



Toronto 2016 BUDGET

OPERATING BUDGET NOTES



Civic Theatres Toronto

2016 OPERATING BUDGET OVERVIEW

The three City-owned and operated Theatres promote theatrical, artistic and cultural programming in the community through convenient and cost-effective access to state of the art venues that support multi-cultural, not-for-profit, and corporate events.

2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$23.164 million gross and \$5.538 million net as shown below.

(in \$000's)	2015 Approved Budget		Change	
	Budget	2016 Budget	\$	%
Gross Expenditures	23,323.7	23,164.3	(159.4)	(0.7%)
Gross Revenues	17,978.4	17,626.8	(351.6)	(2.0%)
Net Expenditures	5,345.3	5,537.6	192.3	3.6%

In 2016, Theatres face a net pressure of \$0.262 million which was partially offset by \$0.070 million in operational efficiencies, resulting in a 3.6% net increase over the 2015 Net Operating Budget.

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Fast Facts

- Sony Centre for Performing Arts offers a 3,191-seat auditorium and is Canada's largest soft seat theatre.
- St. Lawrence Centre for the Arts houses 2 theatres: the 876-seat Bluma Appel Theatre and the 498-seat Jane Mallet Theatre.
- Toronto Centre for the Arts has 3 theatres: the new 300-seat Greenwin Stage Tower Theatre; the 1,036-seat George Weston Recital Hall; and the 200-seat Studio Theatre.

Trends

- The cost per seat generally increases gradually to reflect the cost of inflation but can also fluctuate from year to year depending on the level of stage activity taking place in each location which impacts the total facility operation costs.
- Cost per seat for Toronto Centre for the Arts experienced a 40% increase in 2015 due to the re-configuration of the Main Stage Theatre which resulted in 877 fewer seats and a higher cost per seat.

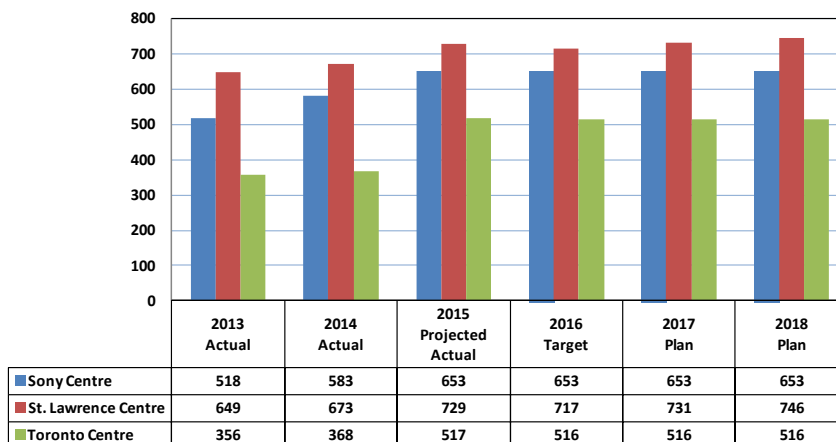
Our Service Deliverables for 2016

The civic theatres endorse culture, arts and theatre by programming a full range of high quality performances and events for both corporate and not-for-profit artists.

The 2016 Preliminary Operating Budget provides funding for the three City-owned and operated theatres:

- Sony Centre for the Performing Arts offers multi-functional space, comprehensive event services, state-of-the-art lighting and sound systems, and a world class stage. The Theatre will build the Centre's brand of excellence in programming performances with diverse appeal to all of Toronto's residents.
- St. Lawrence Centre for the Arts provides state-of-the-art facilities to Toronto's not-for-profit performing arts companies and local communities at an affordable cost. The Centre will continue to attract a wide range of cultural and artistic events with select corporate and not-for-profit presenters.
- Toronto Centre for the Arts offers a first class venue for a full range of performing arts. The Centre will become the most versatile performing arts centre in Toronto. It will build strategic links with the local arts community and seek educational and programming partners that will strengthen the operations of the Centre.

Theatres - Cost Per Seat

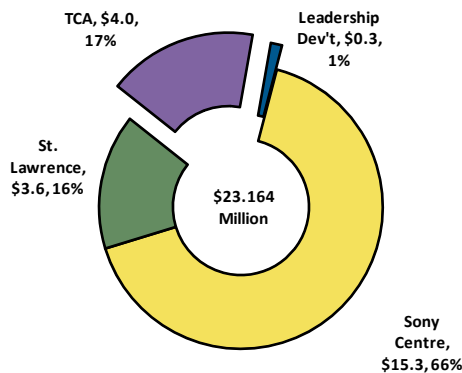


2016 Operating Budget Expenses & Funding

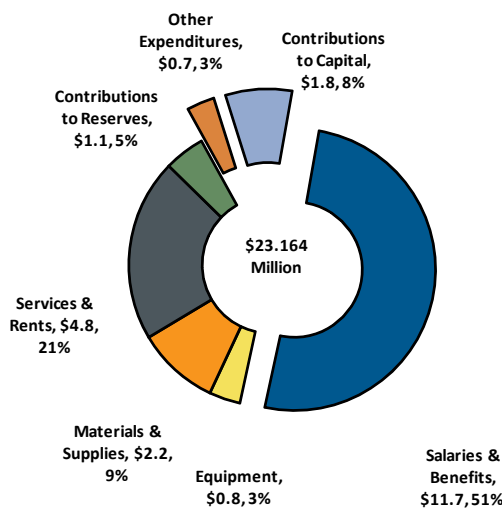
Our Key Issues & Priority Actions

Where the money goes:

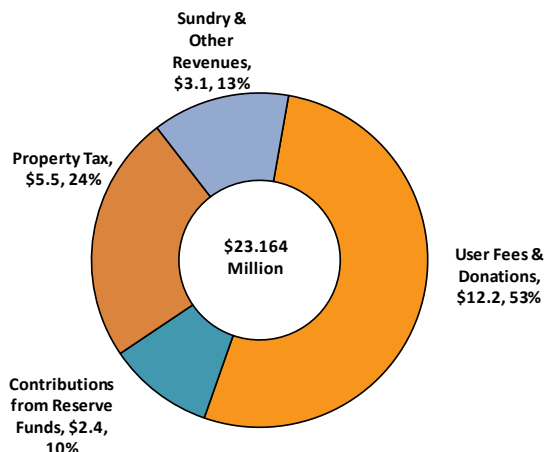
2016 Budget by Service



2016 Budget by Expenditure Category



2016 Budget by Funding Source



- Increasing Operating Costs** - All three theatres are underutilized and the cost per seat of operating the combined seven stages continues to rise with few prospects for reversing the trend under a status quo scenario.
 - ✓ \$0.300 million is included in 2016 for Leadership Development to consolidate the operations of all three theatres into one new organization under the direction of the new Civic Theatres Toronto Board.
- Decline in Ticket Surcharge Revenue** - Decline in ticket sales reduces the ticket surcharge revenue used to fund necessary capital maintenance work at the theatres.
 - ✓ Council approval of the write-off of the City loans will free up the ticket surcharge revenue, previously used to pay off the loan, for various capital repairs.

2016 Operating Budget Highlights

- Sony Centre for the Performing Arts** will continue to strengthen its strong brand strategy, re-establish best practices for networking, sponsorship, and partner opportunities. The Net Budget increase of \$0.098 million will support sponsorship development.
- St. Lawrence Centre for the Arts** will continue to attract new resident companies and increase awareness of the Centre's potential with higher marketing operations. Net Budget decrease of \$0.024 million is due to rightsizing the revenue budget.
- Toronto Centre for the Arts** will continue to focus on the not-for-profit community arts groups by increasing overall utilization of the reconfigured smaller venues. Net Budget decrease of \$0.023 million results from increased activity volume and associated revenue.
- The 2016 Operating Budget includes \$0.300 million for Leadership Development to support the transition and recruit a new CEO for Civic Theatres Toronto.

