



ADMINISTRATIVE REPORT

Report Date: May 22, 2014
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Meeting Date: June 11, 2014

TO: Standing Committee on City Finance and Services
FROM: General Manager of Community Services
SUBJECT: BC Artscape: A New Model for Cultural Space Development

RECOMMENDATION

That Council approve a grant of \$100,000 per year for three years to Toronto Artscape to develop an affiliate organization in BC (BC Artscape), subject to Artscape securing matching funds as outlined in this report to the satisfaction of the Managing Director of Cultural Services; source of funds to be the City of Vancouver Innovation Fund.

REPORT SUMMARY

As part of the new strategic directions for culture including support for the creation of an independent non-profit cultural space development organization, this report outlines a proposal to create a BC Artscape with partial funding from the City's Innovation Fund (see Appendix A and B). BC Artscape would be an affiliate of Artscape, the highly regarded and successful non-profit cultural space developer based in Toronto. Funding is being sought from three separate partners at \$100,000 each per year for three years (total \$900,000). These funds will support start-up operations for BC Artscape and pre-project development work on a variety of real estate projects. Artscape is seeking matching funds from the McConnell Foundation and the Vancity Community Foundation. Leveraging external funds as proposed is a requirement for accessing the City's Innovation Fund

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- 2008 - 2108 Culture Plan and 2008 - 2023 Cultural Facilities Priorities Plan
- 2013 - 2018 Culture Plan Strategic Directions
- 2014 - 2018 Cultural Space Directions (Report Reference at Council June 10, 2014)
- Vancouver Economic Action Strategy
- Healthy City Strategy

Council approval of grants requires eight affirmative votes.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of the foregoing.

REPORT

Background/Context

Affordable, suitable space for the creation, production and presentation of arts and culture remains a critical issue for Vancouver, not dissimilar to the challenges facing citizens seeking affordable housing and small businesses seeking viable space in which to do business. Since 2008 the City has provided significant leadership through policy and programs to improve the situation for arts and culture however, the issue remains critical.

At the time of the Cultural Facilities Study in 2008, it became clear that while Vancouver's artistic community was widely recognized as world renowned, there were no non-profit cultural organizations dedicated to creative space development and operation.

" Unlike many major creative cities across the globe...no arts and cultural facilities and workspace development intermediary has emerged in Vancouver to broker agreements between the public, private and not for profit sectors for the development and management of affordable (below market) workspace for individuals artists and arts and cultural organizations." City of Vancouver Cultural Facilities Priorities Plan, 2008

Since that time, City staff have supported a variety of groups who have expressed interest in fulfilling aspects of this role and have begun taking on creative space projects. The number of these groups has grown over the past five years with some forging ahead with successful space development projects including the Arts Factory, Progress Lab 1422/C-Space, Art Space Action, East Side Culture Crawl, 221A and JuneBug Enterprises. These organizations are ideally suited to the scale of projects they are currently engaged in, but have limited capacity for larger scale cultural (re) development projects.

Artscape is a successful not-for-profit organization based in Toronto that has pioneered a unique approach to urban development called 'creative placemaking'. Artscape projects involve clustering creative people together in real estate projects that also advance multiple public policy objectives, private development interests, community and neighbourhood aspirations and philanthropic missions.

Artscape has had a substantial presence in Vancouver in recent years, providing consulting assistance to the City with the first **Cultural Facilities Priorities Plan 2008**, mentoring groups with an interest in creative space making through the **Artscape Incubator 2012**, and assisting with the City's recent and very successful **Creative SpaceMaking Vancouver 2013** workshop and engagement project.

Recently, Artscape decided to begin looking at opportunities to assist arts and culture in other Canadian cities where their expertise could have a major impact. Vancouver is not the only city Artscape is looking at, however, in light of their lengthy history of working in Vancouver (first begun in the early 2000s with a nation-wide study on *The Spillover Effects of Investments in Cultural Facilities*), they have developed some familiarity with the city and potential opportunities.

Strategic Analysis

BC Artscape Proposal:

The plan presented by Artscape is to create an independent organization in BC that operates as an affiliate to Artscape. With a mission to “make space for creativity and transform communities”, BC Artscape is proposed to focus on developing and managing cultural real estate projects of significant scale (30,000 sf or larger). BC Artscape will also assist in the development of independently-managed, smaller-scale projects taking on a mentoring role for smaller organizations with aspirations for creative space development and operation—all of which have been built into the start-up plan for BC Artscape.

