



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Date: January 15, 2005  
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RTS No.: 4826  
CC File No.: 2005  
Meeting Date: March 17, 2005

**TO:** Standing Committee on Planning and Environment

**FROM:** Managing Director, Cultural Services

**SUBJECT:** Capital Allocation to City-owned Cultural Facility:  
Vancouver East Cultural Centre

#### RECOMMENDATION

- A. THAT Council support the capital expansion project for the City-owned buildings leased to the Vancouver East Cultural Centre at 1885-1895 Venables Street as outlined in this report.
- B. THAT Council endorse the Vancouver East Cultural Centre Society's application to the Canada B.C. Infrastructure Works Program, noting that such endorsement does not commit the City to funding the local share of capital costs or any increased operating costs.
- C. THAT Council approve a "challenge" capital grant in the amount of \$750,000 to the Vancouver East Cultural Centre to be applied to Phase 1 of its capital expansion project as outlined in this report, the grant to be subject to the Society securing the balance of funds necessary to complete the project to the satisfaction of the Directors, Office of Cultural Affairs and Facilities Design and Development; source of funds to be in advance of the 2005 City-owned Social Services and Cultural Facilities capital budget.
- D. THAT Council indicate support for a further capital grant of \$1.75 million to the Vancouver East Cultural Centre for Phases 2 (\$750,000) and 3 (\$1.0 million) of its capital expansion project as outlined in this report, with any such subsequent funding to be considered after a detailed report to Council on the appropriate funding sources and confirmation that the Society has secured the funds necessary to complete each

phase of the project to the satisfaction of the Directors, Office of Cultural Affairs and Facilities Design and Development.

- E. THAT Council approve a modification of the lease terms approved by Council September 11, 2003 regarding the proposed agreement between the City and The Vancouver East Cultural Centre by modifying the term from five years renewable for two further five-year terms to ten years with two further ten-year terms, and on such other terms and conditions to the satisfaction of the Directors of Legal Services, Real Estate and Cultural Affairs.

### **CITY MANAGER'S COMMENTS**

The City Manager notes that the re-development of this City-owned facility will provide much improved service to the community but requires a significant capital investment by the City including \$750,000 through the 2003-2005 Capital Plan, and the potential for future contributions over the next two Capital Plans if it is to be completed in the three phases proposed. It is also noted that this project has not been subject to review as part of the City's capital expenditure planning process so its priority has not been established. However, as the recommendations make no commitment of City funding beyond the Phase 1 grant request, the City Manager recommends approval of A through E, noting that the balance of the funding will be referred to the 2006-2008 Capital Planning process.

### **COUNCIL POLICY**

Council approves new capital projects, including grants through the capital grant process.

Recommendation C proposes a grant to the Vancouver East Cultural Centre Society and requires eight affirmative votes of Council. Recommendation D seeks an indication of Council support for Phase 2 and 3 of the project but no specific funding and may be approved by simple majority.

### **PURPOSE**

This report seeks Council approval of a capital grant to the Vancouver East Cultural Centre Society for Phase 1 capital improvements to the City-owned buildings at 1885-1895 Venables Street, seeks Council support for a further City contribution to the future phases of the revitalization project as well as Council's endorsement of the Vancouver East Culture Centre's application to the Canada B.C. Infrastructure Program. In addition, the report seeks to extend the term of the Operating Lease Agreement between the City and the Vancouver East Cultural Centre Society to facilitate their ability to raise capital funds.

### **BACKGROUND**

The Vancouver East Cultural Centre (VECC) was originally built as the Grandview Methodist Church in 1909 and functioned as a church until 1967. The 384-seat VECC has been operating as a cultural centre in this City-owned site since 1973, hosting over 7,500 performances and welcoming 1.5 million visitors.

Neighbourhood based, but City-wide in scope and reach, the VECC has over the past 30 years hosted an extraordinary array of artists. Today, the VECC is an important presenter, producer and catalyst for artistic development in the City. The VECC's Residency Program enables local arts companies to have a supportive home from which to develop a strong audience base and identity in the community.