Actions for Consideration

Approval of the 2016 Preliminary Operating Budget as presented in these notes requires that:

1. City Council approve the 2016 Preliminary Operating Budget for Civic Theatres Toronto of \$23.164 million gross, \$5.538 million net for the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Sony Centre for the Performing Arts:	15,333.9	1,753.9
St. Lawrence Centre for the Arts:	3,567.2	1,733.2
Toronto Centre for the Arts:	3,963.2	1,750.4
Leadership Development	300.0	300.0
Total Program Budget	<u>23,164.3</u>	<u>5,537.6</u>

2. City Council approve the 2016 service levels for Civic Theatres Toronto as outlined on pages 14, 16 and 19 of this report, and associated staff complement of 171.9 positions.

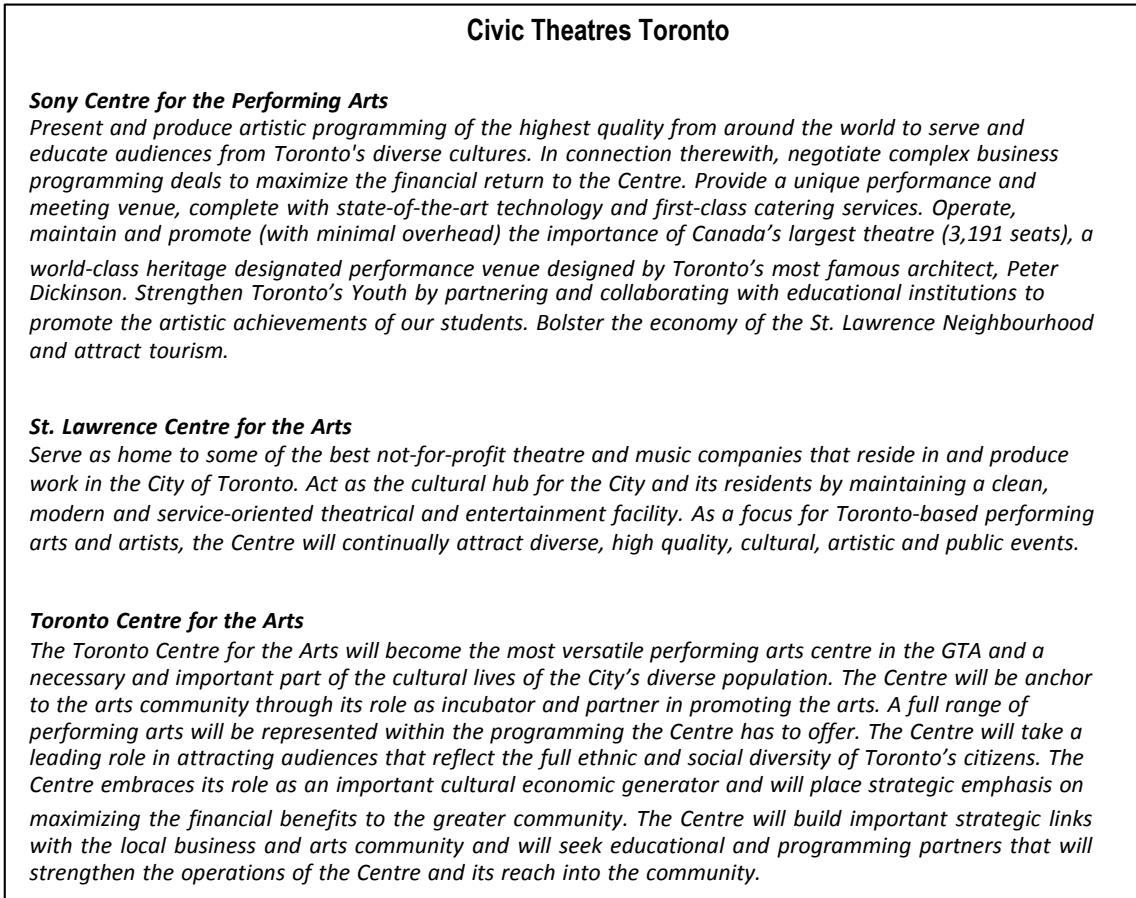


Part I:

2016 – 2018

Service Overview and
Plan

Program Map



Theatrical and Other Cultural Events

Purpose:
 To promote Theatre, Arts, and Culture in the community through convenient and cost-effective access to state of the art Theatre venues that support multi-cultural, not-for-profit, and corporate events.

Service Customer

- Theatrical and Other Cultural Events**
- Venue Client for Events
 - Event Participant
 - 6 local theatre and music resident companies
 - Casual venue renters
 - Theatre Patrons generally and specifically
 Multi-cultural and Youth audiences
 - Concert attendees
 - Cultural Programming Producers
 - Educational Institutions

Table 1
2016 Preliminary Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget Approved Changes		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget			2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Sony Centre for the Performing Arts											
Gross Expenditures	16,292.5	14,440.1	15,333.9		15,333.9	(958.6)	(5.9%)				
Revenue	14,637.2	12,768.1	13,580.0		13,580.0	(1,057.2)	(7.2%)				
Net Expenditures	1,655.3	1,672.0	1,753.9	-	1,753.9	98.6	6.0%	-	-	-	-
St. Lawrence Centre for the Arts											
Gross Expenditures	3,455.9	3,772.9	3,567.2		3,567.2	111.3	3.2%	56.9	1.6%	58.8	1.6%
Revenue	1,698.8	2,178.1	1,834.0		1,834.0	135.2	8.0%	34.7	1.9%	35.4	1.9%
Net Expenditures	1,757.1	1,594.8	1,733.2	-	1,733.2	(23.9)	(1.4%)	22.2	1.3%	23.4	1.3%
Toronto Centre for the Arts											
Gross Expenditures	3,415.3	3,311.2	3,963.2		3,963.2	547.9	16.0%	(477.9)	(12.1%)	21.8	0.6%
Revenue	1,642.4	1,342.9	2,212.8		2,212.8	570.4	34.7%	(470.7)	(21.3%)	29.8	1.7%
Net Expenditures	1,772.9	1,968.3	1,750.4	-	1,750.4	(22.5)	(1.3%)	(7.2)	(0.4%)	(8.0)	(0.5%)
Leadership Development											
Gross Expenditures	160.0	80.0	300.0		300.0	140.0	87.5%	(300.0)	(100.0%)		
Revenue											
Net Expenditures	160.0	80.0	300.0	-	300.0	140.0	0.9	(300.0)	(100.0%)		
Total											
Gross Expenditures	23,323.7	21,604.2	23,164.3	-	23,164.3	(159.4)	(0.7%)	(721.0)	(3.1%)	80.6	0.4%
Revenue	17,978.4	16,289.1	17,626.8	-	17,626.8	(351.6)	(2.0%)	(436.0)	(2.5%)	65.2	0.4%
Total Net Expenditures	5,345.3	5,315.1	5,537.5	-	5,537.6	192.2	3.6%	(285.0)	(5.1%)	15.4	0.3%
Approved Positions	163.1	168.9	171.9	-	171.9	8.8	5.4%				

The Civic Theatres Toronto's 2016 Operating Budget is \$23.164 million gross and \$5.538 million net, representing a 3.6% increase to the 2015 Approved Net Operating Budget. The net budget increase of \$0.192 million is due to the following:

- **Sony Centre for the Performing Arts'** 2016 Operating Budget is \$1.754 million net or 6% above the 2015 Approved Operating Budget for Sony Centre. Labour related and inflationary increases, as well as additional funding required for preventative maintenance, are partially offset by additional revenue from increased activity.
- **St. Lawrence Centre for the Arts'** 2016 Operating Budget is \$1.733 million net or 1.4% below the 2015 Approved Operating Budget for St. Lawrence Centre and is in line with the reduction target set out in the 2016 Operating Budget Directions and Guidelines. Inflationary pressures on labour and non-labour factors are fully offset by revenue changes based on activity levels.
- **Toronto Centre for the Arts'** 2016 Operating Budget is \$1.750 million net or 1.3% below the 2015 Approved Operating Budget for the Toronto Centre and is in line with the reduction target set out in the 2016 Operating Budget Directions and Guidelines. Salary and non-salary economic factors and other base pressures are fully offset by anticipated revenue from increased activity levels.
- The 2016 Operating Budget for Leadership Development provides one-time funding of \$0.300 million to continue the transition of three theatres to one organization, including supporting the work of the Special Advisor and a CEO search and initial engagement.