The proposal is to have three founding partners (the City of Vancouver, Vancity Community Foundation and the McConnell Foundation) provide start-up funding to launch BC Artscape. The total three-year budget for this start-up program is \$900,000 and includes funds that would support pre-planning and feasibility work on actual real estate projects. This support will allow BC Artscape to hire a local staff, create a local board of directors, access the expertise of Artscape and Artscape Foundation and advance the planning of capital projects. By the end of the start-up period, it is expected that BC Artscape will have managed several real estate projects into operation. A number of promising opportunities have been identified in areas such as Granville Island, False Creek Flats and Downtown Eastside.

BC Artscape would undertake development work in partnership with public, private and non-profit partners and would provide a framework to organize artists and cultural groups into real estate projects that could meet the requirements of public tenders or add meaningful value in partnerships with project developers. By playing an intermediary role, BC Artscape, like the successful Toronto model, would become a type of urban development organization. Artscape’s model works on bringing the arts community together with an owner/development opportunity to realize a shared vision and from that build partnerships and access expertise and resources to deliver real estate projects.

BC Artscape would be a “made in BC” organization with a BC based board of directors and staff. As an affiliate of Artscape, it would benefit from the expertise, reputation and connections of Artscape. In addition, it is expected that the relationship with Artscape would enable BC Artscape to attract funding from across the country. However, BC Artscape would act independently, focused on projects that meet the needs of Vancouver and BC artists and cultural groups.

Over the past eight months, Tim Jones, Artscape’s President and CEO has spent significant time in Vancouver meeting with key members of the cultural and development communities. Strong support for the initiative has been expressed by arts and culture leaders, urban developers, financial institutions and the philanthropic sector. A list of potential capital projects has quickly emerged and a small but impressive roster of senior volunteers has agreed to lend their names as champions of the initiative. A board of directors is currently being recruited and local support for this initiative continues to grow.

Implications/Related Issues/Risk (if applicable)***Financial***

The total budget for the BC Artscape project is \$900,000 with funding equally shared by three sources including the City of Vancouver. The City's contribution of \$100,000 per year for three years for a total of \$300,000 would leverage an additional \$600,000 in external funding. The source of City funds is the City of Vancouver Innovation Fund. Approval of this multiyear grant is subject to Artscape securing the balance of funds necessary to undertake the project to the satisfaction of the Managing Director of Cultural Services. Funding will be released annually with written confirmation from the other funding partners that matching funding from those sources is in place.

CONCLUSION

Creating an independent non-profit cultural space development organisation in Vancouver has been a long held aspiration of the local community. BC Artscape would capitalize on Artscape's experience, track record and reputation to greatly accelerate the development of real estate projects that serve the arts and culture and grow the city. It is anticipated that BC Artscape would play a significant role in both the provision of affordable and suitable space for arts and culture in Vancouver, as well as add to the mix of highly successful urban development and creative city building so important to Vancouver's identity and success.

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The City’s Innovation funding support of \$300,000 will be matched by external funding of \$600,000 for a total project budget of \$900,000. This investment leverages \$600,000 towards affordable, suitable space for the creation, production and presentation of arts and culture. As outlined in Appendix B, this project aligns fully with the guidelines for the City’s Innovation Fund.

As part of the 2012, 2013 and 2014 Operating budgets, Council has approved an Innovation Fund, at a level of \$2 million per year. Currently there is an unallocated balance of \$3,356,200 in the Innovation Fund. Information about the City of Vancouver Innovation Fund, including the criteria and guidelines for accessing this funding, is contained in Appendix B.

Alignment to Innovation Fund:

Innovation Fund Guidelines	Project Alignment
Aligns with City Priorities	In 2008, City Council adopted a five-year implementation plan for Cultural Facilities, with reference to the evaluation of need and opportunity for an independent non for profit cultural space development organization. Since that time, Council has affirmed their interest in securing stable and affordable creation production space for arts and culture in Vancouver; spaces that provide job space for local artists and cultural groups and add to neighbourhood development and the local economy.
Leverages minimum 1:1 3 rd party investment	The total budget for start-up operations of BC Artscape is \$900,000 with \$300,000 from the city leveraging an additional \$600,000 from external partners
One-time opportunity (2 year maximum)	This is a one-time start up grant spread over 3 years.
Demonstrates clear outcome and transformation towards CoV goals	Direct outcomes of this funding will be the creation of an independent non-profit cultural organization dedicated to creating and operating cultural space, BC Artscape, and the advancement of real on-the-ground cultural space projects in the City. This work is consistent with previous direction from Council and will enhance Vancouver’s continued leadership in the creation of sustainable space for arts and culture. The funding from the City is critical to demonstrate Council’s commitment to preserving and making available creation production space for arts and culture. As noted in this report, the City has provided leadership in many areas of policy and programs, however moving to a place where an independent non-profit cultural space developer exists in Vancouver and can broker space projects not possible by the community or the City is a critical next step in the overall cultural space plan for Vancouver.