After 100 years, the buildings are showing their age. Major renovations are required - not only to upgrade the buildings, but to develop and expand the facility to accommodate the increasing and changing needs of the community for improved audience facilities, backstage facilities and affordable, accessible rehearsal, office and studio performance space.

To address these concerns, the VECC completed a facilities master planning process in January 2003. Under the guidance of a Board-lead Building Committee, the planning process confirmed a new long-range vision in consultation with the community and user groups. This new vision calls for a facility with:

- expanded and more accessible public areas,
- a new state-of-the art studio theatre,
- new exhibition space,
- new rehearsal and office facilities for resident companies,
- new workshops,
- expanded backstage facilities,
- upgraded main stage theatre.

Structurally, the objective is to rehabilitate the exterior and retain and rehabilitate significant interior elements of the existing building. The specific heritage elements to be designed include the balcony guard rail, the curved wooden stair to the balcony and the colonnaded balcony structure. Proposed new construction will be a western extension that will replicate the massing of the existing Green House and addition of a new administration/ rehearsal wing to the east.

The main theatre will reduce its capacity to 300 seats and the front of house will be relocated to the west bringing the patrons into the theatre in a logical sequence and freeing up the backstage areas for stage support functions. The Green House will be replaced with an 80-seat studio theatre which will share the front of house facilities. The proposed addition to the east (on the existing gravel parking lot) will accommodate a larger stage area, new back stage facilities, green room, rehearsal and administration functions.

Because the building was a non-conforming use in a residential neighbourhood, the proposed expansion plans required a rezoning. On September 14th Council referred the application to public hearing and on October 21, 2004 the application was approved.

The restoration and expansion plans will be undertaken in three phases as follows:

- |  |         |
|--|---------|
| • Phase One - New Office and Rehearsal Facility      | 2005-6  |
| • Phase Two - Studio Theatre, Gallery & Foyer        | 2007-8  |
| • Phase Three - Upgrade of Existing Theatre Building | 2009-10 |

A plan of the proposed phased renovation is attached as Appendix A.

**DISCUSSION**

The projected capital costs for this project are:

Phase 1	Admin/Rehearsal Facility	\$5.25 million
Phase 2	Studio Theatre	\$4.75 million
Phase 3	Renovation of existing theatres	\$2.00 million
	<u>Operating Endowment</u>	<u>\$1.50 million</u>
Total:		\$13.5 million

Detailed construction cost estimates were prepared by an independent quantity surveyor, are based on July 2004 costs adjusted to reflect escalation to the respective future start date of each phase of work. Staff note that further cost escalation beyond that projected will require additional fund raising or budget reductions in order to complete the program as outlined.

The proposed revenue sources and timing for this project as proposed are as follows:

(\$ millions)	Phase 1	Phase 2	Phase 3	Endowment	Total
<b>Private Sector Campaign</b>					
Van City (confirmed)	\$ 1.00	\$ -	\$ -	\$ -	\$ 1.00
Balance	\$ 1.50	\$ 2.00	\$ 1.00	\$ 1.50	\$ 6.00
Subtotal:	\$ 2.50	\$ 2.00	\$ 1.00	\$ 1.50	\$ 7.00
<b>Public Campaign</b>					
Federal	\$ 1.50	\$ 1.00	\$ -	\$ -	\$ 2.50
Provincial	\$ 0.50	\$ 1.00	\$ -	\$ -	\$ 1.50
City of Vancouver	\$ 0.75	\$ 0.75	\$ 1.00	\$ -	\$ 2.50
Subtotal:	\$ 2.75	\$ 2.75	\$ 1.00	\$ -	\$ 6.50
Total:	\$ 5.25	\$ 4.75	\$ 2.00	\$ 1.50	\$ 13.50

The proposed fund raising plan is ambitious. However, by breaking the project into four phases – three construction phases plus an endowment, both private and public donors will have the opportunity to pledge support over time and see tangible results as each phase of work is completed.

The project has secured its first major gift – the VanCity Award of \$1 million. Besides being a much needed capital contribution to Phase 1 of the project, the contribution will act as a catalyst for the capital campaign. The award, voted on by VanCity members, reflects the strong community support for the Vancouver East Cultural Centre.

