



City Budget 2012

Sony Centre for the Performing Arts Capital Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Capital Budget funds major infrastructure.

2012–2021 Capital Program

2012 CAPITAL BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	2
PART II: 2012 – 2021 CAPITAL PROGRAM	
10–Year Capital Plan Summary (2012 Rec'd Budget, 2013–2016 Rec'd Plan)	3
10–Year Capital Plan Overview	4
10–Year Capital Plan: Operating Impact Summary	N/A
PART III: 2012 RECOMMENDED CAPITAL BUDGET	
2012 Capital Budget by Project Category and Funding Source	7
2012 Recommended Cash Flow & Future Year Commitments	7
2012 Recommended Capital Project Highlights	7
PART IV: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	8
Issues Referred to the 2012 Capital Budget Process	N/A
APPENDICES	
Appendix 1: 2011 Performance	9
Appendix 2: 10–Year Recommended Capital Plan Project Summary	10
Appendix 3: 2012 Recommended Capital Budget; 2013 to 2021 Capital Plan	11
Appendix 4: 2012 Recommended Cash Flow & Future Year Commitments	12
Appendix 5: 2012 Recommended Capital Projects with Financing Details	13
Appendix 6: 2012 Reserve / Reserve Fund Review	N/A

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PART I: RECOMMENDATIONS

The City Manager and Chief Financial Officer recommend that:

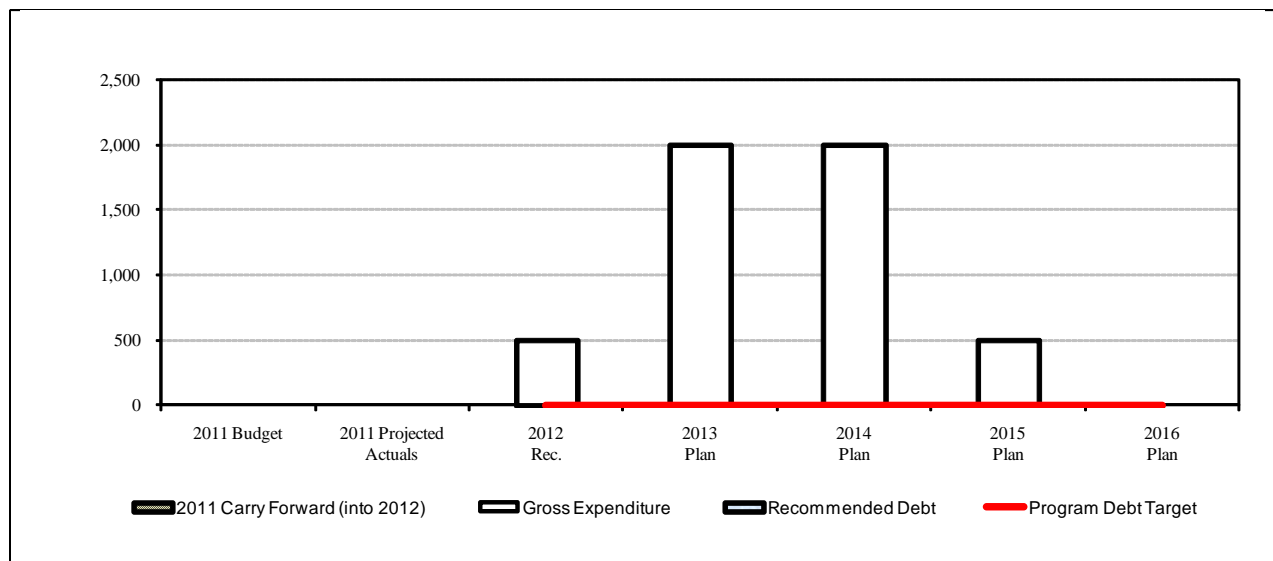
1. The 2012 Recommended Capital Budget for the Sony Centre for the Performing Arts with a total project cost of \$0.500 million, and 2012 cash flow of \$0.500 million be approved. The 2012 Recommended Capital Budget is comprised of the following:
 - a) New Cash Flow Funding for 1 subproject with a 2012 total project cost of \$0.500 million that requires cash flow commitments of \$0.500 million in 2012.
2. Council approve the 2013–2016 Recommended Capital Plan for the Sony Centre for the Performing Arts totaling \$5.0 million in project estimates, comprised of \$0.500 million in 2012, \$2.0 million in 2013, \$2.0 million in 2014; and \$0.500 million in 2015.
3. The Sony Centre Exterior Plaza project with third-party financing be approved conditionally, subject to the receipt of such funding during 2012 and, if such financing is not forthcoming, it be deferred until funding is available.

