area of Casa Loma – including the Archives, Spadina Museum, the Hunting Lodge and Stables, and other assets in the area.
- Casa Loma needs a champion(s), and stronger branding.
- Casa Loma needs to be more relevant to Torontonians.
- A number of suggestions were made regarding management of Casa Loma – including respecting the relationship between Casa Loma and the Kiwanis Club of Casa Loma. Many also identified a need for a clearer/updated mission statement, and opportunities for more partnerships (e.g. with organizations with broad memberships). Some felt that KCCL were not well suited to play a key role in the building's future.
- A number of specific suggestions regarding on-site opportunities were also made – such as exploring opportunities for an upscale restaurant, improving the grounds, refurbishing the pool, creating an arts school, hosting an arts festival, etc.

These consultation sessions were valuable to CLAC's process, reinforcing some of the Committee's thinking and adding new thoughts and perspectives.

3.2.3 Public Meeting

The final consultation was a public meeting held on November 30, 2005. The purpose of the meeting was to gauge the public's response to three vision elements that CLAC had identified, and then to seek ideas on how these vision elements could be achieved. The meeting was widely publicized through a quarter page advertisement in the *Toronto Star*, posters in public libraries and public service announcements. CLAC Chair Ron Kanter appeared on CBC radio to promote the session. The public meeting attracted approximately 100 participants, approximately one half of whom were affiliated with the Kiwanis Club and Casa Loma.

The meeting commenced with brief presentations by CLAC Chair Ron Kanter, Richard Wozenilek, Chair of the Kiwanis Club of Casa Loma Board of Trustees, and architect Charles Hazell. Following the presentations, the participants were asked to work at small tables and collaboratively consider whether the following draft vision elements reflected their aspirations for Casa Loma, or if not, what other suggestions they might have:

- The Casa Loma estate's content and interpretation will 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 20th century.
- Complementary programming, heritage walks, signage and marketing will create a heritage precinct that links the Casa Loma estate to other heritage assets in the neighbourhood (Spadina Museum, City Archives).
- Casa Loma will be as popular a destination for Torontonians as it is for tourists through a vibrant mix of displays and programming.

Participants were also asked for their suggestions on how to achieve each of the three opportunities above (or others they may have identified), such as:

- What will inspire you to visit Casa Loma more often?
- What ideas do you have for ways to animate Casa Loma's Edwardian heritage?
- Would you be more inclined to visit Casa Loma, Spadina House and the City Archives if they were part of a heritage precinct?

The participants recorded their thoughts in workbooks, which were later submitted to the facilitator. There were also verbal reports from each table. Written submissions were also accepted by the Culture Division after the meeting. The key messages that CLAC heard from this meeting were:

- Yes, these draft vision elements generally reflect participant's aspirations for Casa Loma. It is important to tell Sir Henry Pellatt's story, and all of the different aspects of Toronto's Edwardian heritage. Creating a Heritage Precinct is a good idea with enormous potential, and a number of ideas were shared about how to make the castle attractive to Torontonians as well as tourists.
- There is a need to think about how any shift in vision would impact the current program and users. There are a number of elements to the business model that may be influenced by the proposed changes. In addition, many current users and stakeholders have needs that should be considered.
- There needs to be certainty around the long-term management of the castle. There is considerable agreement on this point, with different thoughts on the future roles of the Kiwanis Club of Casa Loma and the City of Toronto. A collaborative approach was suggested by many.

3.2.4 Kiwanis Club of Casa Loma Meetings

CLAC has had two productive meetings with the KCCL, one as CLAC started its work in October 2004, and another in November 2005. In addition KCCL members and Casa Loma staff have been active participants at each consultation and public meeting.

At the November 2005 meeting, the KCCL presented a proposal to CLAC in response to the three draft vision elements described in 4.2.3. KCCL observed that the focus of their heritage tours is the story and the times of Sir Henry Pellatt. They believe they are serving Torontonians, pointing to the 33,000 residents of the GTA who take heritage tours each year, 80,000 who participate in day-time special event programming and a further 35,000 guests at evening functions (weddings etc).