The VECC is seeking funding from all levels of government and proposes that the Federal, Provincial and City governments each fund \$2,500,000 towards the capital cost of the project. This is a significant level of support given the City's financial resources. However, staff note the proposed City's contribution of \$2.5 million may be a factor in leveraging a further \$11.25 million in private and public investment in this City-owned building.

In order to provide incentive to potential donors, and to ensure that each phase of the project is completed, staff are recommending that should Council approve a capital grant, that the grant be conditional on the Vancouver East Cultural Centre Society securing the balance of all necessary funds prior to the release of the City funds. "Challenge" or "matching" grants can be a useful tool in leveraging public and private sector support.

Finally, the Vancouver East Cultural Centre, like the Firehall Arts Centre provides much needed facilities for the cultural community. Staff believe that the re-investment in these neighbourhood cultural facilities will ensure continued opportunities for new audiences and artist for the next thirty years.

### ***Phasing and Operations***

Phasing enables the VECC to raise funds in smaller components and maintain its operations throughout the capital project, although with some considerable disruption. The project has been phased to minimize disruption to the resident companies. Phase 1 will provide replacement office and rehearsal facilities for those currently operating from the "green house". Phase 2, the creation of the new Studio Theater will have minimal impact on the existing tenants or theater operations. Phase 3, the renovation to the existing theatre will require the theatre to be closed for some time although the Studio Theatre, created in phase 2, will be completed and operational.

### ***Infrastructure Application***

The Vancouver East Cultural Centre is proposing to make an application to the Federal and Provincial governments through the Canada B.C. Infrastructure Works Program. All community-initiated applications to the Canada B.C. Infrastructure Program must be endorsed and prioritized by the municipal government and VECC is requesting Council to endorse its application. Staff note that in the past Infrastructure grants have been limited in British Columbia to \$1 million from each of the federal and provincial governments. The VECC is seeking \$2.5 million from each and will need to work with both senior levels of government to secure sufficient funding to complete each phase of their project.

Staff recommend that the VECC's application be submitted to the Canada B.C. Infrastructure Program, subject to prioritization within the City and community-initiated projects already submitted. Staff will report to Council on the City's priority list as part of the planning process for the 2006-2008 Capital Plan. Subject to Council approval, staff will include VECC's application in the list as one of the community-initiated applications.

### ***Operating Lease Agreement***

Staff are currently negotiating a new Operating Lease Agreement with the VECC on the terms and conditions approved by Council in 2003. Generally agreements between the City and non-profit tenants occupying and operating City-owned Capital Assets are approved for terms of 5 years, with two further renewable five year terms. The VECC believes that this will limit the amount and extent of capital dollars from other sources and have asked the City to consider a 10 year term with two further ten year renewals. The proposed term while significantly longer than the norm, would still provide certain remedies in favour of the City based on an annual review of services and programs. Staff therefore recommend that Council approve a term of 10 years, with two further 10-year terms, with all other terms and conditions as approved by Council September 11, 2003, and on such other terms and conditions to the satisfaction of the Directors of Legal Services, Real Estate and Cultural Affairs.

