



## STAFF REPORT ACTION REQUIRED

### Major Civic Theatres – Update on Strategic and Business Plans

<b>Date:</b>	November 21, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager General Manager, Economic Development and Culture
<b>Wards:</b>	City-wide
<b>Reference Number:</b>	

#### SUMMARY

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The purpose of this report is to provide an update to City Council about Toronto's Major Civic Theatres as directed at its meeting of November 27, 28 and 29, 2012. City Council recognized the St. Lawrence Centre for the Arts and the Toronto Centre for the Arts as community cultural assets and directed the Boards of these two theatres to prepare long-term strategic and five-year business plans to enhance their functions. These plans have been completed and approved by their respective boards.

Executive Committee requested the Board of Directors of the Sony Centre for the Performing Arts (operating name for the Hummingbird Centre for the Performing Arts) to develop and submit to the City of Toronto through the City Manager's Office, a long-term strategic plan and a five-year business plan for the Centre to continue as a City-owned theatre, which will substantially reduce or eliminate the City's subsidy.

The Boards of Directors of all three Civic Theatres have agreed to discuss options to advance the missions of each of the three theatres while increasing the effectiveness of their operations. A Theatres Working Group has been established, comprised of the Board Chairs, Vice Chairs and City Councillors on the Boards of the theatres and external cultural sector representatives, with support from senior management of the theatres and City staff from the City Manager's Office and Economic Development and Culture. The Theatres Working Group, with the General Manager, EDC, will undertake a consultant study of future governance and operating models and make recommendations on an implementation strategy for the three theatres in a report to the Economic Development Committee by the end of the second quarter of 2014.

## **RECOMMENDATION**

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**The City Manager and the General Manager, Economic Development and Culture, recommend that:**

1. City Council receive this report as information.

### **Financial Impact**

Economic Development and Culture will provide funding within its base 2014 Operating Budget for a consultant to support the Theatre Working Group process and undertake a study to recommend future governance and operating models.

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

### **DECISION HISTORY**

At its meeting of September 26, 2011, City Council considered the Core Service Review undertaken by KPMG and authorized the City Manager to issue a Request for Expressions of Interest to determine options for the sale, lease, operation or other arrangement concerning the three major civic theatres that would meet the City's cultural, social and economic goals.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX10.1>.

The theatres' report can be found on pages 101-108:

<http://www.toronto.ca/legdocs/mmis/2011/ex/bgrd/backgroundfile-39626.pdf> .

On September 29, 2011, the Mayor established a Task Force – Arts & Theatres. The Task Force examined the role that the civic theatres play in the city's culture, economy and community and recommended criteria for each of the three theatres for the REOI.

The REOI for options for the City's the three civic theatres was issued in May 2012.

At its meeting held on November 27, 28 and 29, 2012, City Council adopted Item EX25.5 regarding the results of the REOI. At that time, City Council recognized the Toronto Centre for the Arts and the St. Lawrence Centre for the Arts as community cultural assets and directed the Boards and managements of the theatres, in consultation with the General Manager, Economic Development and Culture, to develop long term strategic and five-year business plans that ensure creative, cost effective and sustainable operations, minimize the City's tax funding, include performance measures for its service to the community, and provide for operating and capital reserves. These studies were completed in the spring and summer of 2013.

Executive Committee deferred consideration of the recommendations of Item EX25.5 regarding the Sony Centre for the Performing Arts for 120 days, and requested the Board

of the Sony Centre to develop and submit to the City through the City Manager's Office a long-term strategic plan and a five-year business plan for the Centre to continue as a City-owned theatre which will substantially reduce or eliminate the City's subsidy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.5>

## **ISSUE BACKGROUND**

The Sony Centre houses the nation's largest indoor theatre of 3,191 seats and operates as a rental and co-presenter facility. The St. Lawrence Centre for the Arts features two theatre spaces, the Bluma Appel theatre holding 868 seats, and the Jane Mallett comprising 497 seats. The St. Lawrence Centre acts as a rental facility with a number of resident companies, most prominent of which is the Canadian Stage Company. The Toronto Centre for the Arts acts as a rental facility but has a well developed community arts presence serving community arts groups. The facility comprises three performance spaces – the George Weston Recital Hall holding 1,036 seats, the Main Stage which has 1,727 seats and the Studio Theatre which has flexible seating of 200 seats.