Approval of the 2016 Operating Budget will increase Theatres' total staff complement by 8.8 positions from 163.1 to 171.9 positions.

The 2016 and 2017 Plan increases are attributable to the salary and benefits and inflationary increases, offset by additional revenues due to changed activity volume.

Table 2
Key Cost Drivers

(In \$000s)	2016 Operating Budget								Total	
	Sony Centre for the Performing Arts		St. Lawrence Centre for the Arts		Toronto Centre for the Arts		Leadership Development			
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes										
Prior Year Impacts										
Reversal of Management Consultant & Furniture Costs	(18.0)		(15.0)				(160.0)		(193.0)	
Economic Factors										
Corporate & Divisional Economic Factors	35.0		19.8		23.4				78.2	
Salary and Benefit Changes										
COLA	131.3		19.7		15.6				166.6	
Benefits & Base Salary Adjustments	165.2		77.6		7.7				250.5	
Other Base Changes										
Consulting Fees & Service Cost Changes	52.4								52.4	
Preventative Maintenance	136.7								136.7	
Reduction to Contracted Services	(63.6)								(63.6)	
Changes to Align Budget to Actuals			9.2		58.3				67.5	
Leadership Development 2016 Costs							300.0		300.0	
Total Gross Expenditure Changes	439.0		111.3		105.0		140.0		795.3	
Revenue Changes (Increase) / Decrease										
Changes in Volume of Activity	(270.3)	9.4	(125.8)	0.4	(127.5)	(1.0)			(523.6)	8.8
Sundry Revenue			(9.4)						(9.4)	
Total Revenue Changes	(270.3)	9.4	(135.1)	0.4	(127.5)	(1.0)			(532.9)	8.8
Net Expenditure Changes	168.7	9.4	(23.8)	0.4	(22.5)	(1.0)	140.0		262.4	8.8

Key cost drivers for the Theatres are discussed below:

Sony Centre for the Performing Arts

- Reversal of prior year one-time funding for management consulting and furniture costs will result in savings of \$0.018 million.
- Inflationary increases applied to non-labour (hydro, gas and water) budget items add a \$0.035 million pressure to the base budget.
- Cost of living adjustments and benefits and base salary adjustments resulting from increased activity volume will require additional funding of \$0.297 million. This also reflects \$0.064 million for a Booking Manager position that was transferred from contracted services.
- Service cost increases result in a pressure of \$0.052 million due to increased legal fee requirements as three collective bargaining agreements are up for negotiation in 2016.
- An increase to preventative maintenance requirements as recommended in the 2015 Building Condition Assessment for the Centre will result in an increase of \$0.137 million.
- Reduced contracted services will result in a reduction of \$0.064 million. This funding will offset the salaries and benefits for the Booking Manager position that was previously a contract position, funded outside of the Salaries & Benefits budget.

St. Lawrence Centre for the Arts

- Reversal of prior year one-time funding for management consulting and furniture costs will result in savings of \$0.015 million.
- Inflationary increases applied to labour and non-labour budget items add a \$0.040 million pressure to the base budget.
- Benefits & Base Salary adjustments as a result of activity volume changes will require additional funding of \$0.078 million.
- Aligning such base budget items as audit fees and credit card charges with 2015 actuals will require additional funding of \$0.009 million in 2016.

Toronto Centre for the Arts

- Inflationary increases applied to labour and non-labour budget items add a \$0.047 million pressure to the base budget.
- Aligning a number of budget line items to historical actual will require additional funding of \$0.058 million.

Leadership Development

- One-time 2015 funding of \$0.160 million required to begin the transition to Civic Theatres Toronto was reversed.
- One-time funding of \$0.300 million is required to continue with operational requirements of the transition, including supporting the work of the Special Advisor, a CEO search and initial engagement.

In order to offset the above net pressures, the 2016 service cost changes for Theatres consists of base revenue changes of \$0.533 million net and service efficiency savings of \$0.070 million net, as detailed below.

Table 3
2016 Total Preliminary Service Change Summary

Description (\$000s)	2016 Service Changes						Total Service Changes			Incremental Change			
	Sony Centre for the		St. Lawrence		Toronto Centre for		\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Revenue Changes													
<i>Changes in Volume of Activity</i>	(1,386.1)	(270.3)		(125.8)	193.0	(127.5)	(1,193.1)	(523.6)	8.8				
<i>Sundry Revenue</i>				(9.4)				(9.4)					
Sub-Total	(1,386.1)	(270.3)		(135.2)	193.0	(127.5)	(1,193.1)	(532.9)	8.8				
Service Efficiencies													
<i>Hydro Expenses Reduction</i>	(37.0)	(37.0)					(37.0)	(37.0)					
<i>Renegotiated Contract</i>	(33.0)	(33.0)					(33.0)	(33.0)					
Sub-Total	(70.0)	(70.0)					(70.0)	(70.0)					
Total Changes	(1,456.1)	(340.3)		(135.2)	193.0	(127.5)	(1,263.1)	(602.9)	8.8				

Base Revenue Changes (Savings of \$0.533 million net)

Changes in Volume of Activity

- Changes in activity volume will result in additional net revenue of \$0.270 million for the Sony Centre and \$0.128 million for the Toronto Centre for the Arts. In addition, aligning budgeted recoveries for labour costs to historical experience will provide additional revenue of \$0.126 million to St. Lawrence Centre.

Sundry Revenue

- Additional sundry revenues for production equipment and piano rental, printing and catering commission will result in additional revenue of \$0.009 million for the St. Lawrence Centre.

Service Efficiencies (Savings of \$0.070 million gross & net)

Hydro Expenses Reduction

- As a result of a retrofit to the Sony Centre's lighting system throughout the building, the hydro bill will be reduced and provide efficiency savings of \$0.037 million.

Renegotiated Contract

- Successful negotiations with Sodexo resulted in reduced fee paid under the existing contract providing savings of \$0.033 million.

Table 5
2017 and 2018 Plan by Program

Description (\$000s)	2017 - Incremental Increase				2018 - Incremental Increase			
	Gross Expense	Revenue	Net Expense	# Positions	Gross Expense	Revenue	Net Expense	# Positions
Known Impacts:								
Salaries and Benefits Increases	49.2		49.2		49.9		49.9	
Economic Factors								
Corporate & Divisional	21.1		21.1		21.7		21.7	
Other								
Reversal of one-time leadership development funding	(300.0)		(300.0)					
Sub-Total	(229.7)		(229.7)		71.6		71.6	
Anticipated Impacts:								
Other								
User Fee and Sundry Revenue Increases		64.2	(64.2)			64.3	(64.3)	
Changes to Water, Services & Rents Budgets	8.9		8.9		8.1		8.1	
Sub-Total	8.9	64.2	(55.3)		8.1	64.3	(56.2)	
Total Incremental Impact	(220.8)	64.2	(285.0)		79.7	64.3	15.4	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Salaries and benefits increases will require additional funding of \$0.049 million in 2017 and \$0.050 million in 2018.
- Corporate and Theatre specific economic factors will result in a pressure of \$0.021 million in 2017 and \$0.022 million in 2018.
- Reversal of one-time 2016 funding to bring the three theatres into one organization will result in savings of \$0.300 million.