## **FINANCIAL IMPLICATIONS**

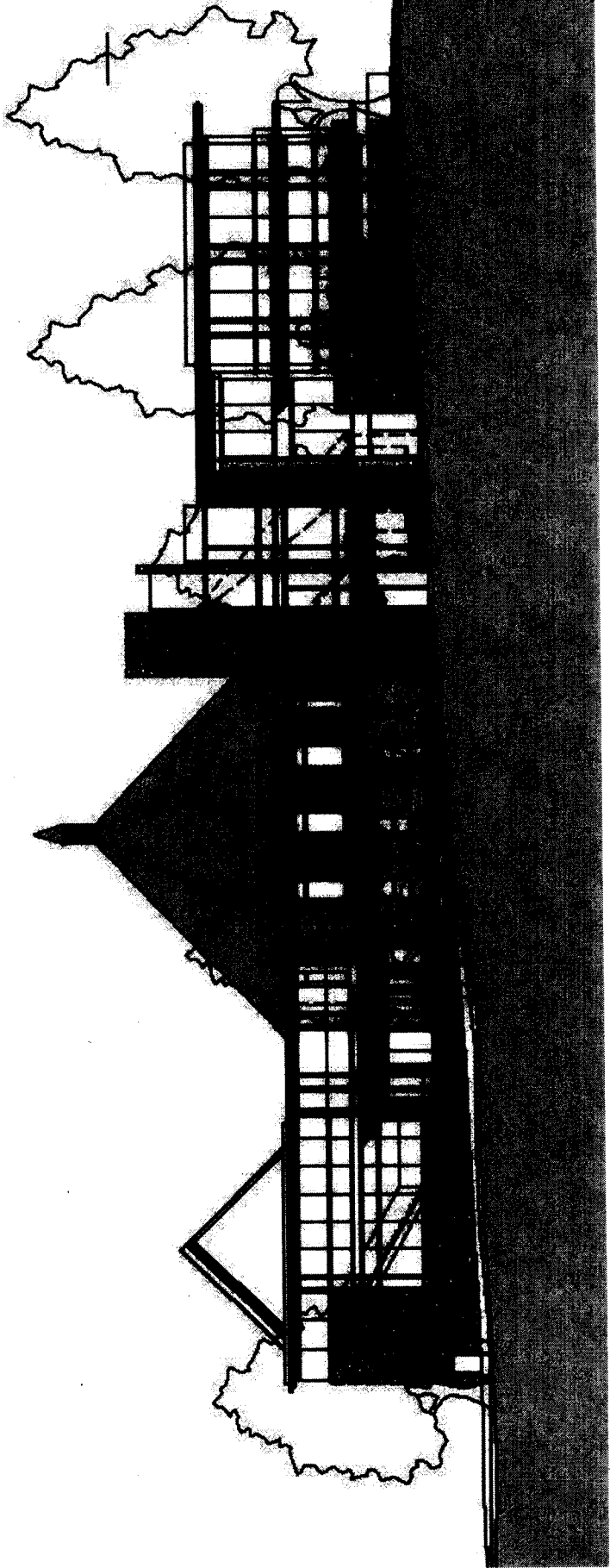
The 2003-2005 Capital Plan included an allocation of \$1,750,000 for City-owned Social Service, Childcare and Cultural facilities. \$740,000 has been allocated to date. The proposed \$750,000 allocation in this report will leave \$260,000 available for specific projects in 2005, with a proposed allocation to the City's collections storage improvements and childcare facility development and renovations. Approval of this allocation in advance of the 2005 Capital Budget will mean a commitment to provide these funds as part of that budget.

