



STAFF REPORT ACTION REQUIRED

Adjustment to the 2016 – 2025 Economic Development and Culture Capital Budget and Plan for the Toronto Centre for the Arts Stage Reconfiguration SUPPLEMENTARY MATERIAL

Date:	5 October 2016
To:	City Council
From:	General Manager, Economic Development and Culture
Wards:	Ward 23 - Willowdale
Reference Number:	

SUMMARY

The Board of Directors of Toronto Centre for the Arts (TCA) met on September 29, 2016 and received an update on the capital project to reconfigure the mainstage theatre of the performing arts centre (Capital Project) which was previously a 1,800 seat theatre, to two smaller theatres which would attract greater community use. After a review of the project history on the increased expenditures, the TCA Board of Directors asked the General Manager, Toronto Centre for the Arts, to work with City staff within the Economic Development and Culture Division in order to obtain a capital budget adjustment of a maximum \$1.4 million funded from the capital reserve fund (XR3007) and requested that the Finance and Risk Management Committee of the Board examine the processes and the elements involved in the cost overrun in the Capital Project and report back to the Board as soon as possible.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. City Council authorize an increase to the 2016 Economic Development and Culture Capital Budget in 2016 for the project known as Toronto Centre for the Arts – Main Stage, Phase 2, by a maximum of \$1.4 million for a total project cost of \$9.849 million, funded by the Toronto Centre for the Arts Improvement Reserve Fund (XR3007).

2. City Council request a Report from the Board of Civic Theatres Toronto on the Capital Project at TCA including an evaluation of the factors and processes involved in the cost overrun.

Financial Impact

If approved, EDC's 2016 Capital Budget will be increased by \$1.4 million gross, \$0 net, for the capital project Toronto Centre for the Arts – Main Stage Reconfiguration Phase 2. The total approved project cost will increase from \$8.449 million to \$9.849 million.

Funding recommended is available in the Toronto Centre for the Arts Improvement Reserve Fund (XR3007).

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 June 30, 2016, the Board of Directors, Toronto Centre for the Arts received an update from the TCA's General Manager advising that an adjustment to the approved budget in the range of one to two million dollars would be necessary for the successful completion of the project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AC8.4>

At its meeting of September 29, 2016, the Board of Directors of the Toronto Centre for the Arts received a presentation and an update on the Main Stage Reconfiguration project and directed the TCA's General Manager to work with EDC staff to obtain a capital budget adjustment to a maximum of \$1.4 million funded from the existing capital reserve fund (XR3007).

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AC10.3>

ISSUE BACKGROUND

Toronto Centre for the Arts, located in North York Centre at 5040 Yonge Street, is one of the City's three main Civic Theatres. In 2014, City Council approved a capital project to reconfigure an underused 1,800 seat theatre that had been purpose-built for Broadway musicals and major commercial touring theatre, into two smaller venues that would better serve community cultural programs and interests.

While the July 1, 2016 substantial completion date could not be met, the project is almost finished. The first, smaller 296 Greenwin Theatre opened in April 2015 and the 578 set Lyric Theatre is set to see its first production in November with an official opening in January 2017. There have been some cost overruns that were explained in confidential attachments to the Board of the TCA. After reviewing the information, the project management, and the settlements made on legal actions, the Board of the Toronto Centre

for the Arts recommended to the City an increase to a maximum of \$1.4 M to pay for the capital project. TCA's General Manager has assured the Board that the amount is sufficient to cover outstanding costs and contingencies.

COMMENTS

Clearly all parties would have preferred the project to come in on time and on budget. Some of the overages are related to construction delays, code compliance requirements, added scopes of work required for functionality, unknown site conditions, the settlement of a legal dispute, and added costs for the architects and construction manager's fees due to the extended construction period.

City oversight of the project has been provided through Facilities Management and Economic Development and Culture. City staff reviewed project scopes, architectural documentation, budgets, schedules, and assisted in the preparation and review of tender documents. Staff also liaised with other City divisions such as Planning to expedite the acquisition of permits, ensure compliance with Purchasing policies, conducted interviews with proponents, assisted with contract preparation and attended construction meetings. All staff were aware of the need to comply with the Auditor General's recommendations for procurement and financial reporting.

Going forward, capital projects for any of the Civic Theatres, of which the TCA is one, will have an additional layer of oversight by the Finance, Audit and Risk Management Committee of the Board of Directors of Civic Theatres Toronto. The Finance, Audit and Risk Management Committee has requested a follow-up on the financial reporting and approval processes for this capital project and reports will be forthcoming.

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SIGNATURE

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