

Arts, Culture and Events Venues Business Line

The Arts, Culture and Events Venues Business Line consists of the City's three controlled corporations which are the Remai Modern, SaskTel Centre and TCU Place.

Expenditure Overview

The overall 2023 Budget for the Arts, Culture and Events Venues Business Line includes only the City of Saskatoon's contribution to TCU Place, SaskTel Centre and Remai Modern and is projected to incur \$9.7 million in expenditures.

Gross Expenses	2023 Op. Exp. (in millions)
Remai Modern Art Gallery	\$7.3
SaskTel Centre	\$0.6
TCU Place	\$1.8
Arts, Culture and Events Business Line	\$9.7

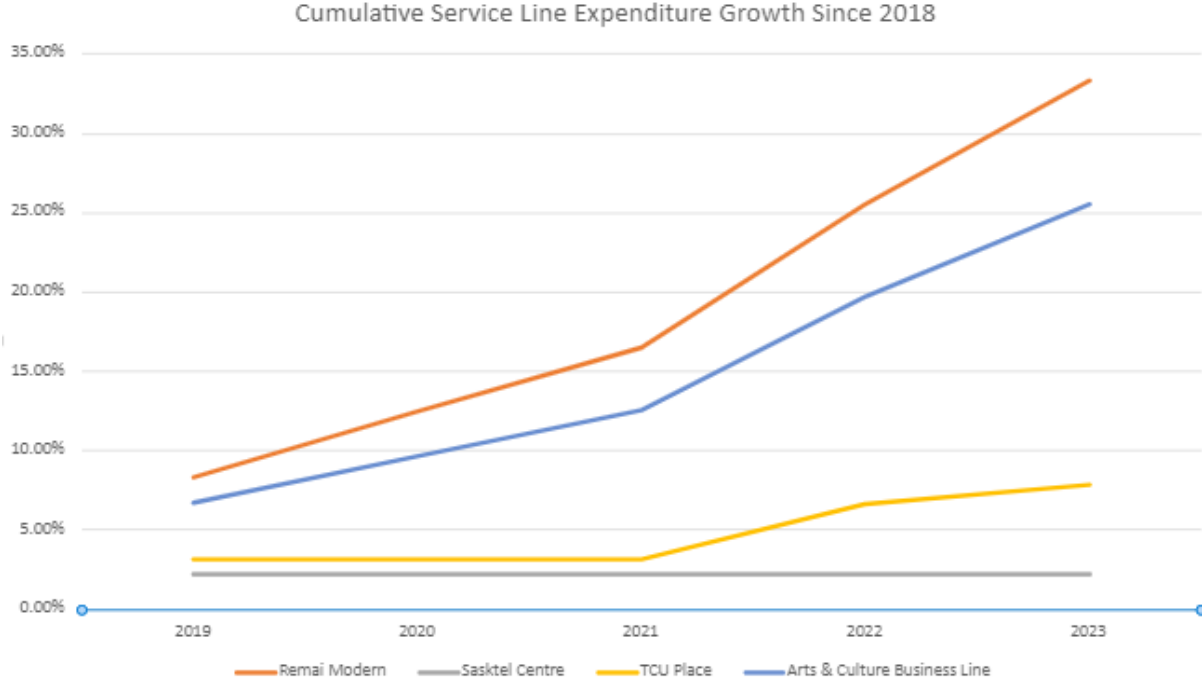
Another way to look at this information is by Budget Category. As seen below most of the expenditures are split between Contracted & General Services and Donations, Grants & Subsidies, with the remaining breakdown being attributable to cost recoveries and finance charges.

Budget Category	2023 Budget (in millions)	% of Overall Expenses
Contracted & General Services	\$4.9	50.8%
Donations, Grants & Subsidies	\$5.0	51.3%
Cost Recoveries	\$(0.4)	-4.0%
Finance Charges	\$0.2	1.9%
Transportation Business Line	\$9.7	100%

A couple of additional key observations are:

- Contracted and General Services are for Civic Buildings and Comprehensive Maintenance (CBCM) contributions, utility and risk management (insurance) expenditures.
- The Donations, Grants & Subsidies includes a \$4.5 million operating subsidy to the Remai Modern and \$500,000 to TCU Place.
- The cost recovery amount of \$385,000 is for the Sasktel Centre's contribution towards CBCM and is based on a minimum contribution of \$300,000 plus a percentage of any operating surplus achieved.
- The financing charges will be reallocated to other City funding plans in the 2024/2025 budget as the loan payments are completed.