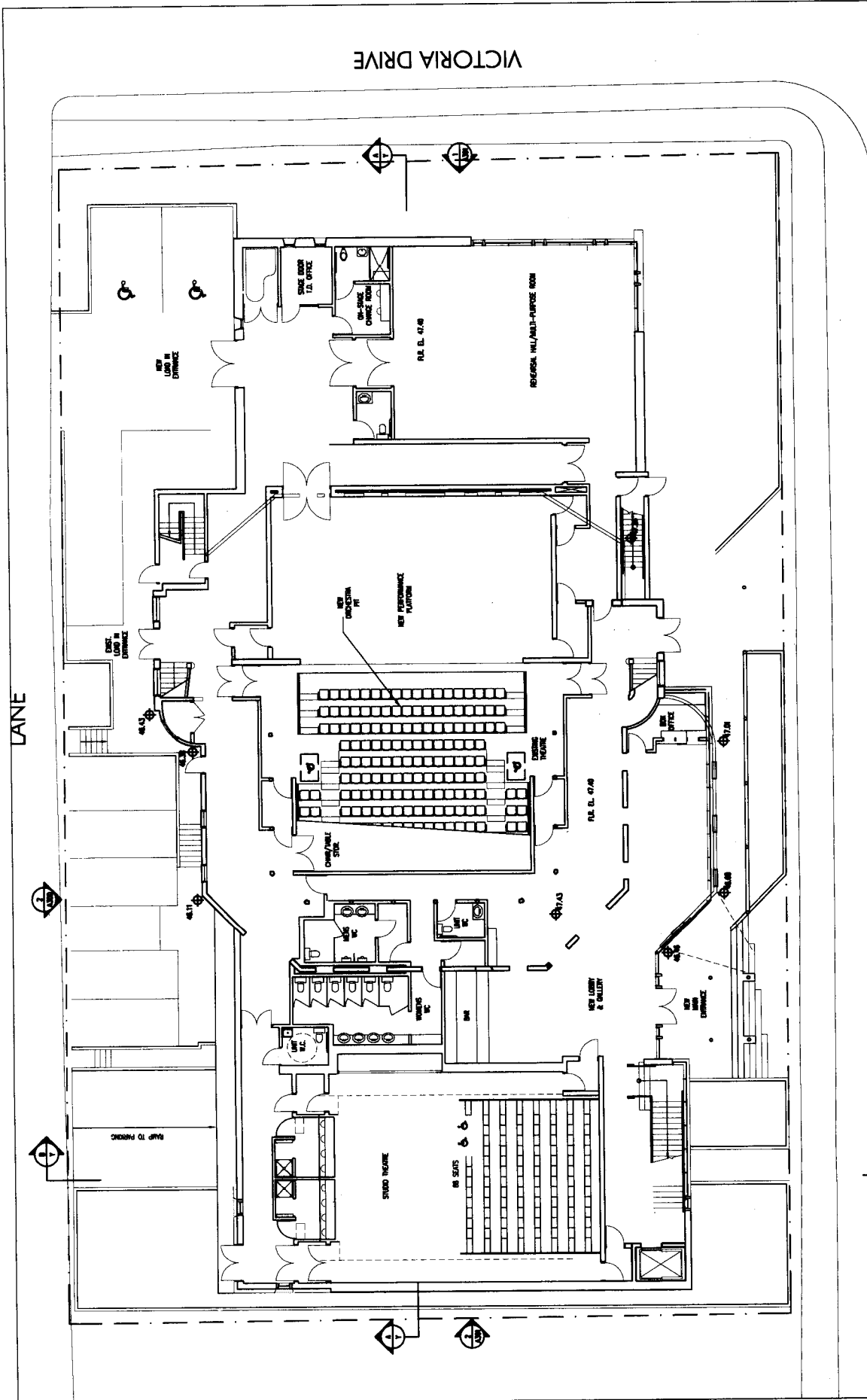
Staff propose that the balance of the project, Phases 2 and 3, be subject to future reports once the VECC has secured the balance of the funds necessary to complete the project. Requests for future funding will be considered as part of the planning process for the 2006-2008 Capital Plan, and should funds be included in the 2006-2008 Capital Plan, staff will report back with specific funding requests for Phases 2 and 3 when the balance of the funding for these phases is confirmed.

## **CONCLUSION**

This project is an important and valuable city-owned asset which will make a significant contribution to the local and City wide community. Re-investment in these buildings will ensure that it can continue to serve as an important centre for the cultural community providing much needed performance, rehearsal and administrative facilities for the City.

