



## ADMINISTRATIVE REPORT

Report Date: May 30, 2014  
Contact: Brenda Prosken  
Contact No.: 604.871.6858  
RTS No.: 10490  
VanRIMS No.: 08-2000-20  
Meeting Date: June 11, 2014

TO: Standing Committee on City Finance and Services  
FROM: General Manager of Community Services  
SUBJECT: Culture - Mount Pleasant Artist Production Spaces - Rize CAC Allocation

### **RECOMMENDATION**

THAT Council approve four (4) Cultural Capital Grants totaling \$4.5 million as outlined in this report; source of funds to be the Rize Alliance Cultural Community Amenity Contribution ("CAC"). Disbursement of the Capital Grants is subject to receipt of the CAC upon enactment of the rezoning by-law and other terms and conditions to the satisfaction of the Managing Director of Cultural Services and the Director of Finance.

### **REPORT SUMMARY**

This report seeks Council's approval for awarding the \$4.5 million Rize Alliance cultural community amenity contribution (CAC) to four Vancouver based arts and cultural non-profits in the form of major cultural capital grants to secure, enhance and expand artist production spaces in or adjacent to Mount Pleasant. Disbursement of the grants is subject to receipt of the cash CAC upon enactment of the rezoning by-law and other terms and conditions to the satisfaction of the Managing Director of Cultural Services and the Director of Finance.

### **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

Vancouver's Culture Plan: Strategic Directions 2013-2018, presented to Council in October 2013, aims to enhance, promote and support Vancouver's diverse and thriving cultural ecology. One of the key objectives of the plan is to invest in Vancouver's creative economy by working with community partners to retain, enhance and develop affordable, sustainable cultural spaces.

April 17, 2012, Council approved a rezoning for 228-246 East Broadway and 180 Kingsway from Commercial District (C-3A) to Mixed Use (CD-1) by Rize Alliance Properties. As part of the rezoning, the applicant offered a community amenity contribution of \$6.25 million in cash of

which Council designated \$4.5 million toward community based artist production space in Mount Pleasant. This aligned with Mount Pleasant's Community Plan that supports strengthening the community's existing vibrant arts and cultural district at Main Street, north of Broadway by retaining existing cultural spaces and adding new spaces for the arts.

Vancouver's robust cultural ecology is an integral piece of Vancouver's Economic Action Strategy and as implementation of the Healthy City Strategy moves forward, increased local participation and engagement in arts and culture is critical to a healthy, vibrant, livable city.

Council approval of grants requires eight affirmative votes.

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

Council has put significant focus on supporting Vancouver's diverse and thriving cultural ecology. For example, since 2012 through utilization of CAC's, City cultural capital projects have included the renovation of the 370 seat York Theatre; a 48,000 square foot collaborative theatre and production hub to house Bard on the Beach and the Arts Club of Vancouver Theatre companies at 162 West 1<sup>st</sup> Avenue; the completion of the CBC festival and programming space (to house PuSh, DOXA, Music on Main, and Touchstone Theatre) ;and four new artist studios which will be added to the City's Artist Studio Awards Program.

Over the past 10 years, there have been some challenges to ensure that spaces generated through CAC's are affordable for non-profit groups in respect to the tenant improvements required to make the spaces operational and on-going operating costs. A major gap has also been how to utilise the CAC funds to better support existing local spaces owned, leased or rented by arts and cultural groups. The recommendations in this report represent a new innovative approach to partnerships to secure, expand and develop local arts and cultural spaces - particularly by supporting local non-profit ownership.

### ***REPORT***

#### ***Background/Context***

The Mount Pleasant neighbourhood is an artistic hub with one of the city's highest concentrations of artists and cultural workers, particularly visual artists and graphic designers (Statistics Canada, Census Data 2006). Over fifty cultural non-profits are located in Mount Pleasant and a recent City survey identified a minimum of thirteen artist studio facilities, six commercial performance/rehearsal venues, and seven galleries and media studios. In particular, Mount Pleasant is a hub for new media arts.