Anticipated Impacts:

- Anticipated increased user fee and sundry revenue are expected to bring additional funding of \$0.064 million in both 2017 and 2018.
- Anticipated changes to the water and services & rents budgets will result in pressure of \$0.009 million in 2017 and \$0.008 million in 2018.



Part II:

2016 Budget by
Service

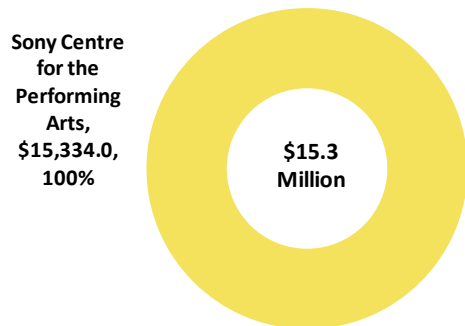
Sony Centre for the Performing Arts



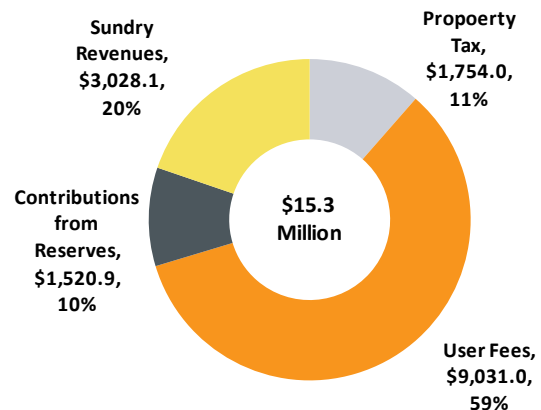
What We Do

- Sony Centre presents and produces artistic programming of the highest quality from around the world to serve and educate audiences from Toronto's diverse cultures.
- The Centre provides a unique performance and meeting venue, complete with state-of-the-art technology and first class catering services.
- Sony Centre strengthens Toronto's youth by partnering and collaborating with educational institutions to promote the artistic achievements of its students.

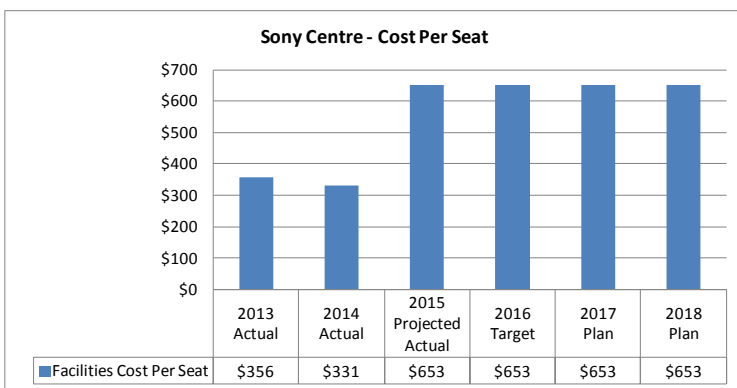
2016 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)

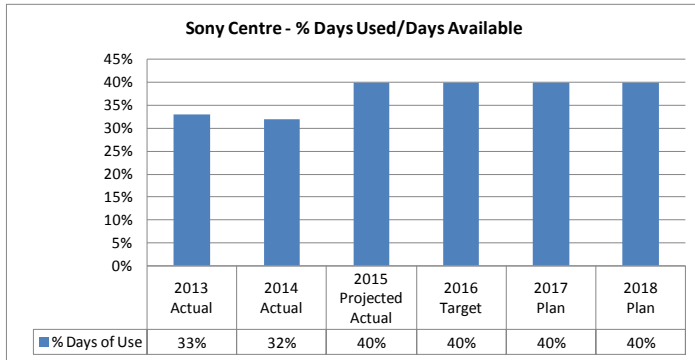


Facility Cost Per Seat



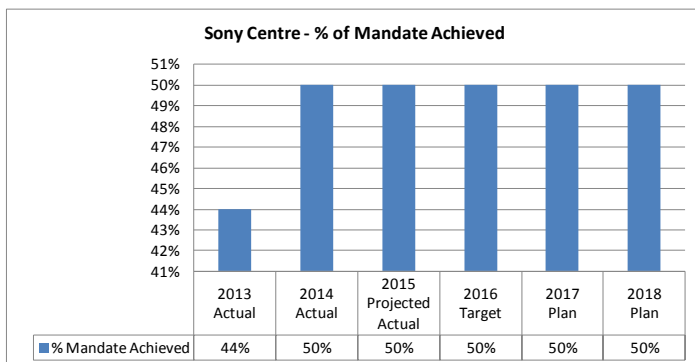
- The 2015 cost per seat includes the increased provision for utilities, as well as the operational costs for the expanded and renovated backstage area.
- The 2016 and future year costs per seat are anticipated to remain at \$653.

% Days Used/Days Available



- The percentage of available days booked to days available (365 days) was steady at 33-32% between 2013 and 2014 which reflects the sluggish market conditions.
- The 2016 and future year usage of the Centre is targeted at 40% based on the number of budgeted bookings.

% of Mandate Achieved



- The percentage of performances at Sony Centre which achieved the Centre's mandate to present spectacles, international dance, musical theatre, children's and family events and other quality attractions declined in 2013 as a result of challenges inherent in finding presentations which meet mandate and are self-sufficient.
- The percentage of performances that met the Centre's mandate increased to 50% in 2014 and is expected to remain at that level in 2015 and future years.

**2016 Service Levels
Sony Centre for the Performing Arts**

Sub-Activity/Type	Status	2015	2016
Sony Centre Theatre Corporate Events	Approved	95% utilization of the 36 day minimum booking target for corporate events	95% utilization of the 36 day minimum booking target for corporate events
Sony Centre Theatre Not-for-Profit / multi-cultural Events	Approved	95% utilization for the 98 day minimum booking target for not-for-profit / multi-cultural events	95% utilization for the 98 day minimum booking target for not-for-profit / multi-cultural events

The 2016 Service Levels for the Sony Centre are consistent with the service levels approved by Council in 2015.

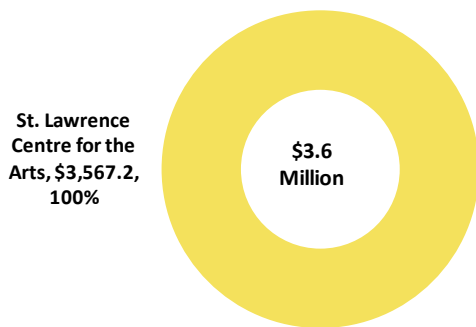
St. Lawrence Centre for the Arts



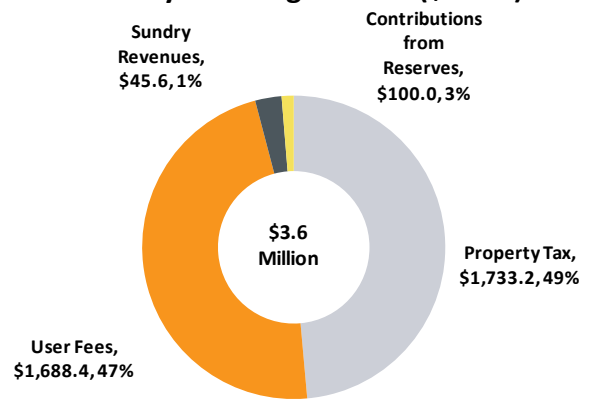
What We Do

- St. Lawrence Centre serves as home to some of the best not-for-profit theatre and music companies that reside in and produce work in the City of Toronto.
- The Centre acts as a cultural hub for the City and its residents by maintaining a clean, modern and service-oriented theatrical and entertainment facility.
- St. Lawrence Centre continually attracts diverse, high quality, cultural, artistic and public events.