The one vision element that KCCL view as a growth opportunity is the heritage precinct, and they presented to CLAC a 12-point plan for an "Estate District", that included art gardens being developed on the hillsides, creating a high end restaurant and function venue in the Hunting Lodge, a Dinner Theatre in the Stables, and a Funicular Railway running up alongside the Baldwin Steps to ease pedestrian access from the Archives to Casa Loma.

KCCL concluded their presentation by offering to amend the existing governance authority of the Casa Loma Board of Trustees, a standing committee of the Kiwanis Club of Casa Loma, to include representation from the community at large and the City of Toronto, for the future operation of Casa Loma and the Estate District.

4 Summary of CLAC's findings

The information gleaned through research, community consultations and meetings with KKCL has informed this report and CLAC's recommendations to Council. It has become clear to the Committee that there are many opportunities for Casa Loma's future. The challenge is which route to take.

The KCCL has been the steward of Casa Loma for the past 70 years. KCCL has a clearly defined mission that is realized through staff and volunteer efforts: "To operate a profitable heritage tourist attraction and hospitality venue which delivers high levels of customer satisfaction and enhances the city of Toronto's image as a premier leisure and meeting destination". Over the years, the KCCL achieved this vision while operating Casa Loma according to the terms of the Licence Agreement with the City.

For most of this period the City took a "hands off" approach, allowing the KCCL to operate the estate with minor interventions. It would appear to CLAC, however, that while KCCL was operating the interior, the City's responsibility for capital maintenance and repair of the exterior of the buildings was not given adequate attention. Consequently, it was only when the exterior deterioration became a safety hazard in the 1990s that the City took action to develop a restoration master plan. By this time the cost of restoration had reached \$20 million. KCCL had no infrastructure in place to raise capital funds, nor was it responsible for the exterior. The City's only avenue for funding was SuperBuild, but there was insufficient community support to realize a successful application. The division of responsibility for interior and exterior maintenance between the City and KCCL left the City shouldering the full cost of restoration. Over the years, there has been no one responsible for the Casa Loma Estate as a whole.

Three factors contributed to the City's renewed interest in the future of Casa Loma: The transfer of responsibility for Casa Loma to the Culture Division; the need for a large infusion of City funding for capital repairs; and the KCCL cash flow shortage after SARS. The lack of community support for the City's application for SuperBuild funding to restore Casa Loma cast further light on the need to examine the City's responsibility for, and the future operations of, this extraordinary public asset.

CLAC has heard some key messages from stakeholders and the public about the current and future use of Casa Loma. There are those who argue that the status quo should continue, citing:

- The KCCL took the lead in saving and restoring Casa Loma in the 1930s, at a time when there were no other interested parties.
- KCCL have operated the estate for almost 70 years, turning it into Toronto's third most visited tourist destination.
- The business model that the KCCL has adopted is based on earned revenue, and does not rely on public subsidy.
- To quote one public meeting participant: "If it ain't broke, don't fix it".

However, there have been other voices that argue:

- That Casa Loma has not been connected with its neighbourhood, noting a lack of communication or programming with local residents and little marketing or programming relationship with Spadina Museum or other cultural attractions in the immediate vicinity.
- The visitor experience is unappealing, specifically the quality of the heritage tours and the exhibits on the third floor.
- Casa Loma has lost its relevance to Torontonians.
- The awarding of the licence to operate Casa Loma should be open to public tender, and not be automatically renegotiated and renewed.

In addition, poor visitor access by public transit, lack of signage at Dupont Station and insufficient maintenance of the sidewalks has been noted as deterrents to an enjoyable visitor experience. If the estate as a whole had been managed by one entity, management would undoubtedly have urged the City to take action on these items.

KCCL has focussed on the interior operations of the castle in order to meet the terms of the Licence Agreement and generate net profit for charitable endeavours. However, perhaps as a result of this focus on internal operations, KCCL has not developed roots into the local community or with other neighbouring heritage facilities, or indeed forged a relationship with the Toronto public at large. This is undoubtedly an unintended consequence of the terms of the Licence Agreement and the division of responsibility for interior operations and exterior functions between KCCL and the City respectively.

