

**City Hall**  
100 Queen Street West  
East Tower, 4<sup>th</sup> Floor  
Toronto, Ontario M5H 2N2

**Tel:** 416-392-3551  
**Fax:** 416-392-1827  
[chris.murray@toronto.ca](mailto:chris.murray@toronto.ca)  
[www.toronto.ca](http://www.toronto.ca)

May 10, 2022

Mr. John Elvidge, City Clerk  
City Clerk's Office  
100 Queen Street West  
12<sup>th</sup> Floor, West Tower  
Toronto, ON M5H 2N2

Dear Mr. Elvidge,

**Re: Administrative Inquiry Regarding Casa Loma's North of Austin Terrace Site**

Councillor Matlow submitted an Administrative Inquiry to seek information regarding the operation of Casa Loma, specifically the North of Austin Terrace site. This letter provides a response to this request, and has been developed in collaboration with Economic Development & Culture and Corporate Real Estate Management.

**Introduction**

Casa Loma is governed through the Casa Loma Corporation, with the General Manager of the Economic Development and Culture Division (EDC) serving as Chair and EDC staff serving as CEO. EDC is responsible for the capital budget.

At Casa Loma North of Austin Terrace, neighbours have a history of engagement with the local Councillor and City of Toronto staff (who lead Casa Loma Corporation) regarding operation of Casa Loma including the work led by the tenant, Liberty Entertainment Group (LEG). Much of the engagement has been focussed on concerns such as noise (music in the garden, Halloween programming); traffic; parking on neighbourhood streets; and appearance of the yard behind the Stables related to LEG's public programs. In addition, neighbours also express concerns about EDC Capital Assets restoration projects: staging construction materials anywhere on the property; movement of construction vehicles in and around the property; related noise and dust. In consultation with the local Councillor's office, the tenant, and contractors, EDC staff (who also lead the Casa Loma Corporation) regularly responded to community concerns, including replacing the demising fence between the North Terrace and private properties, and conducting a Traffic Management and Mitigation Plan in 2019.

Most recently, neighbours have expressed opposition to a project by LEG to rebuild the greenhouse (original structure removed several years ago), and their proposal to use part

of the greenhouse as a kitchen and washroom facility, and convert the historic potting shed to a restaurant.

EDC management (who lead the Casa Loma Corporation) learned of this in August 2021, contacted LEG, and learned that grading and excavation had commenced late summer for the construction of a replacement greenhouse. The original structure, erected in the 1980s or 90s had become unstable and was removed. LEG submitted an application to Toronto Buildings (Building Permit application 20 224279 BLD) to build a replacement structure December 1, 2020, which was approved. As this was a replacement structure, they did not consult EDC or the Councillor's office.

LEG submitted a revised application (Building Permit application 21 156585 BLD), to use part of the greenhouse as a kitchen and bathroom building and convert the historic potting shed to a restaurant. This application is still outstanding, pending the outcome of community consultation.

When LEG received the approved building permit for the greenhouse, they began work, and completed the concrete foundation. They stopped work before pouring the slab, at the request of the local Councillor.

LEG has subsequently withdrawn their proposal to convert the potting shed to a restaurant.

The City with board approval will conduct an analysis towards determining a future use of the North Austin Terrace property, including the value of exercising rights the City has within the Operating Agreement to utilize an RFP process to determine the use.

Please find below responses to each of the questions submitted.

**1. What guidance, instruction, or communication with respect to uses of the North of Austin Terrace did staff provide to Liberty Entertainment group from 2020-2022?**

In response to concerns raised by neighbours backing on to the Stables, North of Austin Terrace prior to the COVID-19 shut down, Capital Assets staff advised LEG to clean up the west yard, relocate the compost heap, and take steps to mitigate sound and light from the Stables building.

From 2020 – 2022, with respect to new uses of the North of Austin Terrace, Casa Loma Corporation board advised LEG that Lease Agreement and an Operating Agreement each obligate the Tenant to operate the premises in a manner that is consistent with zoning by-laws (OR – Open Space, Recreation), and that changes to the proposed use of the North Austin Terrace site require EDC and Casa Loma Corporation board consent, in addition to Toronto Buildings. LEG submitted Building Permit application 21 156585 BLD with the understanding that EDC and board consent was required.