The three major civic theatres are each managed on behalf of the City by separate Boards of Directors appointed by City Council. The history, mandates, operating models, and programming of each civic theatre differ significantly. Each theatre is partly supported by an annual subsidy from the City. Collectively, their 2013 net operating budgets totalled \$4,309,500.

To support the three theatres' work to develop governance and operation models that advance their missions which increasing the effectiveness of their operations, and to investigate the suggestion by the consultants undertaking the study for the Sony Centre of a new operating model ("a Performing Arts Centre") for the three major civic theatres, the three theatre boards have adopted the following motion in October 2013 supporting the creation of a Theatres Working Group:

“The board endorses and requests that the City Council approve the establishment of a Theatres Working Group (TWG) to explore a new Performing Arts Centre model for the City of Toronto. The Theatres Working Group would explore closer co-operation between the St. Lawrence Centre for the Arts, The Toronto Centre for the Arts and the Sony Centre for the Performing Arts and third parties with respect to providing greatly enhanced services to the City of Toronto, directly and through co-operating third parties, and explore means to realize significant efficiencies and leverage each other's human and physical assets.

“The TWG should be comprised of Board Chairs and other members of the three municipal theatres as well as other key stakeholders including the City of Toronto and cultural sector representatives. The TWG would bring recommendations for the City to consider a plan for all three theatres that incorporates the individual strategic plans of each theatre but also looks at the potential for a shared vision

with a revised rationale and mandate to reposition the civic theatres within Toronto's cultural landscape.”

The Theatre Working Group will be supported by a consultant who will work with all three strategic and business plans undertaken in 2013 while meeting the objectives of the TWG and the Economic Development and Culture Division.

## **COMMENTS**

As requested by City Council or the Executive Committee, the Boards of the three major civic theatres have each retained consultants to prepare strategic and five-year business plans. The three studies are at differing stages of completion. The recommended Capital changes at the Toronto Centre for the Arts (“TCA”) have been included in the Economic Development and Culture Capital Budget submission. The study for the St. Lawrence Centre for the Arts is complete but is not reflected in that theatre's 2014 budget submission. The study for the Sony Centre for the Performing Arts is not yet complete.

### **Toronto Centre for the Arts**

The strategic and business plan for the Toronto Centre for the Arts (“TCA”) was prepared by NetGain Partners Inc. and presented to the Board in August 2013. The consultants conducted a wide range of community consultations in order to meet Council's direction that the plan "ensures a creative, cost effective and sustainable operation, that minimizes the City's tax funding, that includes performance measures for its service to the community." NetGain proposed three options for the theatre: the status quo as a rental facility plus additional non-stage uses; the status quo plus additional non-stage uses plus non-performance use of the Main Stage, and the status quo plus non-stage uses plus a reconfiguration of the Main Stage.

The goal of the TCA is to increase its overall use by moving from a passive stage rental model to more active engagement providing space and service offerings that increase community use of both the stage and non-stage areas at different times of the day by small, non-profit and community groups. It is intended that increased use of the TCA would increase its overall revenues and while that will also increase overall expenditures, the cost per use should decline over time, thus rendering the operations of TCA more cost effective. Above all, the TCA seeks to re-imagine itself as a central anchor of the cultural community in North York, serving a demographically diverse population from a wide range of ethno-racial backgrounds seeking programming in multiple artistic disciplines including theatre, music, dance, visual arts, film and other types of community programming.