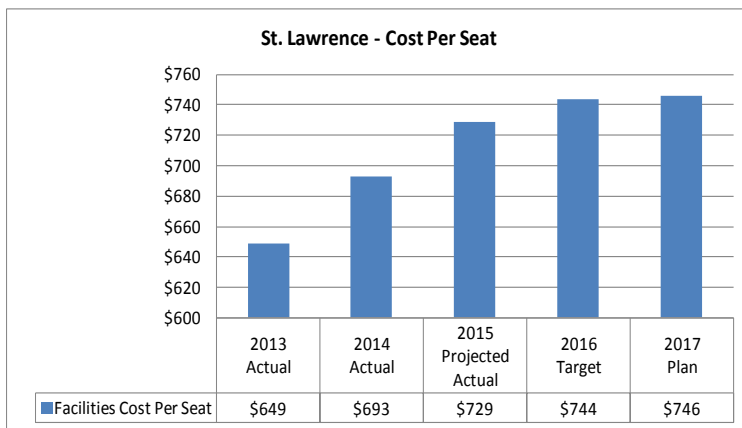
2016 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)

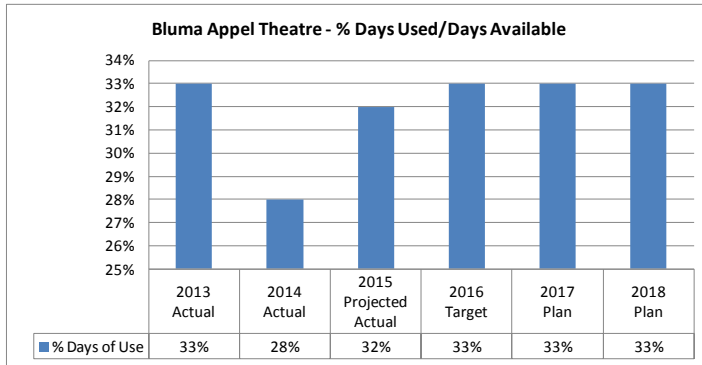


Facility Cost Per Seat



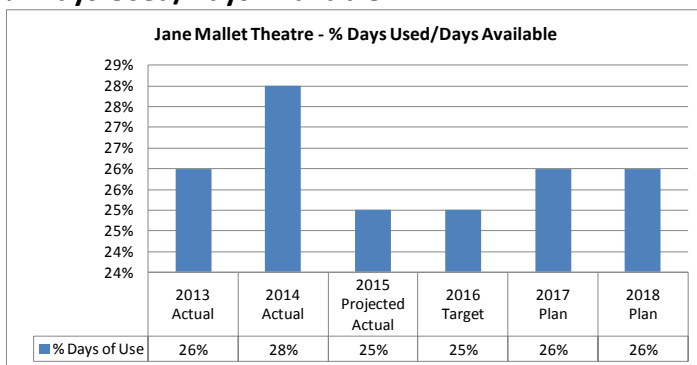
- The steady increase in the cost per seat at St. Lawrence Centre is due to rising City building and maintenance charges and utility rate increases.
- Future year increases in cost per seat are estimated at the rate of inflation.

% Days Used/Days Available



- The percentage of days used today's available (365 days) in the Bluma Appel Theatre declined in 2014 primarily because of cancelled Canadian Stage presentations and bookings.
- The percentage of days used rose in 2015 and is expected to rise in future years since more bookings are anticipated for Canadian Stage.

% Days Used/Days Available



- The Jane Mallet Theatre experienced a decline in the percentage of days used in 2013 due to the departure of a resident company and cancellation of one-time bookings. The impact was partially carried over into 2014.
- In 2015 and future years, the percentage of days used is based on known bookings and one-off events.

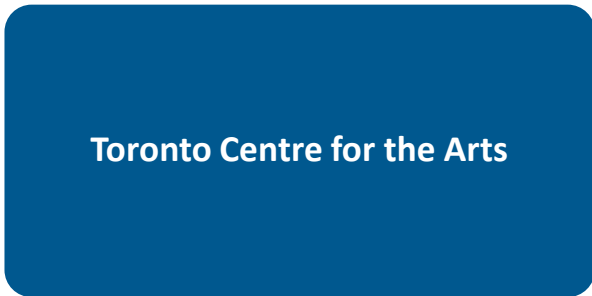
2016 Service Levels

St. Lawrence Centre for the Arts

Sub-Activity/Type	Status	2015	2016
Bluma Appel Theatre Corporate Events (STLCA)	Approved	60% utilization of the 20 day minimum booking target for corporate events	60% utilization of the 20 day minimum booking target for corporate events
Bluma Appel Theatre Not-for-Profit / multi-cultural Events (STLCA)	Approved	88% utilization of the 126 day minimum booking target for not-for-profit / multicultural events	88% utilization of the 126 day minimum booking target for not-for-profit / multicultural events
Jane Mallet Theatre Corporate Events (STLCA)	Approved	113% utilization of the 15 day minimum booking target for corporate events	113% utilization of the 15 day minimum booking target for corporate events
Jane Mallet Theatre Not-for-Profit / multi-cultural Events (STLCA)	Approved	125% utilization of the 64 day minimum booking target for not-for-profit / multicultural events	125% utilization of the 64 day minimum booking target for not-for-profit / multicultural events
Rehearsal Hall Corporate Events (STLCA)	Approved	35% utilization of the 15 day minimum booking target for corporate events	35% utilization of the 15 day minimum booking target for corporate events
Rehearsal Hall Theatre Not-for-Profit / multi-cultural Events (STLCA)	Approved	147% utilization of the 35 day minimum booking target for not-for-profit / multicultural events	147% utilization of the 35 day minimum booking target for not-for-profit / multicultural events

In 2016, the St. Lawrence Centre for the Arts will maintain the service levels approved by Council in 2015.

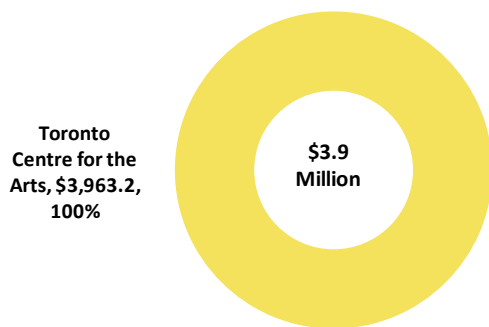
Toronto Centre for the Arts



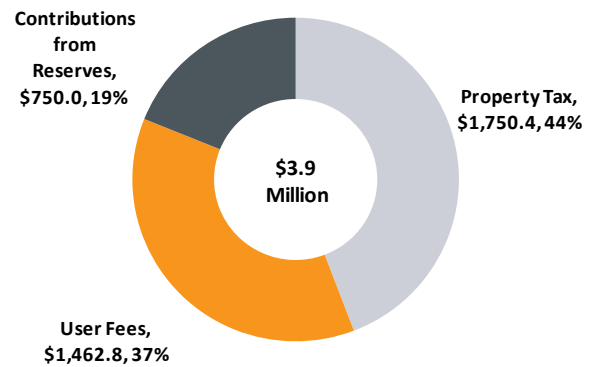
What We Do

- Toronto Centre for the Arts plays an important role as an incubator and partner in promoting the arts and presents a full range of performing arts within its programming.
- The Centre takes a leading role in attracting audiences that reflect the full ethnic and social diversity of Toronto's citizens.
- Toronto Centre for the Arts builds strategic links with the local business and arts communities and seeks educational and programming partners that will strengthen its reach into the community.