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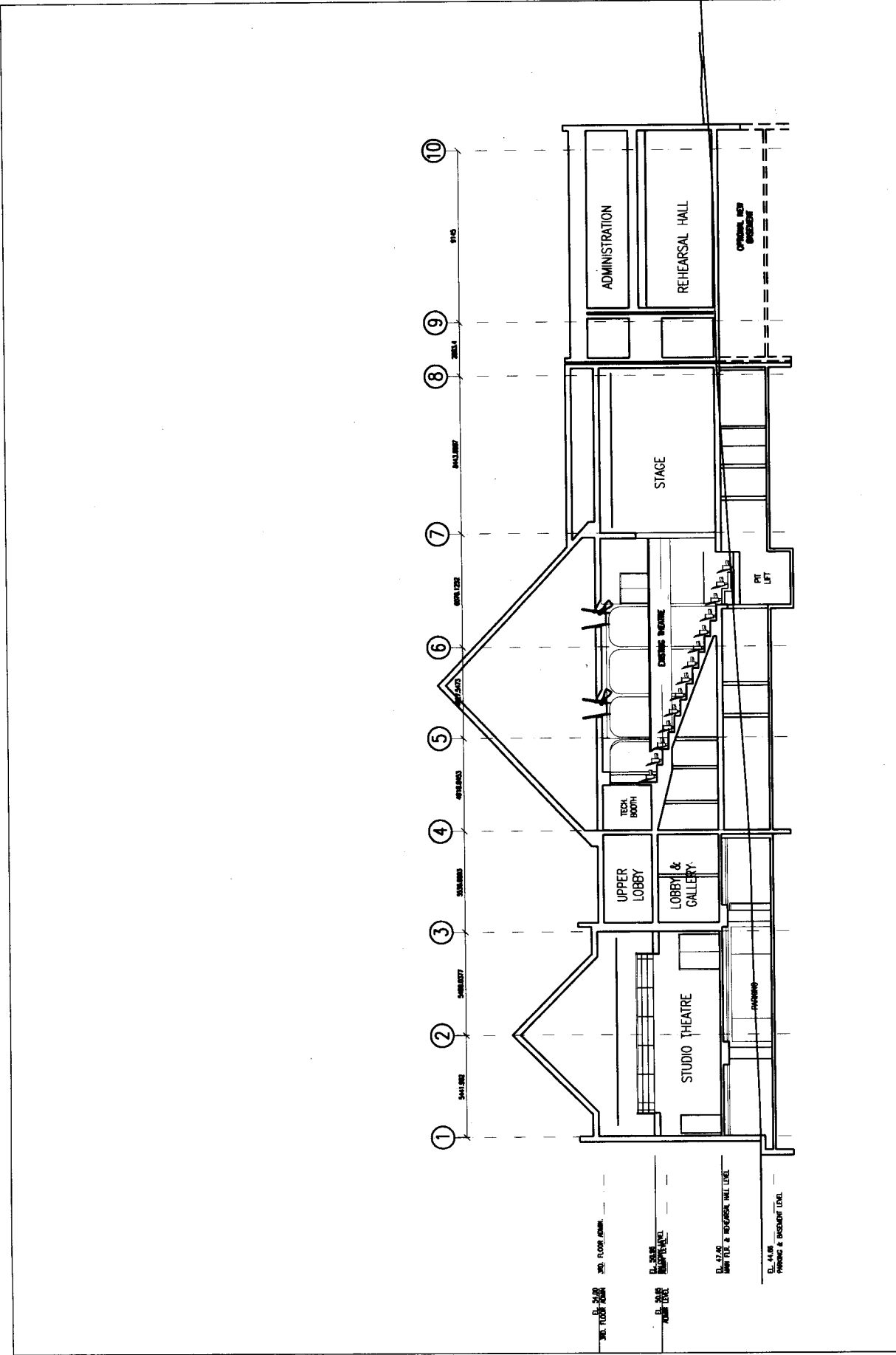




VENABLES STREET

<b>PROSCENIUM</b> ARCHITECTURE + INTERIORS INC.		<b>PROJECT:</b> VANCOUVER EAST CULTURAL CENTRE		<b>DRAWING TITLE:</b> GROUND FLOOR PLAN	
1 WEST 7TH AVENUE VANCOUVER BC V5Y 1L4 CANADA WWW.PROSCENIUM.CA		P 604.879.0118 F 604.879.1488 WWW.PROSCENIUM.CA		CHECKED: _____ DRAWN: _____ DWG. NO.: <b>A201</b>	
CAD FILE:		REVISION NO.:		DATE: _____ FEBRUARY 2005	
REV. DESCRIPTIONS		BY DATE		SCALE: _____ NTS	





<b>PROSCENIUM</b> ARCHITECTURE + INTERIORS INC. 1 WEST 7TH AVENUE VANCOUVER BC V6Y 1L4 CANADA P804.878.0118 F804.878.1486 WWW.PROSCENIUM.CA		PROJECT: <b>VANCOUVER EAST CULTURAL CENTRE</b> PROJECT NUMBER:		DRAWING TITLE: <b>EASTWEST SECTION</b>	
REV.	DESCRIPTIONS	BY	DATE	CHECKED:	DRAWN:
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				DATE:	SCALE:
				<b>FEBRUARY 2005</b>	<b>NTS</b>
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