On the financial side, analysis provided by City staff questions the continued viability of Casa Loma under the current operating structure. KCCL is totally dependent upon earned revenue, and the decline in tourist attendance and low levels of participation by Torontonians is going to continue to hurt box office revenues. Ancillary revenue from the restaurant and gift shop is significantly below the provincial average on a per visitor basis. The status quo is not sustainable without a programmatic redesign and reinvestment, plus improved food services and gift shop functions, in order to attract more visitors, and more repeat visitors, generating significant increases in earned revenue.

KCCL is stymied when it comes to private sector fundraising or government grants. The sense of community ownership of Casa Loma is weak and the majority of visitors are tourists, not local residents. For private sector donors, a donation to Casa Loma is muddied because net revenue is directed to unrelated charitable causes, not into heritage programming or preservation. Likewise, government support is hard to come by for an operation that functions primarily as a tourism destination and event rental operation intended to maximize revenue for other, non heritage, charitable purposes.

5 Recommended Vision

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:

- 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 20th century.
- 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.
- A refreshed visitor experience and stimulating heritage tours will attract a greater number of Torontonians to the Casa Loma estate.

These three vision elements are mutually reinforcing and, we believe, realistic. They provide a framework through which to see Casa Loma as an inspirational example of the latest in museum interpretive practices, which fires the imagination among Torontonians about their city and one of its most important entrepreneurs at the beginning of the last Century.

Casa Loma speaks to the great hopes, dreams and confidence of the **Edwardian era**. Two great Torontonians, Sir Henry Pellatt and E.J. Lennox collaborated on building a grand mansion whose exterior architectural form reflected the past, but whose interior spoke to the future in its use of the latest in technology. The building was constructed of a new man-made stone, it was fully wired for electricity, and boasted the latest in plumbing and telephone services. Sir Henry filled this home with an unparalleled array of fine fixtures and furnishings from around the world.

Casa Loma embodies the social structure of the era, reflecting a lordly image of an industrialist who commanded great resources. The Pellatts were generous entertainers, hosting regular dinners for Sir Henry's regiment (The Queen's Own Rifles), the Girl Guides of Canada, plus innumerable visitors. It was a grand home for the city and for the Pellatts.

CLAC's vision is for Casa Loma's heritage programming to illuminate this intriguing story about Toronto, in a lively and dynamic way that entrenches it into the historic fabric of Toronto. Our vision positions the building as the jewel in the centre of Toronto's crown of heritage properties. Properties that collectively tell the history of Toronto, from its military birthplace of Fort York and examples of early settler life such as McCowan Log House in Scarborough, through early Victorian homes such as Montgomery Inn and Mackenzie House. Properties such as Todmorden Mills Museum that explore the early days of industry in Toronto and stately homes such as Spadina. Casa Loma fills a chronological void in the city's existing museum infrastructure.

CLAC is fully aware that many of the Pellatt's original furnishings and artefacts that have been returned to Casa Loma over the years were donated to or purchased by the KCCL. If KCCL were no longer the estate's operator, the future use of these assets would be at the discretion of KCCL. Undoubtedly the City would wish to acquire these assets, but should this not be possible CLAC's vision for Casa Loma paints a bigger picture of Toronto in the Edwardian era, and therefore the implementation of the vision is not necessarily dependent upon the use of the existing artefacts.

The vision of Casa Loma telling the story of Edwardian Toronto complements the second vision element, that of a **heritage precinct** which includes the City Archives and Spadina Museum. Spadina was built by the Austin family some 50 years prior to Casa Loma and as a heritage house museum its interpretive programs reflect Toronto during the Austin family time. The holdings of the City of Toronto Archives, located on Spadina Road immediately below these two adjoining estates, include a wide range of documents about the social, political, economic, natural, and built history of Toronto including architectural drawings, photographs and maps. The Archives has an exhibition area with rotating displays and a 60-seat theatre.