City of Vancouver Innovation Fund:

Increasingly, more opportunities exist to work with other parties to leverage expertise, funding and access to various in kind resources in order to focus on strategic areas important to the city. This form of leverage allows the City to continue to advance its policy priorities at a lower cost to taxpayers.

The Innovation Fund is expected to build on the City's experience in leveraging funding and expertise with outside agencies, other levels of government, private sector, universities and not-for-profits to advance key City priorities through aggressive leveraging of external partners.

Some examples of these types of unique opportunities would include: Enhancing the success of our urban aboriginal residents; enhancing our local economy with an emphasis on social enterprise particularly in the green sector; innovative child care programs for children at risk; cultural programs which enhance the community and create local jobs for artists; enhancing the involvement of our seniors in community; enhancing our sport strategy through partnerships o significant sporting initiatives; sport for youth at risk; and others.

Guidelines for accessing City of Vancouver Innovation Fund:

With the establishment of an Innovation Fund, one time innovative projects can be funded to advance key agendas in the city. Accessing the City of Vancouver Innovation is at Council discretion; however, the following guidelines have been established to optimize the use of the fund:

- Aligns with Council Agenda (Housing, Public Safety, Economy, Environment)
- Demonstrates clear outcomes
- Matching requirements - target leverage of 3:1 (minimum 1:1) 3rd party investment (cash and in-kind) to City funding
- Size of CoV contribution should enable a broad range of programs to be supported by fund (Guideline - maximum project size of \$250,000 recommended).
- Projects which are one-time innovative opportunities; maximum commitment for expenditure of funds - up to 2 years
- Supports transformation and innovation in meeting City goals; shines a spotlight on Vancouver

To date, Council has approved the following uses of the innovation fund:

1. The City's contribution of \$148,800 toward the Vancouver Rent Bank (RTS #9484), which leveraged resources from the Vancouver Foundation and Streethome Foundation. The Vancouver Rent Bank aims to increase housing stability by preventing evictions or loss of essential utilities.
2. Council earmarked \$1,000,000 of the fund for an addition of \$1 million dollars to the Community Social Services and related grant funds to help meet the existing and emerging funding gaps (RTS # 9991). On average for every dollar invested there is a \$4 return on investment.
3. In May 2013, Council approved two grants from the Innovation Fund over a two year period (2013 & 2014) totalling \$380,000. This was comprised of a grant of \$300,000 to the Vancity Community Foundation's Social Enterprise Portfolio Program to support

social enterprises with business and management development, marketing and small capital costs, and a grant of \$80,000 to Potluck Café Society's Recipes for Success Program, to provide resources and support to social enterprises and small businesses in the DTES, and to hire and retain residents who have encountered barriers to employment. (RTS #10053)The City's contribution leverages \$950,000 from external funders, a leverage ratio of 2.5 to 1. External funders for the Social Enterprise Portfolio program include Vancity Credit Union and Vancity Community Foundation contributing \$780,000. External funders for Recipes for Success include Potluck Café, Bell Canada, Price Waterhouse Coopers, and Enterprising Non-profits, contributing \$170,000.

4. In May 2013, Council approved a contribution of \$200,000 towards the 125th anniversary celebrations of Stanley Park. The Vancouver Park Board requested the City's matching funds to undertake the 125th anniversary celebrations for the citizens of Vancouver and visitors to the City. The City's contribution of \$200,000 will be used to pay for artistic fees, infrastructure costs, and production staff. (RTS #10120)The City's Contribution leverages over \$290,000 from external funders a leverage ratio of 1.5 to 1. External funders include Federal Government Canadian Heritage and the Stanley Park Brewery.
5. In July 2013, Council supported the initiatives of Truth and Reconciliation Canada (TRC) and Reconciliation Canada (RC) during Reconciliation Week by approving an overall budget amount of up to \$535,000 to off-set eligible City service costs. The City's contribution leverages \$2.95M from external funders (RTS #10216)
6. In December 2013, Council supported restoration of the Mungo Martin Centennial Pole, budget amount of \$200,000. The City's contribution leverages \$300,000 from external funders. (RTS10267)
7. In February 2014, Council approved a Vancouver Police Department Cadet Program, budget amount of \$180,000, \$60,000 annually for 2014, 2015, 2016. The City's contribution leverages \$180,000 from external funders. (RTS#10463)