PART II: 2012 – 2021 CAPITAL PROGRAM

10-Year Capital Plan

2012 Recommended Budget, 2013–2016 Recommended Plan

(In \$000s)



	2012 Rec. Budget and 2013-2016 Plan								
	2011		2012	2013	2014	2015	2016	2012-2016	5-Year Total
	Budget	Projected Actual							
Gross Expenditures:									
2011 Capital Budget & Approved FY Commitments									
Recommended Changes to Approved FY Commitments									
2012 New/Change in Scope and Future Year Commitments			500					500	10%
2013 - 2016 Capital Plan Estimates				2,000	2,000	500		4,500	90%
1-Year Carry Forward to 2012			→						
Total Gross Annual Expenditures & Plan			500	2,000	2,000	500		5,000	100%
Program Debt Target								0	
Financing:									
Recommended Debt									
Reserves/Reserve Funds									
Development Charges									
ISF									
Provincial/Federal									
Other Revenue			500	2,000	2,000	500		5,000	100%
Total Financing			500	2,000	2,000	500		5,000	100%
By Project Category:									
Health & Safety									
Legislated									
SOGR									
Service Improvement			500	2,000	2,000	500		5,000	100%
Growth Related									
Total By Project Category			500	2,000	2,000	500		5,000	100%
Asset Value - end of each year (\$)	150,000		150,500	152,500	154,500	155,000	155,000		
Yearly SOGR Backlog Estimate (not addressed by current plan)	0								
Accumulated Backlog Estimate (end of year)	0								
Backlog: Percentage of Asset Value (%)	0								
Debt Service Costs									
Operating Impact on Program Costs									
New Positions									

10–Year Capital Plan Overview

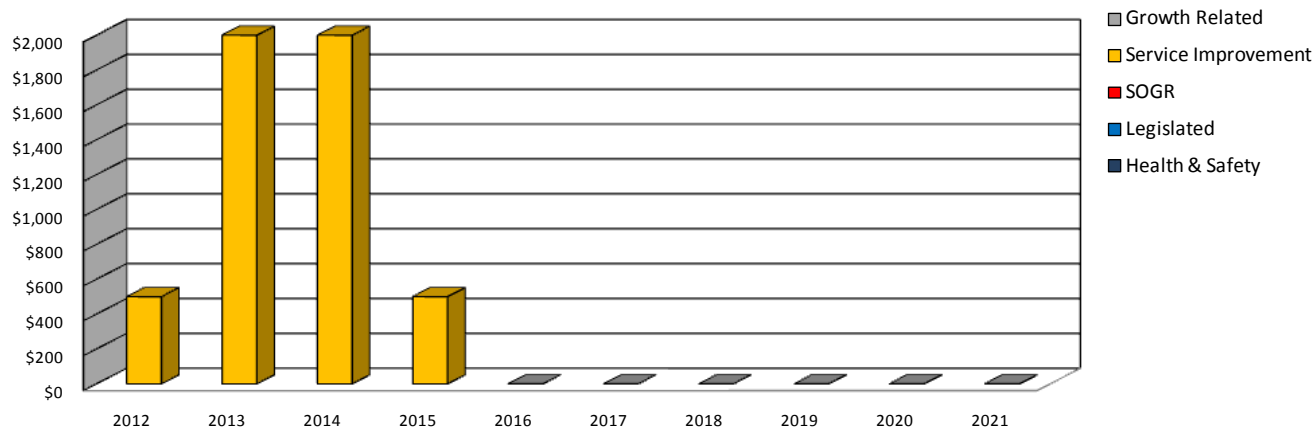
- In October of 2008, the City of Toronto approved in concept the creation of a public plaza on the West side of the Sony Centre (City Council Decision – October 29, 30, 2008 EX24.4) This plan (which will be submitted for approval by the Heritage Preservation Board) meets the intention of the Heritage Easement Agreement entered into between the City and the Board of Directors of the Sony Centre, dated July 16, 2008. That agreement requires the Centre to refurbish both the interior and exterior of the theatre.
- A \$35.4 million Sony Centre Interior Renovation project is currently wrapping up and is expected to be completed in 2011.
- The 10–Year Recommended Capital Plan for the Sony Centre includes only 1 project, the Exterior Plaza project, phased over 4 years from 2012 to 2015, to be fully funded by Section 37 contributions, fund raising efforts, naming rights sponsor revenues and uncommitted facility fee revenues.
- The Sony Exterior Plaza project will include renovations to the exterior that will create a pedestrian–friendly outdoor space that engages the public with the Sony Centre.
- Sony Centre has hired a landscape architect to develop a landscape and paver design plan which incorporates not only the west side of the Centre but also includes the north (Front street) and East side (Scott Street) of the building.
- The execution of the exterior renovation will be phased over 2013 to 2015 to include the West side plaza, the Front Street frontage and the East side gardens. Phasing will be influenced by both the financial resources available for the execution of the entire project, as well as the requirement to complete the stages of construction without impeding the operation of the Sony Centre.

