



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: June 20, 2005
Author: Sue Harvey
Phone No.: 6001
RTS No.: 5279
CC File No.: 2005
Meeting Date: June 28, 2005

TO: Vancouver City Council

FROM: Managing Director, Cultural Services

SUBJECT: Capital Grant to the Coal Harbour Arts Complex and Bill Reid Foundation

RECOMMENDATIONS

- A. THAT Council endorse a co-ordinated planning approach to the redevelopment of the Queen Elizabeth Theatre Complex and the development of a new arts complex containing two performance venues and a national gallery of contemporary aboriginal art as part of a mixed-use development on the adjacent City-owned site at Dunsmuir and Georgia Street;
- B. THAT Council approve a repayable grant of up to \$125,000 to the Coal Harbour Arts Complex Society and a further repayable grant of up to \$75,000 to the Bill Reid Foundation for the development of planning and funding studies as outlined in this report; source of funds is the Coal Harbour Arts Complex Reserve;
- C. THAT Council direct staff to review and report back with development options for the City-owned site at Dunsmuir and Georgia Streets; AND
- D. THAT Council approve in principle the inclusion of the Coal Harbour Arts Complex Society and Bill Reid Foundation in the development of the City-owned land at Dunsmuir and Georgia Street, subject to the confirmation to the satisfaction of the City Manager within 9 months from the date of this report of secured capital and operating funding commitments from senior governments to complete and sustain these projects, noting that nothing

contained in these approvals commits the City to fund or make available City land in support of any projects.

CITY MANAGER'S COMMENTS

The City Manager notes that the development of the arts complex and aboriginal art gallery cluster in conjunction with the Civic Theatres redevelopment has numerous cultural benefits. However, prior to Council making any firm commitments regarding any potential City contributions - of site, capital or operating support - that both the Coal Harbour Arts Complex Society and Bill Reid Foundation first obtain firm capital and operating commitments from the senior governments. Given the many pressing needs within the arts and cultural community for capital support, the City Manager recommends that should these commitments of capital and operating funding not be secured within nine months from the date of this report, Council direct staff to review and report back with alternative cultural infrastructure proposals and therefore presents the following Recommendation as an alternative to D. Therefore, the City Manager RECOMMENDS A, B, C, D and E.

- E. THAT if the requirements of Recommendation D are not fulfilled as outlined, that the City will make alternate arrangements for the site and direct staff to report back on the allocation of the Arts Complex Reserve Funds towards alternate cultural capital projects arising from the City Creative Task Force strategic planning process.

COUNCIL POLICY

In 1990/1991 Council approved:

- the Cultural Facilities Priorities including, as the highest priority, a 1200-1500 seat lyric hall with excellent acoustics;
- the Coal Harbour Policy Statement which set the requirements for a major public facility on the site;
- the Coal Harbour Major Institution Report confirming the Arts Complex as the required public institution; and
- the Coal Harbour Official Development Plan which established the site location and program area for the Arts Complex.

In 1993 Council approved the terms of an agreement between Marathon Realty Co. and the City to secure the Arts Complex site as a condition the Phase 1A rezoning, as well as cash in the amount of \$7.5 million towards the capital costs of the Arts Complex.

In September 2003, Council released the City's interest in the Coal Harbour Arts Complex site, to the Vancouver Convention Centre Expansion Project and directed staff to work with the Arts Complex Society to review and report back on alternate site options.

PURPOSE

This report seeks Council approval for the allocation of funds to complete planning studies for the possible co-location of the Arts Complex and a proposed national gallery of contemporary

aboriginal art championed by the Bill Reid Foundation as part of a mixed-use development of the City-owned land at Dunsmuir and Georgia Streets adjacent to the Queen Elizabeth Theatre Complex.

BACKGROUND

Following extensive community consultation, a 1991 Feasibility Study, adopted by Council, identified a mid-sized lyric hall with excellent acoustics as the community's highest cultural facility priority. As part of the Burrard Landing rezoning, the City secured a site and funding of \$7.5 million towards the construction of an arts complex containing two mid-sized theatres and an outdoor performance plaza.

A non-profit society was formed with the aim to fund, construct and operate the new facility. Waiting for the development of the Coal Harbour land which would trigger the transfer of the land to the City, the new society was never able to fully engage in the necessary planning and fund raising for the Arts Complex. When development did come forward, it was for the trade and convention centre which required the use of the City site designated for the Arts Complex. In September 2003, Council released the City's interest in the Coal Harbour Arts Complex site, to the Vancouver Convention Centre project and directed staff to work with the Arts Complex Society to review and report back on alternate site options.

A comprehensive review of alternate sites was conducted by a Steering Committee comprised of Arts Complex Society and City representatives using a consistent set of criteria including site ownership and availability; site presence within the downtown; site size and ability to accommodate the full building programme including an 1800-seat lyric hall, 450-seat theatre and outdoor performance plaza as well as ancillary "back and front of house" support; acoustic and noise isolation issues; development and partnership potential; vehicular, transit and pedestrian access as well as other operational Implications.

The Steering Committee concluded that the site which best met the criteria was the City-owned site at Dunsmuir and Georgia Streets. Massing studies were commissioned by the City to determine the compatibility of the Arts Complex program with potential mixed-use office/commercial developments. While the site has several view corridor constraints, it was concluded that the site could accommodate a mix of commercial/office and cultural uses although there was little potential to create added value beyond a site for the Arts Complex through density bonusing or zoning incentives.

The Arts Complex Society has recently formed a partnership with the Bill Reid Foundation. The Bill Reid Foundation was formed in 1999 with the aim of promoting the works of the late Haida artist, Bill Reid, and more recently have expanded their mandate to include the creation of a permanent national gallery of contemporary aboriginal art.

