

August 6, 2020

Mr. Chris Murray
City Manager
City of Toronto
100 Queen St. W. 11 East
Toronto, Ontario M5H 2N2

Re: Casa Loma Corporation 2019 Audited Financial Statements and Annual Report

The Casa Loma Corporation (CLC) Board of Directors is pleased to submit the 2019 Audited Financial Statements as well as comments on the 2019 achievements, current situation and future plans.

The Board was created by City Council in July, 2011 for the purpose of managing the operations of Casa Loma on an interim basis until its future ownership and management direction could be determined. In addition to the day-to-day operations, the Board was charged with evaluating future options for Casa Loma.

The Board successfully operated Casa Loma as a heritage attraction and events venue until January, 2014 when with City Council approval and following a REOI process, the Liberty Entertainment Group (LEG) assumed responsibility for site operations on the basis of a 20-year lease that was negotiated for the improvement and operation of the property. Rent payments commenced in July, 2014 and have, consistent with the terms of the lease agreement, continued throughout 2019.

In 2019, LEG demonstrated an ongoing commitment to enhancing programming at the site, building new audiences, expanding their events business and continuing marketing and public relations activities as well as investing in the property. The City completed Phase 9 of the Casa Loma Restoration, restoring the perimeter wall along Austin Terrace in front of the main castle and also along Walmer in front of the Stables, where the restored iron gate has again become a notable feature.

Phase 10 will see the restoration of the west perimeter wall from the corner of Austin Terrace, south down Walmer Road. Additional scope for Phase 10 is the restoration of the flagstone courtyard at the entrance to the castle, and the surface parking lot. That work will be completed 2020-2021 out of existing reserve funding which is normally replenished by rent from LEG.

As a result of COVID 19, LEG suspended all operations at Casa Loma in mid-March including all special events, tourist and local visitors and the restaurant. Subsequently when the Province permitted take-out and delivery, the restaurant initiated limited service and has also contributed meals for front line workers. Rent was abated for April and has been suspended since then. LEG has continued to maintain the building and pay all related costs.

The next phase of capital restoration at Casa Loma, Phase 11, will be significant work on the west garden retaining wall. Due to the uncertainty of the rental revenue in 2020 and in an effort to continue with the 10-year capital restoration plan, EDC will include the Phase 11 project with its application for federal infrastructure funding. If this grant is not awarded, Phase 11 will be suspended until rent revenues replenish the capital reserve or alternate funding is identified.

When the terms of the lease agreement for the Main Campus of Casa Loma were approved by City Council in November, 2013, the Board also directed staff to assess alternatives for the future of the North Campus of Casa Loma. Appropriate uses were identified with public consultation and then an RFP process was subsequently undertaken and LEG was selected.

Negotiations related to the North Campus are still on-going as will be the rent arrangements for 2020.

Day to day management of the ongoing programmatic and capital repair relationship with LEG continue to be the responsibility of Economic Development and Culture and the lease responsibility is part of the Corporate Real Estate Management portfolio.

Yours sincerely,

Michael H. Williams, Chair

Members of the Board

Cheryl Blackman
Andrew Flynn

Don Boyle
Josie Scioli