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## **2004 BUDGET BRIEFING NOTE – TCA Shutdown**

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### **Issue/Background:**

To provide an update on the estimated subsidy required to maintain the Toronto Centre for the Arts in a shutdown or dormant state as requested by the Budget Advisory Committee at its meeting of January 20, 2004. This would include minimizing costs such that a producer seeking to rent the facility would incur both facility start up and operating costs.

### **Key Point(s):**

Staff from the Toronto Centre for the Arts have updated costs and associated subsidy required from the City resulting from reducing operations at the facility to a dormant state.

The annual net subsidy required for the dormant scenario is \$1.244 million and is summarized in the table below.

<b>Activity</b>	<b>Net Cost (\$millions)</b>
Physical Plant Operations	0.723
Office Support	0.463
Cleaning and Maintenance	0.058
<b>TOTAL ANNUAL DORMANT SUBSIDY</b>	<b>\$1.244</b>
<b>Net 2004 Recommended</b>	<b>\$1.748</b>

Please note that one-time costs have not been included for items such as potential legal action from long term rental customers, staff severance packages (approximately 13 full time staff positions would be affected with base annual salary of \$0.660 million) and the annual income loss of approximately \$0.175 million in CIF (Capital Improvement Fund) ticket surcharges.

### **Physical plant: annual costs of \$0.723 million**

The physical plant would require on-going maintenance, routine inspections and mandatory certifications. The costs included in this analysis assume that MOCCA has been relocated, thereby eliminating the need to maintain art storage spaces at exactly 21C and 50% relative humidity. The facility would be maintained within certain temperature and humidity levels to prevent deterioration of the facility.

Included in the physical plant costs of \$0.723 million are: the provision for an on-site operations manager and one general purpose labourer (\$0.114 million salary and benefits); utilities; mechanical maintenance inspections by specialized personnel; closed water loop chemical analysis and administration; daily mechanical supervision and maintenance; remote monitoring of building systems; certifications of fire alarm, sprinkler system; elevating devices; backflow preventers and pressure vessels; vibration analysis; infra red scanning of electrical panels; operational supervision, security, seasonal shutdown and switchovers of heating and cooling systems; and allowances for unexpected failures and replacement parts.

**Office Support: \$0.463 million**

Costs associated with office support total \$0.276 million and include: year-end financial statement preparation, legal fees, insurance fees, advertising and general office expenses including phone and fax.

Staffing costs of \$0.187 million include the provision for an executive manager, and one support staff member. Tasks performed include facilitating any transactions relating to the sale or lease of the facility, managing potential lawsuits, and financial functions including accounts payable, budget and assisting in the preparation of year-end statements.

**Cleaning and Maintenance: \$0.058 million**

General house keeping services are included in the shutdown estimate to ensure that any future sale, lease or management opportunities are not further impacted by the vacancy of the building and include: reduced level of snow removal and landscaping; general cleaning of the facility; window cleaning; pest control; janitorial supplies; and a small allowance for general upkeep.

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**Date: February 17, 2004.**