Both societies claim that there are benefits from a shared facility and are seeking the City's assistance to develop plans for the City-owned site at Dunsmuir and Georgia Streets based on this shared model.

DISCUSSION

The redevelopment of the Queen Elizabeth Theatre complex remains a high priority for the City as home to the City's "Prime Performers" and as a flagship cultural venue for the

Olympic Arts Festival. Detailed plans have been completed for the development of the Queen Elizabeth Theatre including the Georgia Street Plaza.

There now appears to be an opportunity to develop a cultural cluster around Queen Elizabeth Theatre complex with the proposal to co-locate the arts complex and an art gallery of contemporary aboriginal art. This clustering, including the Vancouver Public Library, the CBC as well as the nearby SFU School for Contemporary Arts in Woodward's, could support a dynamic arts and cultural hub in the City.

Much work has been done on the Civic Theatres plans and the project is ready to proceed pending funding. However, much more detailed planning is required to determine the viability of the proposed arts complex and art gallery. The arts complex has a detailed building program which has been periodically updated over the years but no detailed fund raising feasibility or business/operating plans have been completed. The art gallery has secured funds from other funders and is seeking City funds to create a building program. They will also need to complete detailed fund raising feasibility and business/operating plans. Study is also required to determine the synergies and opportunities which may arise from the co-location of the proposed arts complex and art gallery beside the QET Complex. The three proponents have met and agreed to work collaboratively on these studies.

To that end, both the Arts Complex and Bill Reid Society have submitted funding requests to the City for the development of detailed planning studies. Staff have reviewed the requests and recommend support in the amount of \$125,000 to the Coal Harbour Arts Complex Society and a further \$75,000 to the Bill Reid Foundation, each grant subject to the conditions detailed below in italics.

Capital Funding:

Both projects will require significant capital funding from public and private sources. Collectively the two societies estimate the total capital cost of their combined projects to be in the order of \$175 million. While there are numerous precedents elsewhere in Canada for this level of cultural investment, it remains a considerable challenge in Vancouver. Staff therefore are recommending that fund raising feasibility plans be part of the planning work undertaken by each society. Such studies will measure the potential private support for both capital campaigns within the Vancouver marketplace. The Societies will also need to secure firm commitments from senior governments if these projects are to be successful.

Prior to the City making any further commitments, it will be necessary for the two societies to have secured from non City sources the balance of the capital funds necessary to complete these projects by way of firm pledges and/or funding commitments.

Operational Feasibility:

Staff have concerns about the operational viability of both projects and are therefore recommending that operating plans be completed as part of the planning work to be undertaken. In particular, staff are concerned about the necessary level of federal support required to sustain a national gallery. To date, only those national institutions located in the national capital region receive operating support; all other exhibiting institutions in Canada, including the Vancouver Museum, Maritime Museum and Vancouver Arts Gallery receive

project-based funding from the federal government and rely heavily on Provincial, or in the case of Vancouver, municipal support to sustain operations.

Prior to making any further commitments of land or capital funds, operating plans will need to have been completed by both societies which demonstrate financial viability. Further, the National Aboriginal Art Gallery will need to have secured a commitment from the federal government as a "national Institution" for the necessary ongoing operating support to sustain its operations the satisfaction of the Managing Director of Cultural Services.

Site Status:

Real Estate Services has been working with the Federal Government (Dept. of Public Works) on the development of a Federal office building on the subject City owned site at Dunsmuir and Cambie. As this site has been identified as a potential site for the arts complex, Real Estate Services has hired Downs/ Archambault Architects to do some preliminary massing of a Federal Office tower and the Arts Complex, including a potential joint-use 600 seat theatre space. The massing studies indicate the site can handle the proposed federal office tower, Arts Complex and another office or hotel tower/podium development that could include an aboriginal gallery of contemporary art. This work is expected to be finished by the end of 2005 at which time the Director of Real Estate Services will be better able to determine development options for the site.

As this is a Property Endowment asset Council Policy would see the PEF get a reasonable return on any portion of the site that uses FSR for civic purposes and a market return on the remainder.

In order to mesh with the development options study, the Societies will need to have completed their planning work and secured capital and operating funding commitments from senior governments to build and sustain these projects. If successful, they will have developed a joint project scope, building program and viable capital and operating funding plans.

FINANCIAL IMPLICATIONS

Under the terms of the October 1996 Coal Harbour Arts Complex Contribution Agreement, Marathon Realty was obligated to pay to the City a cash contribution towards the construction of an arts complex. A further cash contribution was secured in exchange for the release of the City land for the trade and convention centre. The funds are held in an interest bearing reserve fund. The current balance in the Reserve is \$19.2 million.

The recommendation contained in this report is to advance each of the two societies' funds from the Arts Complex Reserve Fund in the form of repayable grants such that the funds advanced are repaid to the Reserve from the proceeds of future capital fund raising campaigns and retain the value of the funds for construction and/or endowment purposes as originally intended.

CONCLUSION

The creation of an arts complex including two performance venues and an aboriginal gallery of contemporary art could create a dynamic and exciting addition to the City's cultural infrastructure. With an estimated capital budget of \$175-\$200 million this represents a considerable opportunity as well as funding challenge. Staff believe that the ability to proceed in conjunction with the Civic Theatres provides the best possible co-ordination for these projects. The community has organized itself around the arts complex and gallery projects and are asking to take up the funding challenge. Staff support this next phase in their planning processes and recommend a repayable grant to each of the Coal Harbour Arts Complex Society and the Bill Reid Foundation.

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