CLAC's vision for the heritage precinct is wide ranging. We see natural synergies for these three City assets in their programmatic offerings and marketing. An interpretive display at the Archives could position both Casa Loma and Spadina in the larger picture of Toronto during the late nineteenth and early twentieth centuries. Guided walks could take visitors up the Baldwin Steps and on indoor and/or outdoor tours of the two estates. Collaborative ticketing and coordinated marketing with Spadina Museum could result in highly attractive packages that will appeal to tourists and residents alike. As all three sites currently offer school programs, these could be adapted and integrated into a broader experience for the students and their teachers. The precinct would be packaged as a heritage destination.

Beyond the programmatic elements, we see the precinct as being defined and characterized by uniformity in streetscape. This could be accomplished by distinctive lighting, street signs, planting and street furniture such as benches. To encourage walking tours, quality signage starting at the Dupont subway station would direct pedestrians to the Archives and up the escarpment, guided by distinctive sidewalk paving, signage, and other streetscape elements. What is already a very attractive area would become visually and thematically linked through such tasteful and discrete interventions.

Connecting these three City assets will improve the attractiveness of the experience for Torontonians and for tourists. In order for visitors to take advantage of the precinct and explore two or three sites, upgrades will be required to food and beverage services at Casa Loma, potentially themed to the period.

We believe that this vision will be **attractive to Torontonians** living in the immediate neighbourhood and across the City. Currently only 15% of those taking heritage tours of Casa Loma live in the GTA. The key to success in attracting increased numbers for heritage tours will be dynamic programming. The current displays are static and the heritage tour experience has hardly changed in a decade. Curatorial and technical investment will be required in order to

create interactive displays and mount rotating exhibitions that will generate excitement among Torontonians so that they want to return and to bring visiting friends and family. Other public institutions such as the Art Gallery of Ontario and the Royal Ontario Museum host or curate special exhibitions to supplement their permanent collections in order to attract repeat visitation, and with a new vision and governance structure such exhibitions could be viable for Casa Loma.

Casa Loma already hosts or produces a number of special event programs which attract upwards of 75,000 Torontonians each year, such as the Christmas and March Break family programs. Expanding on this special event programming and introducing dynamic programming that tells Toronto's story in the Edwardian period through rotating exhibitions should become a curatorial focus in order to draw Torontonians to Casa Loma and the other City assets in the neighbourhood.

The desire to increase the number of Torontonians enjoying Casa Loma is driven by two factors: the hope that Toronto residents will derive greater enjoyment from an important City-owned cultural asset; and the serious possibility that Casa Loma's earned income from tourist visitation is unlikely to return to pre-2003 levels for the foreseeable future.

To place this second factor in context, over 85% of Casa Loma's heritage tour visitors (those coming to tour the building, not those attending special events or evening functions) are from outside of Toronto. The majority of these visitors are from the United States. Casa Loma, like all other tourist attractions, was hard hit by the drop in US visitors immediately after the terrorist attacks of September 11, 2001 and the SARS outbreak approximately 18 months later. In 2003 alone, tourism from the Border States declined by approximately 16% and by a further 6% in 2004. Americans remain cautious about travelling because of border delays and terrorism concerns. Compounding this is the strong Canadian dollar which makes a visit to Toronto more expensive – and all indications are that the Loonie will remain strong (or even strengthen) in the foreseeable future.

Another consideration for Casa Loma and the broader tourism industry is the US requirement that all Americans visiting Canada possess a passport or specialized identity card by 2007. This is expected to significantly dampen cross-border travel over the next few years. Given these contributing factors, Ontario Tourism forecasts suggest that US tourism to Ontario will not return to pre-SARS levels until at least 2010 or later. These indicators reinforce CLAC's view that the vision for the future must be founded on investing in programming that will attract Torontonians and visitors from across Ontario and Canada.