Note that Casa Loma was closed due to Provincial order for museums and restaurants during much of 2020 and 2021. As with much of the tourism and hospitality industry, financial impacts were devastating, both for LEG and their staff. As restrictions were loosened and then tightened again, LEG found themselves investing in seasonal programs

for re-opening that were ultimately stillborn as regulations changed, adding to their financial losses.

EDC and the board have not provided formal consent for the Tenant's proposed use, opting to conduct further public and internal consultation in advance of any further consideration of the Tenant's proposal.

**2. What advice or information was staff relying on when they told the local Councillor and, subsequently, local residents that the lease allowed for a restaurant in the North of Austin Terrace site?**

As requested, the staff referenced the Lease Agreement and Operating Agreement ("the Agreements") between the City and Tenant, which on a day-to-day basis is managed by the Casa Loma Corporation Board. The Agreements include terms and conditions that specify the use of the North Austin Terrace site and process to undertake a change of the use.

The review of the agreements was completed by City Real Estate staff within the context of a request to assess the Tenant's ability to use the site in the manner proposed (a restaurant) and the Board and City's authority to approve or decline the proposed use.

For clarity, staff who lead the Casa Loma Corporation did not communicate that the lease allowed for a restaurant. Instead, staff clarified the conditions under which it would be permissible for the site to be used as a restaurant.

Pursuant to the review of the Agreements, staff who lead the Casa Loma Corporation reported that:

- The Agreements obligate the Tenant to operate the premises in a manner that is consistent with:
  - zoning by-laws (OR – Open Space, Recreation); and
  - the proposed use as expressed in their original RFP submission.
- The Tenant's original RFP submission did not include a proposal to use the North Austin Terrace site as a restaurant. As such, the proposal to use as a restaurant would qualify as a "change" in use.
- Changes to the proposed use of the North Austin Terrace site require EDC and board consent. The Operating Agreement details the specific process by which a change is to be requested. The Operating Agreement further includes rights for the City to refuse any proposal.
- The City has not provided formal consent for the Tenant's proposed use, opting to conduct further public and internal consultation in advance of any further consideration of the Tenant's proposal.

**3. Can the minutes and any associated materials including, but not limited to, presentations, handouts, and proposals from the Casa Loma Corporation Boards September 28 meeting regarding the item "North Campus Lease negotiations" be made public in the response from the City Manager?**

The Casa Loma Corporation Board's September 28, 2021 meeting minutes are attached. There was an in-camera session, which minutes cannot be released without a motion being ratified by the Casa Loma Corporation board.

**4. Has a Request for Expressions of Interest regarding the future of the North of Austin Terrace been issued?**

Following public consultation on February 26, 2015, the Casa Loma Corporation released an RFP in April 2015, closing June 30, 2015: "Request for Proposal to Lease the Casa Loma North Precinct Land and Buildings". The Casa Loma Corporation had earlier secured the services of HLT Advisor Inc. to manage the RFP, and an AODA Fairness Consultant to support the project.

**5. Has the tenant fulfilled their obligation to hold annual public meetings?**

The Operating Agreement requires the Tenant to conduct at least one (1) public consultation per year in order to permit public feedback on Casa Loma operations. This meeting has not been scheduled since the onset of the pandemic, although there have been four meetings to discuss neighbourhood concerns about the greenhouse construction.

Prior to the 2018 election, when Joe Mihevc was Councillor of Ward 21, open public meetings were scheduled where the community was invited to discuss Casa Loma operations. These meetings were held on an annual basis, with quarterly updates often provided. Liberty Entertainment Group hosted a meeting with newly-elected Ward 12 Councillor Matlow at Spadina Museum, in January 2019.

The Interim General Manager, Economic Development and Culture (who is also Chair of the Casa Loma Corporation Board) has recommended bi-annual meetings with tenant, local Councillor and residents.