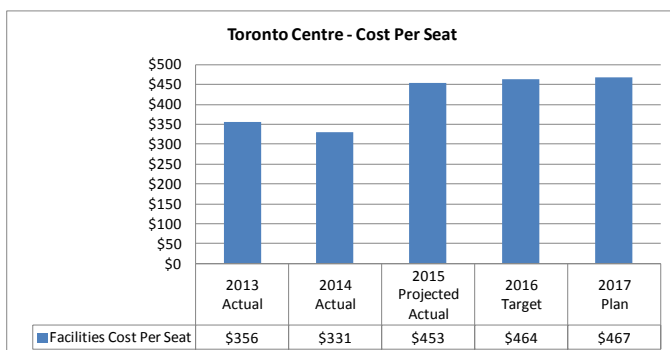
2016 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)

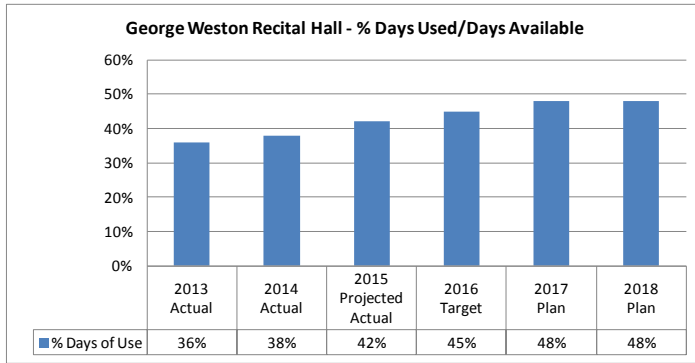


Facility Cost Per Seat



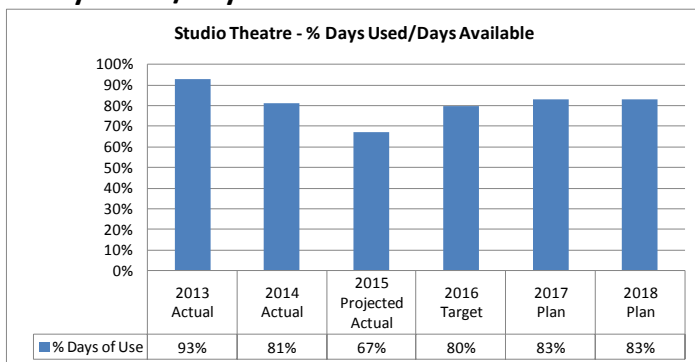
- The cost per seat remained fairly constant in 2013 and 2014 and rose in 2015 primarily due to the reduction in total seating arising from the re-configuration of the Main Stage Theatre (1,727 seats) into two smaller venues (850 seats).
- 2016 and 2017 increases in the cost per seat are expected to correspond to the rate of inflation.

% Days Used/Days Available



- The percentage of days used as a proportion of days available in the George Weston Recital Hall has been gradually increasing in 2014 and 2015 partly due to reduced IATSE labour costs.
- The Centre anticipates increased bookings for 2016 and future years as the new projection system is installed and allows the Centre to pursue not-for-profit film festivals.

% Days Used/Days Available



- In 2015, the departure of the Harold Green Theatre Company to the Stage Tower Theatre impacted the utilization rate.
- The 2016 and future years utilization rate is expected to recover based on historically high demands for this versatile space.

**2016 Service Levels
Toronto Centre for the Arts**

Sub-Activity/Type	Status	2015	2016
George Weston Theatre Corporate Events (TCA)	Approved	100% utilization of the 20 day minimum booking target for corporate events	100% utilization of the 20 day minimum booking target for corporate events
George Weston Theatre Not-for-Profit / multi-cultural Events (TCA)	Approved	131% utilization of the 80 day minimum booking target for not-for-profit / multicultural events	131% utilization of the 80 day minimum booking target for not-for-profit / multicultural events
The Studio Theatre Not-for-Profit / multi-cultural Events (TCA)	Approved	100% utilization of the 200 day minimum booking target for not-for-profit / multicultural events	100% utilization of the 200 day minimum booking target for not-for-profit / multicultural events
Greenwin Theatre Corporate Events (TCA)	Approved	100% utilization of the 11 day minimum booking target for	100% utilization of the 11 day minimum booking target for
Greenwin Theatre Not-for-Profit Events (TCA)	Approved	100% utilization of the 94 day minimum booking target for not-for-profit / multicultural events	100% utilization of the 94 day minimum booking target for not-for-profit / multicultural events

The Toronto Centre for the Arts will maintain the same service levels in 2016 as was approved by Council in 2015.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2016 Budget

Write Off of Direct City Loans

- On November 3, 2015, City Council adopted a report entitled *Adjustments to Various Direct City Loans* (EX9.10). The report can be found at the following link:

<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-84484.pdf>

- The write-off of the City loans made to the Sony Centre for the Performing Arts (Sony Centre) in the amount of \$7.002 million and to the Toronto Centre for the Performing Arts (TCA) in the amount of \$10.023 million as outlined in the table below was approved by City Council at its meeting on November 3, 2015.

('000s)

Entity	Original Loan Amount	Current Loan Balance as at August 31, 2015	Amount of Loan Write-off
Sony Centre	6,650	7,002	7,002
TCA	15,000	10,023	10,023
Total	21,650	17,025	17,025

- City Council granted capital completion loan to the Sony Centre in the amount \$6.65 million for completion of the redevelopment of the Centre which was expected to be repaid using a future facility fee surcharge levied on ticket sales and by future naming rights proceeds. Due to lower than expected ticket sales, all of the collected ticket surcharge revenue was going towards repaying the loan.
- The former City of North York provided approximately \$15 million in interim financing to the North York Performing Arts Centre Corporation (NYPACC) to help fund the approximately \$45 million construction cost of the North York Performing Arts Centre (NYPAC). Prior to the loss of its major tenant in 1999, NYPACC had made payments that reduced the balance outstanding to \$10,023,036 and subsequent to the departure of the major tenant in 1999, no further loan repayments have been made.
- The write-off of the City loans will impact the Operating Budget for the Sony Centre as a portion of the ticket surcharge revenue that was previously used to pay off the loan will now be applied to cover minor capital work. The loan write-off will have no impact on the TCA's budgets, as no payments have been made since 1999.

Issues Impacting Future Years

Future of the Three Major Civic Centres

- A Theatres Working Group was established in 2013 and engaged a consultant to examine options for operating and governance models for the City's three civic theatres – the St. Lawrence Centre for the Arts, the Sony Centre for the Performing Arts and the Toronto Centre for the Arts.

- Following extensive work done by external consultants, and taking into consideration advice from the Theatres Working Group, City staff proposed a new direction for the future of the City's three civic theatres. Changes were proposed both to the operating model and the governance structure with the objective of enhancing the relevance of theatres to the communities they serve, increasing theatre usage and improving the financial viability of the theatres.
- The staff report entitled *Report on the Future of the Civic Theatres* (EX7.15) was approved by Council on July 7, 2015 and recommended consolidating the operations of the St. Lawrence Centre, Sony Centre, and TCA into one new organization under the direction of a single Civic Theatres Toronto Board, and to commence the governance and operational transition process. The report can be found at the following link:

<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-81752.pdf>

- Immediate governance steps include establishing a new board and determining the executive leadership to champion the change process. The citizen members of the new Civic Theatres Toronto Board are expected to be appointed in December 2015 and will move forward to develop a strategy to bring all three theatres into one organization.
- The 2016 Operating Budget for the Civic Theatres Toronto is based on the current structure and includes additional one-time funding of \$0.300 million for "Leadership Development" to continue with operational requirements of the transition, including supporting the work of the Special Advisor, a CEO search and initial engagement.
- Changes to the future Operating Budget for the Theatres are anticipated as the work of the Civic Theatres Toronto Board proceeds in the coming year.



Appendices:

Appendix 1

2015 Service Performance

2015 Key Service Accomplishments

In 2015, Sony Centre for the Performing Arts accomplished the following:

- ✓ Installed new stage lighting and sound equipment.
- ✓ Restored Theatre's curb appeal with new driveway and planters.
- ✓ Completed a Building Condition Assessment in September that identified \$33.229 million in required capital repairs.