6 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. A new governance model is recommended because CLAC questions the long term viability of the current arrangement on the following grounds:

1. There has been no governance authority present to monitor and to be accountable for the estate as a whole. The division of responsibility for the capital maintenance of the estate resulted in a lack of oversight for the exterior structure of Casa Loma by the City and led to the very real possibility of the building being closed for safety reasons.
2. The proposed City of Toronto Act articulates new standards for fairness, accountability and transparency in the way that the City does its business. It made sense for the City to enter into a long-term agreement with the KCCL many years ago. However, there may be others who are interested in operating the estate and an open and transparent process for the selection of operator should be established in the future. Simply permitting the operator to also govern the estate would not meet accountability requirements.
3. Casa Loma's heritage displays look tired, the third floor of the building is seriously underused, the restaurant is unappealing and in general the building is in serious need of improvement and reinvestment. This is undoubtedly an outcome of the KCCL having a mandate to generate net revenue for charitable causes, not a mandate to operate a heritage house museum for the City of Toronto.
4. The city of Toronto is in the midst of a "cultural renaissance", during which some of Toronto's most prominent cultural institutions are reinventing themselves with new architecture, new design and internationally recognized programming. The competition for tourists and Torontonians is going to increase significantly over the next few years. The City needs to ride this wave and to use this opportunity to reinvigorate Casa Loma for the next century.

In its deliberations, the Committee has considered several governance options, including the KCCL's proposal that the existing governance authority for its Casa Loma Board of Trustees be amended to include community and City representation. Unfortunately KCCL has declined to provide its by-laws to the Committee, or to share any details of how this newly constituted Board of Trustees would function and with what authority.

Regardless of this, and notwithstanding KCCL's long history with Casa Loma, CLAC believes that the City's future interest in Casa Loma is best served by establishing a new, independent, non-profit organization established specifically to govern this important City asset and to realize the vision articulated later in this report.

Consequently, CLAC recommends the establishment of the Casa Loma Trust (working title), a non-profit organization responsible for overseeing all aspects of the management of the Casa Loma estate. The Casa Loma Trust will 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.

The Trust's Board of Directors would be drawn from the community at large, and could potentially include:

- Two City Councillors
- One Provincial representative
- Two directors with experience in heritage buildings
- Two directors with knowledge of Toronto's history
- Two directors from the local neighbourhood
- Six directors from the community at large with experience in fundraising, marketing, hospitality and tourism.

The Directors will become Casa Loma's ambassadors to help raise funds, provide volunteer leadership, and represent the interests of the City and the estate to the public and private sector.

This governance model will be charting new ground for the City of Toronto. Unlike existing agencies, boards and commissions, this non-profit organization will function independently from the City, much like other non-profit cultural organizations. Its relationship with the City will be made possible through provisions in the proposed City of Toronto Act, which will permit the City to establish not-for-profit corporations. The Casa Loma Trust's responsibility for the estate will be defined by the terms of a lease agreement between the City and the Trust.

The Casa Loma Trust governance model is preferable to the amended KCCL governance model for five principal reasons:

1. Single Point of Responsibility

Full responsibility for the estate, which includes capital and operations, exterior and interior, will rest with the Casa Loma Trust. Currently, these functions are split between the City and KCCL.

2. Accountability

KCCL is the operator of the estate. For reasons of accountability it is preferable to create separation between the governance and operating functions.

3. Fundraising

The Casa Loma Trust will be able to raise funds from the private sector and through government grants, for both operating and capital costs of the estate.

4. Finances

To realize CLAC's vision, net revenues from Casa Loma operations will need to be reinvested in programming and capital maintenance, not donated to charitable causes.

5. Leadership

CLAC believes that senior community leadership will be required to realize this vision, and that these leaders are more likely to agree to serve on the Casa Loma Trust than a Board of Trustees which is a standing committee of a Kiwanis Club.

7 Financial Implications

As noted earlier in this report, CLAC did not have a mandate to investigate the way KCCL operates Casa Loma, nor has the Committee had access to financial statements or budgets. The Committee believes that their vision can be achieved and that Casa Loma can continue to be financially self-sustaining if the proposed governance structure – the Casa Loma Trust - is established.

