



STAFF REPORT ACTION REQUIRED

Future Options for Casa Loma

Date:	August 24, 2012
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reference Number:	

SUMMARY

This report transmits communications from the Chair of the Board of the Casa Loma Corporation on recommendations of the Board concerning future options for Casa Loma and next steps in this process. A key recommendation from the Board, resulting from a review of options and a public and stakeholder consultation process, is for Council to authorize the Casa Loma Corporation (CLC) Board to undertake an RFP process. The report also requests the City Manager to report on an appropriate governance structure for the CLC in the context of the proposed new service delivery model for Casa Loma.

An attachment to the report relates to the future economic interests of Casa Loma.

RECOMMENDATIONS

The City Manager recommends that City Council:

1. Authorize the CLC Board to undertake a Request for Proposal (RFP) process to identify a suitable entity (or consortium of entities - the “Operator”) to operate Casa Loma under a multi-year lease arrangement, subject to:
 - a) Respondents to the RFP being strongly encouraged to submit proposals covering the entire Casa Loma complex, and as a minimum requirement, submit proposals for the Main House (Castle) and grounds at 1 Austin Terrace, with the length and nature of the lease to be subject to negotiation and dependent on the capital investment, fee structure and business plan proposed by the proponent and subject to City Council’s approval; and

- b) The RFP, aside from assuring the retention of a qualified capable Operator, lay out requirements for the Operator to maintain public access, respect the heritage and cultural significance of the land and buildings, invest in the renewal and maintenance of the buildings, and respect the community in which Casa Loma is located;
2. Direct the CLC Board to report back to City Council, through the City Manager, along with the outcome of the RFP process, to demonstrate how entering into a lease for a third party operator will ensure the structural integrity and longevity of the site as well as meeting the City's objective with respect to Casa Loma and to make recommendations on an appropriate operating, capital and maintenance plan;
3. Direct the CLC Board to establish a subcommittee of the Board to manage the RFP process and engage a fairness monitor to oversee the RFP process; and
4. In accordance with Section 15 of the City Services Corporation Regulation 609/06, authorize staff from City of Toronto Finance, Purchasing and Material Management (PMMD), Legal Services, Planning (Heritage Preservation), Real Estate Services, Facilities Management, and other City Divisions as deemed appropriate and as directed by the City Manager, to provide assistance to the CLC Board and/or subcommittee of the Board during the preparation and evaluation of the RFP;
5. Receive the following for information:
 - a) The report from Nicole Swerhun Facilitation attached as Appendix "A" to the communication from the Chair of the CLC Board, being Attachment 1 to this report;
 - b) The report from HLT Advisory Inc., Philip Goldsmith, and CBRE Hotels attached as Appendix "B" to the communication from the Chair of the CLC Board, being Attachment 1 to this report; and
 - c) The information concerning Terms to be included in the Casa Loma RFP in Appendix "C" to the communication from the Chair of the CLC Board, being Attachment 1 to this report; and
6. Request the City Manager to:
 - a) Make recommendations to City Council on an appropriate governance model for Casa Loma Corporation in the context of the proposed new service delivery model for Casa Loma; and
 - b) In consultation with the City Solicitor, make recommendations to City Council to revise or replace the shareholder declaration for the Casa Loma Corporation consistent with the recommended governance model.

Financial Impact

As the CLC management team does not have the human resources to manage the RFP process described in this report, a budget of \$55,000 for professional/technical assistance will be allocated to this effort by the CLC Board which will be funded from Casa Loma's revenues. There is no direct financial impact on the City.

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

DECISION HISTORY

At its meeting of June 14, 15, 2011, City Council directed that the General Manager of Economic Development & Culture, the Chair of the Board, undertake a public process to develop a long term strategy for Casa Loma for Council approval.

At its meeting of August 20, 2012, the Board of Directors of Casa Loma Corporation considered a report entitled "Future Options for Casa Loma – Next Steps" and unanimously recommended it for approval by Council.

COMMENTS

As outlined in the letter from the Chair of the Board (Attachment 1), the Board engaged a consulting team to identify a range of potential options/uses for Casa Loma together with implications of each option. The Board engaged a public facilitator to conduct a public meeting; conducted outreach to seek input from Toronto residents; and consulted directly with stakeholders and potential interested parties.

The review process concluded that maintaining the current use is the most advantageous option and also aligns with the majority views held by stakeholders and the public at large. The process also concluded that a request for proposals (RFP) be initiated to identify a third party or third parties to lease, manage, operate, invest in and intensify commercial activity within the parameters of a heritage attraction and special events venue. Such an approach neither binds the Corporation/City to accept a specific proposal nor eliminates the Corporation's ability to impose restrictions on future uses.

Recommendations resulting from the RFP process will be reported, through the City Manager, to City Council for its consideration and approval. In addition, it is recommended that the City Manager review and report on appropriate changes to governance structures at that time. In consultation with the City Solicitor, the City Manager will also examine the need for or any changes to the shareholder declaration for Casa Loma Corporation in the context of the future direction for Casa Loma.

CONTACT

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SIGNATURE

Joseph Pennachetti
City Manager

ATTACHMENTS

ATTACHMENT 1: Letter from the Chair of the Board of Casa Loma Corporation, dated August 23, 2012, submitting the Board's Recommendations regarding "Future Options for Casa Loma"

Appendix "A" Report from Nicole Swerhun Facilitation
Appendix "B" Report from HLT Advisory Inc., Philip Goldsmith & CBRE Hotels
Appendix "C" Terms to be Included in the Casa Loma RFP