In 2015, St. Lawrence Centre for the Arts accomplished the following:

- ✓ Hosted the Miss Universe Canada Pageant and Luminato presentations.
- ✓ Three Panamania shows were hosted in the Bluma Appel Theatre.
- ✓ Hosted five concerts presented by the Toronto Jazz Festival.
- ✓ Negotiated a new four year collective bargaining agreement with IATSE Local 58.

In 2015, Toronto Centre for the Arts accomplished the following:

- ✓ The Greenwin Theatre was completed in April, in time for the first scheduled show.
- ✓ Centennial College and the TCA were successful in starting the Dance Program, the second of three new programs at the TCA, in addition to the Music Program that started in 2014.

Appendix 2

2016 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected Actual *	Budget	2015 Approved Budget	%	2017	2018
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	10,596.0	4,910.9	10,652.6	10,963.5	11,725.5	1,072.9	10.1%	11,774.4	11,824.3
Materials and Supplies	1,800.9	883.8	2,032.9	2,139.6	2,189.0	156.1	7.7%	2,212.1	2,235.4
Equipment	69.7	30.7	436.2	98.3	826.0	389.8	89.4%	326.1	326.1
Services & Rents	5,352.0	924.3	6,606.3	5,308.6	4,847.6	(1,758.7)	(26.6%)	4,554.2	4,560.6
Contributions to Capital			952.2	1,462.3	1,074.4	122.2	12.8%	1,074.4	1,074.4
Contributions to Reserve/Res Funds	710.1	30.3	1,708.1	901.1	1,766.7	58.6	3.4%	1,766.7	1,766.7
Other Expenditures	948.8	96.3	935.5	730.8	735.1	(200.4)	(21.4%)	735.5	736.5
Interdivisional Charges									
Total Gross Expenditures	19,477.5	6,876.3	23,323.8	21,604.2	23,164.3	(159.5)	(0.7%)	22,443.3	22,524.0
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	11,474.5	3,350.5	12,827.7	11,714.2	12,182.2	(645.5)	(5.0%)	12,245.2	12,309.5
Transfers from Capital Fund									
Contribution from Reserve/Reserve Funds			2,062.3	1,462.3	2,370.9	308.6	15.0%	1,870.9	1,870.9
Sundry Revenues	2,995.3	46.4	3,088.4	3,112.6	3,073.7	(14.7)	(0.5%)	3,074.6	3,075.6
Total Revenues	14,469.8	3,396.9	17,978.4	16,289.1	17,626.8	(351.6)	(2.0%)	17,190.7	17,256.0
Total Net Expenditures	5,007.7	3,479.4	5,345.4	5,315.1	5,537.5	192.1	3.6%	5,252.5	5,268.0
Approved Positions	165.6	89.1	163.1	100.0	171.9	8.8	5.4%		

* Based on the 2015 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.27>

Impact of 2015 Operating Variance on the 2016 Preliminary Budget

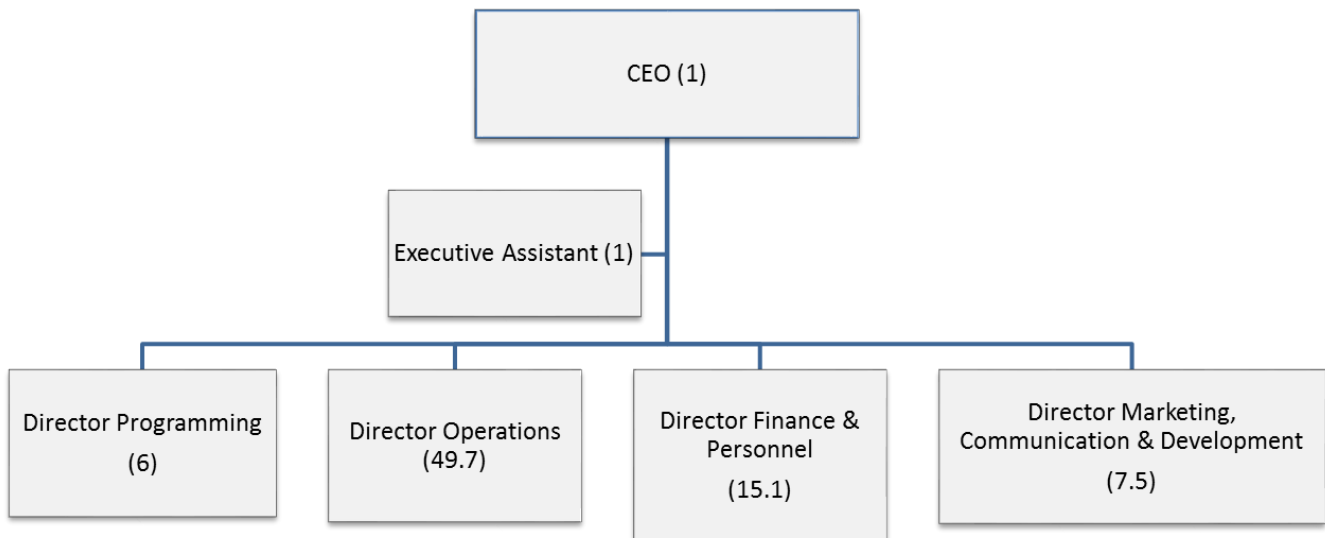
The Sony Centre and the Toronto Centre for the Arts adjusted their 2016 Operating Budgets to reflect activity volume changes experienced in 2015.

St. Lawrence Centre for the Arts also aligned its budgeted recoveries for labour costs to be consistent with actual costs in prior years.

Appendix 3a

Sony Centre for the Performing Arts

2016 Organization Chart



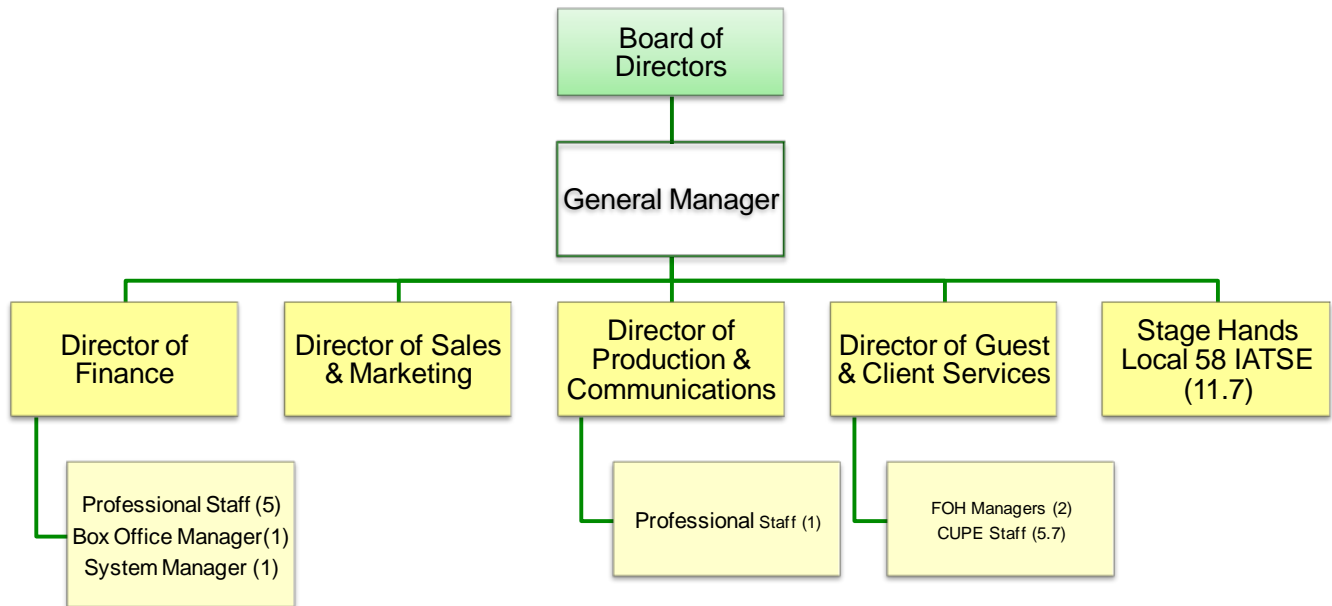
2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	7.0	11.0	16.7	15.5	50.2
Temporary			1.0	29.1	30.1
Total	7.0	11.0	17.7	44.6	80.3