CLAC bases this on three key factors:

- The Casa Loma Trust will have the ability to raise private sector donations and public sector grants for capital and operating expenses. On the operating side, research identifies the potential to raise an additional \$200,000 a year in subsidy and a further \$400,000 a year in ancillary revenue through improved visitor services. Grants for capital improvement will be available on a project basis.
- Approximately \$225,000 a year in net revenue currently directed to charity will be reinvested in improved programming and visitor services.
- A new governance structure responsible for the whole Casa Loma operation will be able to make informed decisions about how best to reinvest net revenues in order to realize the new vision, be that into programming, improved visitor services, capital improvements, restaurant facilities or other areas of need as they arise.

8 Implementation

8.1 Implementation of governance authority

In order to establish the Casa Loma Trust, CLAC recommends a two-step process:

Step 1

Following approval of this report by City Council in Spring 2006, a Transition Committee would be appointed by the City to serve until September 2007.

The Transition Committee will:

- Manage the existing relationship between the City and the KCCL.
- Oversee the establishment of the Casa Loma Trust
- Establish a Nominating Committee charged with identifying and recruiting a Board of Directors for the Casa Loma Trust.
- Undertake any short-term transitional studies and legal requirements emanating from this report (some recommended studies are listed in Section 9.2 of this report).

CLAC recommends that the Transition Committee be comprised of individuals who share a passion for realizing Casa Loma's potential, and include representation from the heritage, historical, fundraising and tourism sectors. Further, it is suggested that the Transition Committee include representation from City Council and the KCCL.

Step 2

In September 2007 the Transition Committee will be disbanded and the Casa Loma Trust will assume authority for the estate. In the short term, the Casa Loma Trust's Board of Directors will:

- Supervise the existing Licence Agreement between the City and the KCCL (until December 2008).
- Oversee an open and transparent process for selecting sub-licensees to assume operating functions upon expiration of the existing Licence Agreement with KCCL (KCCL will be welcome to respond to this process).

In the short to mid term, the Board of Directors will also work with the operator to develop a plan to realize CLAC's vision, and to establish mechanisms by which the Trust can raise funds from the public and the private sector.

Upon expiration of the current Licence Agreement between the City and the KCCL in December 2008, the Casa Loma Trust will assume governance authority for the Casa Loma Estate.

8.2 Short Term Actions

Through its research and consultation, CLAC has identified studies and actions whose implementation will be helpful in the realization of CLAC's vision. CLAC therefore suggests that the Transition Committee consider some of the following actions:

- City Culture staff should work with Planning; Parks, Forestry and Recreation; TTC; Works; and Transportation to improve the quality of visitor access to the estate, with a focus on access by public transit.
- Undertake a study to identify mechanisms by which a heritage precinct can be effectively implemented, including but not limited to signage and street furniture, marketing, joint ticketing policies and complementary programming.
- Develop a business plan for the estate based upon the new vision, incorporating new revenue potential and any incremental programming costs, to result in a financially self-sustainable operation.
- Commission a heritage study for Casa Loma to inform historically accurate programming that fully and deeply reflects the Edwardian era.
- Analyse the interior renovation and restoration potential, including an analysis of the opportunities to optimize investment in and usage of the buildings, with a view to ensuring that increased visitation and programming are not detrimental to the heritage fabric of the site.

8.3 Impact on Kiwanis Club of Casa Loma

The KCCL has a history that is deeply interwoven with that of the Casa Loma estate. Members of the club were active in the restoration of the main house in the 1930s and the Club has held the Licence Agreement since that time.

CLAC is sensitive to this level of engagement by KCCL and that in a typical year approximately \$225,000 has been directed by KCCL to charitable endeavours in Toronto.

CLAC has weighed this information, and determined that ultimately the City's best interest will be served by the new vision and governance model recommended in this report, whereby all net revenues will be reinvested back into the programming and upkeep of the estate. While there will undoubtedly be a period of adjustment for KCCL, the Committee has noted that:

- a. KCCL's operation of the estate nets approximately \$225,000 annually on a \$6 million, year-round enterprise. Many non-profit cultural organizations raise this amount through two or three special events per year. Put another way, there are alternative, easier ways for the KCCL to generate revenue for their charitable purposes.
- b. According to a study by the National Survey of Giving, Volunteering and Participating, the total of all charitable giving in Toronto in 1997 was \$779 million, and Province-wide it was \$2.02 billion in 2000. KCCL's contribution to the overall charitable sector, while

not negligible, could be raised through several events, perhaps held at Casa Loma, rather than through the operation of the building for 365 days a year.