Overall, since 2018, the expenditures in the Arts, Cultures and Events Venues Business Line have grown by 25.50% over the past 5 years or an average of 5.10% per year. A graphical overview of each service lines expenditure growth can be seen below:



- Remai Modern saw the largest expenditure growth in the last 5 years of 33.32% from \$5.5 million annual expenditure in 2018 to \$7.3 million in 2023 or an average of 6% per year.
 - The Remai Modern building was opened in October 2017. Since 2018 an increase was phased-in to the budget for the required CBCM contribution for future facility maintenance which went from \$109,000 contribution in 2018 to \$944,000 in 2023. This increase is included in the \$7.3 million annual civic allocation to the Gallery and is not related to building operations or operations of the gallery.
 - The subsidy paid to Remai Modern increased from \$4.0 million in 2018 to \$4.5 million in 2023. The City’s contribution covers approximately 40% of Remai Modern operating expenditures, with the remaining 60% funded by Gallery-generated revenue such as donations and fundraising.

Service Level Overview

This Business Line relates to the City's contribution to each of the Controlled Corporation’s budgets who set their own service levels.

Pandemic Challenges

Although the pandemic significantly impacted the actual operating revenues of TCU Place, SaskTel Centre and Remai Modern, the operating revenue and corresponding expenditures are not included in the City's general budgets. Instead, expenditures for CBCM for the City owned buildings, risk management, utilities or subsidies flow through these service lines. The pandemic impact within the SaskTel Centre service line is experienced through the contribution received from SaskTel Centre for the CBCM contribution. The CBCM contribution is based upon a base amount plus a percentage of net earnings and with the decrease in revenues at SaskTel Centre over the last couple years due to the pandemic, the City has only received the base amount resulting in a shortage compared to budget.

2024/2025 Pressures

While the Administration is still in the process of quantifying the exact pressures that this Business Line is expected to experience in 2024 and 2025, some of the known pressures today include:

- It is expected that the actual CBCM contribution from SaskTel Centre may continue to be short of the \$385,000 budget based on current revenue trends.
- It is estimated that increases to the CBCM contribution for the Remai will be required. The CBCM contribution has been phased-in for multiple years to reach a targeted annual reserve. The 2024 phase-in of \$41,000 will bring the annual contribution to approximately \$985,000.
- Requests for inflationary increases to Remai Modern's operating subsidy are expected to be 3% in 2024 (\$134,000) and 2.5% (\$115,000) in 2025. This increased investment will support the organization in maintaining staffing levels and programming outputs. Current investments are seeing increasing social and economic impacts that must continue to be invested in to ensure stability and improve outcomes. The operating subsidy is complemented by a combination of self-generated revenue as well as grants funding and private philanthropy which are primarily designated for artistic and community projects.

Potential Options:

As outlined in the report, most of the expenditures in this Business Line relate to subsidies provided to TCU Place and the Remai Modern. If Committee wishes to investigate possible changes that impact its three Controlled Corporations, the Administration could be directed to work with the respective Administrations on options to bring forward. As such only one option is being provided at this point since it mainly impacts the City and its ability to maintain the Facilities.

Option 1 - Reduce or stop the phase-in of the CBCM contribution for the Remai Modern

The CBCM contribution has been phased-in over multiple years with 2022 and 2023 increasing by approximately \$167,000 each year to bring the total annual reserve

contribution to \$944,000. The target for the annual reserve contribution is \$985,000 to get the contribution to 2023 values therefore the proposed phase-in increase for the CBCM contribution will be \$41,000 for the 2024 budget. City Council could choose to hold the CBCM contribution to the existing level with no increases in 2024/2025. This may have an impact on the reserves ability to perform the required preventative maintenance on City facilities resulting in a service level decline over the long term.