Appendix 3b

St. Lawrence Centre for the Arts

2016 Organization Chart



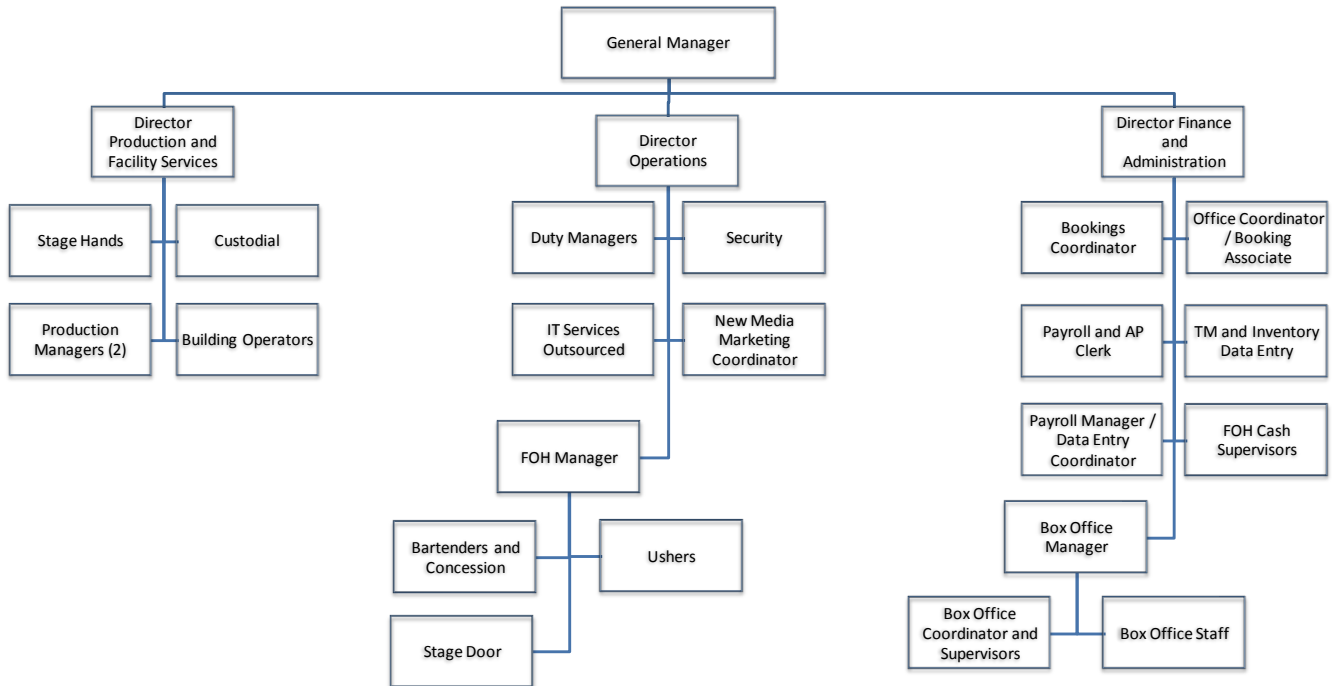
2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Full-Time	1.0	8.0	5.0		14.0
Part-Time				18.8	18.8
Total	1.0	8.0	5.0	18.8	32.8

Appendix 3c

Toronto Centre for the Arts

2016 Organization Chart



2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	1.0	12.0			13.0
Temporary			45.8		45.8
Total	1.0	12.0	45.8		58.8

Appendix 4

Summary of 2016 Service Changes

2016 Operating Budget - Preliminary Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster Program - Civic Theatres Toronto	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2016 Preliminary Base Budget Before Service Changes:			23,234.4	17,626.8	5,607.6	171.90	(284.9)	15.4
8596	Sony Centre - Efficiency Savings							
51	0	Description:						
Hydro Expenses Reduction: As a result of a retrofit to the Sony Centre's lighting system throughout the building, the hydro bill will be reduced and provide efficiency savings of \$0.037 million.								
Renegotiated Contract: Successful negotiations with Sodexo resulted in reduced fee paid under the existing contract providing savings of \$0.033 million.								
 Service Level Impact:								
There will be no service level changes as a result of this service change								
Service: Theatrical & Other Cultural Events								
Preliminary Service Changes			(70.0)	0.0	(70.0)	0.00	0.0	0.0
Total Preliminary Service Changes:			(70.0)	0.0	(70.0)	0.00	0.0	0.0
<hr/>								
Summary:								
Total Preliminary Service Changes			(70.0)	0.0	(70.0)	0.00	0.0	0.0
Total Preliminary Base Budget:			23,164.3	17,626.8	5,537.6	171.90	(284.9)	15.4

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve /Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 * \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		146.4	146.4	146.4	146.4
Sony Centre Facility Fee Reserve Fund	XR3030				
<i>Proposed Withdrawals (-)</i>			1,505.5	1,505.5	1,505.5
<i>Contributions (+)</i>			(1,505.5)	(1,505.5)	(1,505.5)
Total Reserve / Reserve Fund Draws / Contributions		146.4	146.4	146.4	146.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		146.4	146.4	146.4	146.4

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 * \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		1.1	1.1	1.1	1.1
St. Lawrence Centre for the Arts Capital Reserve Fund	XR1046				
<i>Proposed Withdrawals (-)</i>			(100.0)	(100.0)	(100.0)
<i>Contributions (+)</i>			100.0	100.0	100.0
Total Reserve / Reserve Fund Draws / Contributions		1.1	1.1	1.1	1.1
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1.1	1.1	1.1	1.1

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 * \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		2,062.5	2,062.5	1,212.5	862.5
North York Performing Arts Centre Capital Reserve Fund	XR3007				
<i>Proposed Withdrawals (-)</i>			(900.0)	(400.0)	(400.0)
<i>Contributions (+)</i>			50.0	50.0	50.0
Total Reserve / Reserve Fund Draws / Contributions		2,062.5	1,212.5	862.5	512.5
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,062.5	1,212.5	862.5	512.5

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 * \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		166.7	166.7	166.7	166.7
Sony Centre Stabilization Reserve	XQ2031				
<i>Proposed Withdrawals (-)</i>			(15.4)	(15.4)	(15.4)
<i>Contributions (+)</i>			15.4	15.4	15.4
Total Reserve / Reserve Fund Draws / Contributions		166.7	166.7	166.7	166.7
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		166.7	166.7	166.7	166.7

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		766.6	766.6	616.6	466.6
Toronto Centre for the Arts Stabilization Reserve	XQ1060				
<i>Proposed Withdrawals (-)</i>			(150.0)	(150.0)	(150.0)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		766.6	616.6	466.6	316.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		766.6	616.6	466.6	316.6

* Based on 9-month 2015 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		25,335.2	25,335.2	12,018.0	2,712.1
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>					
<i>Sony Centre</i>			45.8	45.8	45.8
<i>St. Lawrence Centre</i>			23.2	23.2	23.2
<i>TCA</i>			26.7	26.7	26.7
Total Reserve / Reserve Fund Draws / Contributions		25,335.2	25,430.9	12,113.8	2,807.8
Other Program / Agency Net Withdrawals & Contributions			(13,412.9)	(9,401.7)	(4,608.2)
Balance at Year-End		25,335.2	12,018.0	2,712.1	(1,800.4)

* Based on 9-month 2015 Reserve Fund Variance Report