**6. Has the tenant made the agreed-upon \$7.2 million capital upgrade investment?**

Between 2014 and 2017 Liberty Entertainment Group invested \$11,863,504.21 in capital improvements in Casa Loma and reported in detail to former EDC General Manager (retired). Capital investment value increased from estimates made at the time the lease was signed, accounting for the increase from \$7.0 million to \$11,863,504.21 million invested.

**7. What rent (base + percentage, if applicable) has the tenant paid the City in each year since assuming operating control of Casa Loma, including participation rents from museum admission and the restaurant?**

Year	Lease Received	Comments
2014	\$709,147.00	Rent payments from Liberty started July 2014 with commencement of lease: <a href="https://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-80047.pdf">https://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-80047.pdf</a>
2015	\$1,500,000.00	
2016	\$1,800,000.00	
2017	\$1,850,000.00	
2018	\$1,900,000.00	
2019	\$1,950,000.00	
2020	\$500,000.00	Received only 25% of lease amount - LEG only operated 3/12 months during the year due to COVID-19
2021	\$1,030,000.00	Received only 50% of lease amount - LEG only operated 6/12 months during the year due to COVID-19

Sincerely,



Chris Murray  
City Manager

cc:

Paul Johnson, Deputy City Manager, Community and Social Services  
Josie Scioli, Deputy City Manager, Corporate Services

**MINUTES**  
**MEETING OF THE BOARD OF DIRECTORS**  
**CASA LOMA CORPORATION**  
**Virtual Meeting via Cisco WebEx**  
**Tuesday September 28, 2021 – 3:00 pm**

The Board of Directors of Casa Loma Corporation met virtually on September 28, 2021.

**PRESENT:** Cheryl Blackman/Chair/Acting General Manager/EDC - City  
Josie Scioli, Deputy City Manager, Corporate Services  
Jo Ann Pynn, Acting Director/Museums & Heritage Services - City

**ATTENDING:** Loma Hecker/Secretary/ Administrative Assistant – City  
Jay Paleja, City Manager's Office/City  
Graham Leah/Director Property Management/ Corporate Services

Loma Hecker acted as Secretary to the meeting. Cheryl Blackman called the meeting to order at TIME 3:05 pm.

1. **MINUTES OF PREVIOUS MEETING**

On motion duly made by Cheryl Blackman, Josie Scioli **SECONDED** and **CARRIED**, it was **RESOLVED** that the Minutes of the Board of Directors of Casa Loma Corporation held on June 2, 2021 be **VERIFIED**, in the form distributed to the Members.

2. **MOTION TO GO IN CAMERA**

On motion duly made by Cheryl Blackman, Josie Scioli **SECONDED** and **CARRIED**, that the board go in Camera to discuss items 3 & 4 regarding confidential matters.

3. **COPORATE RENT PAYMENTS**

4. **FIRE LIFE SAFETY UPDATE**

5. **MOTION TO GO OUT OF CAMERA**

On motion duly made by, Jo Ann Pynn, Josie Scioli **SECONDED** and **CARRIED** that the Board directed staff to implement the decision on items 2 & 3 made in camera.

6. **NORTH CAMPUS GREENHOUSE CONSTRUCTION**

An update was given to the board to replace the greenhouse that was proposed to be replaced pre-covid. Working closely with Councillor's office, Liberty Entertainment Group & the community neighbours.

7. **LEGENDS OF HORROR UPDATE**

An update was given to the board as the show was cancelled last year and community neighbours have been previously cautious due to noise. Limited capacity, social distancing and masks required. QR code check in. Sales are close to the 2019 numbers.

8. **NEXT MEETING DATE**

The next board meeting will take place on December 7, 2021 via Cisco WebEx.

9. **ADJOURNMENT**

On motion duly made by Josie Scioli, Jo Ann Pynn **SECONDED** and **CARRIED** that the meeting be adjourned at 3:39 pm.

(Copies of the communications, reports and other documents referred to in the minutes of this meeting have been distributed to the members and copies thereof inserted as schedules to the official minutes of the proceedings of this meeting of the Board.)

Loma Hecker  
Corporate Secretary

**Cheryl Blackman**  
Chair

**VERIFIED** at a meeting of the Board of Directors of Casa Loma Corporation held on the \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Chair

DRAFT