When Council approved the rezoning for 228-246 East Broadway and 180 Kingsway, it also asked staff to report back on a strategy for the use of \$4.5 million of the CAC "in the form of a capital contribution and/or operating endowment in order to bring on line community based artist production space in Mount Pleasant."

On March 6, 2013 staff provided a memo to Council on the options under consideration for the use of the CAC (the City purchasing a space, further supporting artist production spaces at the City owned space at 281 Industrial, and supporting local non-profits in securing, enhancing and expanding space) that would be explored through a community consultation process.

A workshop with twenty-five local artists and representatives from arts organizations, and members of the Mount Pleasant Implementation Committee and the Arts and Culture Policy Council was held and based on the results of the workshop a public online survey was conducted. Over two hundred individuals responded to the survey with the majority (64%) from Mount Pleasant and most from Vancouver's cultural sector (72% identified more than one artistic discipline, 56% visual arts, 40% media arts as well as representation from music, festivals, multi-disciplinary, community arts and literary arts).

Staff reported back to Council (August 6, 2013) on the results of the community consultation and outlined a strategy to develop innovative partnerships with local arts and cultural non-profits to utilize the CAC monies to best support artist production space in Mount Pleasant. The following five key concepts emerged from the community consultation with respect to how the funds should be used:

1. Artist production space should be secured for the long term (at least twenty years) (75% of respondents stated this was very important).
2. Ownership of spaces by local non-profit groups and artist run centres should be supported (71% of respondents stated this was very important).
3. Retaining, expanding and enhancing existing space for local established artists and arts organizations should have priority - but not to the exclusion of new or emerging groups (57% of respondents stated this was very important).
4. Collaboration and partnerships to strengthen proposals, leverage funds and maximize the impact should be encouraged (38% of respondents stated this was very important).
5. Several different initiatives to broaden the community impact should be supported (34% of respondents stated this was very important).

### ***Strategic Analysis***

In the fall of 2013, staff proceeded with an open call for submissions from local non-profit arts and cultural organizations for innovative capital development projects to retain and enhance existing space or develop new space for artist production in or adjacent to Mount Pleasant.

In December 2013, staff received eight submissions requesting \$12.169 million for capital infrastructure. Three proposals totaling \$3.41 million were to secure, develop and expand existing spaces: one to purchase an established long term building leased by a non-profit; a second to pay off a mortgage and secure funds in a capital reserve for a future expansion; and the third to complete capital improvements and expand the City owned space leased to the Arts Factory Society. Five of the submissions, totaling \$8.759 million, proposed developing new artist production spaces to replace existing private leased space. Most of the proponents submitting proposals to purchase new space anticipate losing their existing rented space through future sale of the buildings as potential re-development sites.

Adjudication was done by a Selection Committee comprised of experts (financial, architectural, non-profit artist studio operator/developer) peer, staff and community

representatives. Selection was based on the community priorities and evaluation criteria listed below:

- Able to best meet the need for artist production space;
- Demonstrated support/demand from the community that the project intends to serve;
- Demonstrated capacity and experience; and
- Realistic plans and sustainable budgets including the ability to leverage required capital

Based on the submissions received, the committee shortlisted six projects in February 2014 which resulted in prioritizing four projects based on their readiness, capacity and total funding available. The committee requested that each of the four projects consider revised amounts, scope changes and in one situation for two groups, to further develop a potential partnership, and prioritized funding recommendations . All of the groups responded positively and submitted revised proposals in the spring of 2014. Table 1 below summarizes the recommended capital grant funding totals.