The study recommends that the TCA could best serve North York and area residents by reconfiguring the main stage area into two smaller spaces of 570 and 352 seats to allow increased engagement with community arts groups and the non-professional arts community while continuing a City operating subsidy, which for 2014, is estimated to be \$1.733 million. The study's recommendations have been approved by the TCA's Board

of Directors and are included in the Economic Development and Culture 2014 Capital Budget submission.

### St. Lawrence Centre for the Arts

A comprehensive plan was prepared for the St. Lawrence Centre for the Arts by Janis A. Barlow & Associates in association with Ginder Consulting and presented to the board in July 2013. The study considers three options for the Centre: the status quo as rental facility; a rental and co-presenting facility to showcase a variety of companies; and a rental and presenting facility acting in collaboration with the Sony Centre. Most stakeholders saw advantages in shared administration with the Sony Centre, especially with respect to programming, marketing, and ticketing.

The study recommends that the City maintain the Bluma Appel Theatre as an 800 seat venue because it is the only theatre of this size with a fly tower able to accommodate and showcase work from across Canada and because building a comparable facility today would cost approximately \$80 million. The Jane Mallett Theatre is the only publicly owned concert hall in the 500 seat range, has excellent acoustics as a recital hall and can also be used for theatre. The consultants noted that both theatres have excess capacity and that greater use of the space could be achieved through co-presenting and potentially as an event venue.

The consultants recommended that the Centre adopt a rental and co-presenting model to gain some of the rewards of programming while spreading and limiting the City's exposure to financial risk such as through partnering with local performing arts groups, music presenters, and organizations.

### Sony Centre for the Performing Arts

The Sony Centre retained the Cultural Asset Management Group (CAMG) to prepare a market study for all three theatres and a strategic plan and five-year business plan for the Sony Centre. The market study was completed and submitted to the Boards of all three civic theatres and the General Manager of Economic Development and Culture. The final portion of the Sony study, being an implementation and five-year business plan, has not been completed by CAMG.

Although the CAMG study has not been completed, it has informed a supplementary operating budget request which has been submitted directly to the Budget Committee by the Sony Centre requesting an additional \$0.749 million including 3 new staff in 2014. The additional budget request was approved by the Sony Board on November 6, 2013.

### Major Civic Theatre Review

As requested by the Executive Committee on November 19, 2012, the three theatre boards are part of a Theatres Working Group which, with the General Manager, Economic Development and Culture, and with consultant and City staff support, will

undertake a study to recommend options for future governance and potential operating models for the theatres, as well as their costs and benefits, including a risk analysis of implementing any resulting recommendations.

The study will include examination of the Performing Arts Centre (PAC) model which CAMG has proposed in its study for the Sony Centre. The PAC model is based on a single, multi-location, multiple venue, organization with a centralized administrative structure that reduces costs by integrating operations and sharing resources and assets, applies benchmarking, shares programming, provides new educational and community programming and undertakes a corporate and philanthropic donation program.

A Request for Proposals for the study will be issued by the Purchasing and Materials Management Division by year end; the successful proponent will commence work in early 2014. The Theatres Working Group and the General Manager, Economic Development and Culture, will report to the Economic Development Committee on the study's findings and recommendations by the end of the second quarter of 2014, with subsequent implementation plans to follow.

## **CONTACT**

Joe Borowiec  
Senior Corporate Management and  
Policy Consultant  
Strategic and Corporate Policy Division  
Tel: 416-397-9110; Fax: 416-696-3645  
Email: [jborowie@toronto.ca](mailto:jborowie@toronto.ca)

Terry Nicholson  
Acting Director, Cultural Services  
Economic Development and  
Culture Division  
Tel: 416-392-4166; Fax: 392-5600  
Email: [tnichols@toronto.ca](mailto:tnichols@toronto.ca)

## **SIGNATURE**

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Joseph P. Pennachetti  
City Manager

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Michael H. Williams  
General Manager, Economic  
Development and Culture