Key Changes to the 2011 – 2020 Approved Capital Plan

- There was no approved Capital Plan for the Sony Centre in 2011.

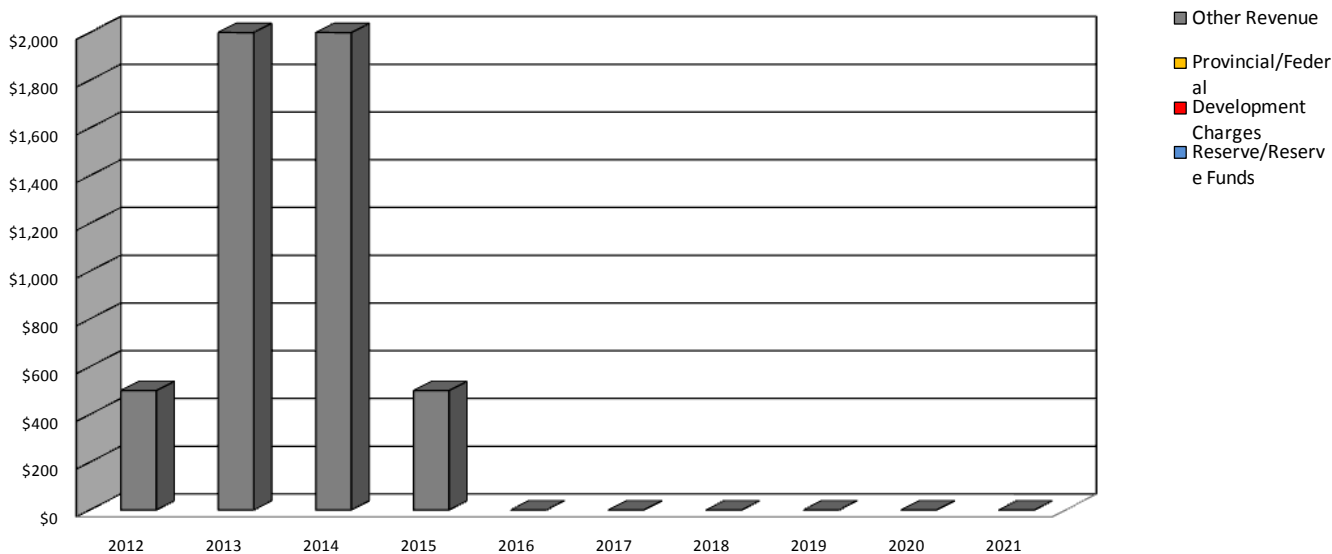
2012 – 2021 Recommended Capital Plan

2012–2021 Capital Plan by Project Category
(In \$000s)



- There is only 1 Service Improvement project contained in the 10 – Year Recommended Capital Plan.

2012–2021 Capital Plan by Funding Source
(In \$000s)



- The Sony Centre Capital Plan will be fully funded from external sources including Section 37 funding, fund raising efforts and naming rights sponsor revenues and uncommitted facility fee revenues with no reliance on City debt funding.

Summary of Major Capital Initiatives by Category

(In \$000s)

	Total Project Cost	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012-2021 Total
Service Improvements												
Sony Centre Exterior Plaza	\$5,000	500	2,000	2,000	500							5,000
Total		500	2,000	2,000	500							5,000

Major Capital Initiatives

- There is only 1 Service Improvement project included in the Sony Centre 2012 – 2021 capital program.

State of Good Repair (SOGR) Backlog

- While the Sony Centre has recently undergone a major renovation, not all the facility was refurbished. In as much as the north and west mechanical equipment was not part of the renovation project, they are not forecast to be replaced in the immediate future.
- Sony continues to apply its ticket surcharge funds to SOGR works within its operating budget.
- Operating impacts of capital projects to refresh the Centre are absorbed within the Operating Budget. There will be no disruption of ongoing Theatre activity arising from this project.