**Table 1: Recommendations**

	<b>Project</b>	<b>Recommended</b>
<b>Secure/Enhance /Expand Existing Artist Production Space</b>	Western Front	1,500,000
	grunt gallery	400,000
	Arts Factory	300,000
	<b>Subtotal</b>	<b>\$2,200,000</b>
<b>Purchase New Artist Production Space</b>	C-Space	2,300,000
	VIVO Media Arts	
	<b>Subtotal</b>	<b>\$2,300,000</b>
<b>Total</b>	<b>Total</b>	<b>\$4,500,000</b>

Given the amounts requested (\$12.169 million), the monies available (\$4.5 million), the cost to purchase and renovate buildings, and the organizational strength and capacity required to successfully undertake such a project, the committee was unable to recommend funding for three of the projects, see Appendix A for a list of total requests.

### **Recommended Projects**

#### grunt gallery

Over the past 26 years, the grunt gallery has been at the forefront of important developments in contemporary Canadian cultural production - most notably First Nations contemporary arts and performance art, as well as community engaged and collaborative arts. A recent example is “Beat Nation: Hip Hop as Indigenous Culture” a project focusing on the development of hip hop culture within Aboriginal youth communities and its influence on cultural production. Produced by the grunt gallery, the project was a blockbuster hit at the Vancouver Art Gallery and continues to travel nationally and internationally. Governed by the Visible Arts Society the artist-run centre commissions new art, supports art production and provides artist exhibitions, research, performances, talks, publications and media.

The grunt gallery is also a leader and case study in sustainable operations. Their current facility at the Mainspace building at 350 East 2<sup>nd</sup> Ave was purchased in 1995 when low cost industrial rentals were being lost to new housing development. Working with a developer, grunt gallery was able to negotiate the purchase of a 1,350 square foot space through a mortgage and cash contribution by the developer in exchange for marketing support for sale of the new residential spaces. Then in 2006, with support from the provincially financed Renaissance Fund, the grunt gallery developed a legacy fund at the Vancouver Foundation. With funding from programs such as Heritage Canada's Endowment Incentives Program the grunt gallery has been able to leverage and build the fund to \$0.5 million and benefit from the interest as a source of operating funding. The gallery has an operating budget of approximately \$400,000 per year with current mortgage payments totalling approximately \$20,000 per year.

The committee strongly endorsed the grunt gallery's proposal to pay off their existing mortgage and to start a new capital endowment fund to finance expanded space to accommodate flexible production/exhibition space as well as a publically accessible library. Phase one of the project would include paying off the mortgage, setting up the fund, conducting a space feasibility study and then developing a business plan for the expanded facility to ensure long-term financial viability. One of the expansion options under consideration is to purchase additional space in the existing facility. The grunt gallery has proposed that they would seek matching endowment funds from Heritage Canada's Endowment Incentives Program and use the accumulated interest (and mortgage payment savings) to purchase new (expanded) space. Working with the grunt gallery, staff further investigated the potential for matching (100%) funds from Heritage Canada - unfortunately while the grunt gallery is eligible for the program - the funds must be received directly from the private sector to receive a match.

Staff recommend providing a total capital grant to the Visible Arts Society of \$400,000: \$160,000 for phase one to pay off the mortgage and to begin the planning phase, the remainder would be \$240,000 towards either a capital endowment or reserve to be used for future capital expansion including the purchase of expanded space provided subject to staff review of the results of the feasibility study and business plan.

### Western Front

Led and owned by artists, the Western Front has been at the forefront of art production nationally and internationally for over 40 years. Run by the non-profit Western Front Society it is one of Canada's leading artist-run centres for contemporary art and new music. A backbone of the Western Front is an artist in residence program, hosting approximately eight diverse artists a year such as recent artist in residence Vancouver-based Casey Wei, whose first feature length film, Vater und Sohn/Father and Son/ 父与子 traces her memories of growing up in Maoist China. Each year, the Front produces and presents over sixty artist driven initiatives including visual art exhibitions, new music concerts, workshops, performance art, publications, community events and an extensive archive of audio-visual materials.