KCCL holds the licence to operate Casa Loma until the end of 2008 and thus has almost three years to make plans for the transition. CLAC is recommending the full engagement of KCCL with the City and the Transition Committee. Further, CLAC recommends that the Casa Loma Trust, when formed, invites KCCL to respond to an open and transparent process for the awarding of sub-licenses.

9 Conclusion

Casa Loma was the ultimate realization of 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 20th century technology housed within an architectural form that reflected the past. It is an important economic and cultural asset for the City of Toronto.

The KCCL made an important contribution to this city by saving and restoring Casa Loma. They recognized its potential as a future heritage landmark and attraction well before anyone else did. However, our collective perception of the value of Casa Loma has changed over time, as has our expectation of what it could be, and how to get there. It is now time for the Casa Loma estate to take its place in the pantheon of heritage properties that tell the story of Toronto. With a focus on stimulating exhibitions that tell the story of Sir Henry and Edwardian Toronto, residents of this city will again be drawn to visit the estate and enjoy learning about this city's history, while benefiting from collaborative marketing initiatives made possible through a heritage precinct.

While change implies risk, CLAC believes that the greatest risk would be for the City not to act. This report has demonstrated that the status quo is not sustainable in the long term. There is an opportunity for the City to establish a new governance structure that will be fully accountable for the future operation and capital maintenance of the estate. While there is undoubtedly a risk that the vision outlined in this report will lead to higher operating costs, this can be matched or exceeded by increased earned and ancillary revenue. In addition, the proposed governance structure opens the door to new private and public revenue streams.

While recommending a new vision and governance model for the Casa Loma estate, CLAC anticipates that the City and the Casa Loma Trust will acknowledge the historic relationship with the Kiwanis Club of Casa Loma, and find a way to permanently honour KCCL at the estate.

Attachment A: Summary of Vision, Goals and Objectives

Vision Elements

1. Casa Loma's programming, curatorial focus and interpretation will 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 20th century.
2. 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.
3. Heritage tours of Casa Loma will be as attractive to Torontonians as they are to tourists as a result of vibrant displays and compelling programming.

Goals and Objectives

To realize this vision, CLAC proposes the following goals and objectives:

Goal 1: Re-brand Casa Loma as an Edwardian heritage site.

Objectives:

1. Casa Loma becomes a window on the Edwardian era, a destination where the public can learn of and appreciate Edwardian Toronto.
2. The public associate Casa Loma with the grandeur of the estate during Pellatt's time.
3. Branding, marketing and programming no longer include representation of Casa Loma as a medieval castle.
4. Sufficient resources exist to permit active and vibrant collection, interpretation and programming of Edwardian Toronto through Casa Loma.

Goal 2: Establish a heritage precinct encompassing Casa Loma and the neighbouring heritage assets.

Objectives:

- 1 Collaborative and complementary programming and marketing between Casa Loma, Spadina Museum and the City Archives.
- 2 A seamless visitor experience that entices and encourages visitors to enjoy all three City assets.

- 3 The precinct will be attractive to local neighbours as well as to the larger community of Toronto.

Goal 3: Casa Loma has equal appeal to Toronto's residents and to tourists.

Objectives:

1. Casa Loma's position as Toronto's third most visited tourist attraction is maintained and enhanced.
2. Residents view Casa Loma as one of the City's great heritage assets.
3. The number of heritage tour visitors from the Toronto area doubles to 66,000 by 2008.
4. Active involvement by local community in Casa Loma Trust and its programming.

Goal 4: Casa Loma's operations will be financially self-sustaining.

Objectives:

1. Develop a model of governance and operation that will enable the City to realize the vision, goals and objectives.
2. Casa Loma generates sufficient revenue to fund the restoration of the interior of the buildings and to fund the ongoing capital maintenance.