PART III – 2012 RECOMMENDED CAPITAL BUDGET

Capital Budget by Project Category and Funding Source

- The 2012 Capital Budget consists of 1 Service Improvement sub-project "Plaza Planning and Design" fully funded by Section 37 contributions, fund raising efforts, naming rights sponsor revenues and uncommitted facility fee revenues for \$0.5 million in 2012.

2012 Recommended Cash Flow & Future Year Commitments (In \$000s)

	2010 & Prior Year Carry Forward	2012 Previously Approved Cash Flow Commitments	2012 New Cash Flow Rec'd	2012 Total Cash Flow Rec'd	2011 Carry Forwards	Total 2012 Cash Flow (Incl 2010 C/Fwd)	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Cost
Expenditures																
Previously Approved Change in Scope New			500	500		500										500
New w/Future Year																
Total Expenditure			500	500		500										500
Financing																
Debt																
Other Reserves/Res Funds Development Charges ISF Provincial/Federal			500	500		500										500
Total Financing			500	500		500										500

No future year commitments are being requested. Future phases will be approved in years when funds become available.

2012 Recommended Capital Project Highlights

2012 Recommended Capital Projects (In \$000s)

Project	Total Project Cost	2012	2013	2014	2015	2016	2012 - 2016	2017	2018	2019	2020	2021	2012 - 2021
Plaza Planning and Design	500	500					500						500

The 2012 Recommended Capital Budget provides funding of \$0.500 million to:

- Undertake the Plaza planning and design of the external renovations. Sony Centre has hired landscape architect to develop a landscape and paver design plan which incorporates not only the west side of the Centre but also includes the north (Front street) and East side (Scott Street) of the building.

PART IV: ISSUES FOR DISCUSSION

2012 Issues

Core Service Review Impacts

- At its meeting of September 26 and 27, 2011 City Council authorized the City Manager to issue a Request for Expression of Interest, on terms satisfactory to the City Manager, to determine options for sale, lease, operation or other arrangement in respect to the Toronto Centre for the Arts, the Hummingbird Centre for the Performing Arts (the Sony Centre), and the St. Lawrence Centre for the Arts.
- The Council direction will not impact the planned capital work for Sony Public Plaza or the west side of the Sony Centre required to meet the intention of the Heritage Easement Agreement.

Project Funding

- In October of 2008, the City of Toronto approved in concept the creation of a public plaza on the West side of the Sony Centre (City Council Decision – October 29, 30, 2008 EX24.4) This plan (which will be submitted for approval by the Heritage Preservation Board) meets the intention of the Heritage Easement Agreement entered into between the City and the Board of Directors of the Sony Centre, dated July 16, 2008. That agreement requires the Centre to refurbish both the interior and exterior of the theatre.
- The execution of exterior renovation will be phased over 4 years from 2012 to 2015 to include the West Side Plaza, the Front Street Frontage and the East Side Gardens. Phasing will be influenced by both the availability of funding as well as the ability to undertake the work without impeding Theatre operations
- The Sony Centre capital program will be fully funded from external sources including Section 37 funding, fund raising efforts, naming rights sponsor revenues and uncommitted facility fee revenues. Approval to proceed in the future is conditional upon receipt of this third-party funding.

Appendix 1

2011 Performance

2011 Key Accomplishments

- It is expected that the \$35.4 million Sony Centre Interior Renovations project will be completed in 2011.

2011 Capital Variance Review

2011 Budget to Actuals Comparison – Total Gross Expenditures (In \$000s)

2011 Approved	Actuals as of September 30th (3rd Qtr Variance)		Projected Actuals at Year End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$	% Unspent
682	(58)	(0.1)	774	113.5%	(92)	-13.5%

- A \$35.4 million internal renovation project will be completed in 2011. It is expected that the Sony Centre Redevelopment project will be over spent by \$0.092 or 13.5% of 2011 Approved Capital Project cost of \$0.682 million. A request for a budget increase of \$0.092 million will be made as part of the 2011 Third Quarter Variance Report. It is proposed that funding will come from the Sony Centre Facility Fee Reserve Fund which can be used for the Sony Centre renovations.

Appendix 2

10 – Year Recommended Capital Plan Project Summary

Project (\$000s)	2012	2013	2014	2015	2016	Total 2012-2016 Request	2017	2018	2019	2020	2021	Total 2017-2021 Forecast
Sony Centre Exterior Plaza	500	2,000	2,000	500		5,000						0
	500	2,000	2,000	500	0	5,000	0	0	0	0	0	0

Appendix 3

2012 Recommended Capital Budget; 2013 to 2021 Capital Plan

Appendix 4

2012 Recommended Cash Flow and Future Year Commitments

Appendix 5

2012 Recommended Capital Project with Financing Details