Located at 303 East 8th avenue, the Western Front is a 6,800 square foot, three storey wood frame heritage building (built in 1922) purchased in 1973 from the Knights of Pythias by eight local artists. With a vision to create an artist led space for the exploration and creation of new art forms, the space is a centre for innovative interdisciplinary artists with a

performance space, multimedia studios, gallery, dance studio, library, archives, and residency space. In January 2014, Working with the City, the Western Front site was rezoned to CD-1 to permit building uses that are consistent with the activities of the artist-run centre. The Western Front's 2013/14 operating budget was approximately \$1.0 million with facility related costs totalling approximately \$160,000 per year.

The committee supported the Western Front's approach and proposal to purchase the building from the four existing owners who dedicated their lives and livelihoods to the "Western Front Lodge". The building has recently been independently professionally appraised and the owners have agreed on a draft term of sale. Staff recommend providing the Western Front Society with a total capital grant of \$1.5 million for the purchase of 303 East 8<sup>th</sup> avenue: \$100,000 for phase 1 pre-purchase work (including a structural review of the building) and business plan development to confirm long-term financial viability, the phase 2 funding will be subject to the results of the pre-planning work and would be approximately \$1.25 million towards the purchase of the space, a final payment of \$150,000 will be subject to completion and a final report back to staff on the costs associated with the purchase of the building.

### Centre for Arts Innovation

The Centre for Arts Innovation is a working collaboration between Satellite Video Exchange Society (VIVO) and the Vancouver Creative Space Society (C-Space). This innovative partnership pairs two local and national leaders in their respective cultural disciplines: media arts and theatre/live performance to create an innovative and inspiring cross-disciplinary cultural hub in Mount Pleasant.

VIVO is one of Canada's oldest artist-run centres and has been a cultural landmark at 1965 Main Street for two decades. With over 5,500 square feet, the artist-run collective is dedicated to media arts and provides a bridge between hacker, DIY, and maker communities with experimental practice and critical art theory. VIVO has supported artist media art production and exhibition through provision of affordable equipment and production space rentals, sponsorships for members and community organizations and a work exchange program. Through co-presenting work from culturally diverse and under-served communities VIVO has instituted numerous scholarship programs, and played a significant role in mentoring and supporting young organizations to establish themselves including: *Out On Screen*, *Media Eyes*, *Indigenous Media Arts Group*, *New Forms Festival*, *Cineworks*, *LIVE Biennale*, and most recently *VanDocument*.

In 2013, VIVO produced over 130 new projects, 40 unique events, hosted more than 100 performances and screenings, paid fees to 228 artists, had 550 educational program participants and houses the Crista Dahl Media Library and Archive, Western Canada's largest repository of media art. VIVO has an operating budget of approximately \$500,000 per year and currently spends close to \$130,000 per year on operating costs including \$95,000 in rent for their current space.

C-Space is an eight-year old joint venture between four of the city's successful independent theatre companies: Boca Del Lupo, Electric Company, Newworld Theatre and Rumble. Founded as Progress Lab 1422 (PL1422) the four companies converted a 7,000 square foot factory in Grandview-Woodlands to a shared performing arts production facility that includes production studios, storage, offices and is a hub for Vancouver's independent theatre/performance community. Not only have the companies come together to develop, fund and implement

three major renovations, the space is collaboratively managed with a self-sustaining operating model. PL1422 has been celebrated and studied as an exemplary co-location model.

In 2012/13, C-Space's four major anchor tenants produced 229 public performances, 26 productions, reached close to 30,000 audience members and employed 224 artists. The space is used by an expanding number of local arts groups from the Vancouver Opera, PuSh Festival, Capilano College and a wide range of emerging groups. The four companies have operating budgets ranging from \$250,000 to \$570,000 per year. Their current combined facility costs for the 7,000 square foot PL1422 is approximately \$100,000 per year which is secured through office rentals from the four resident theatre companies and studio rental income.

In December 2013, VIVO and C-Space submitted separate proposals. In February 2014, when the interviews were held, both VIVO and C-Space indicated that their organizations had begun to consider a co-location partnership given the strengths each group would bring to the table. The committee agreed that co-location considerably strengthened both proposals given C-Space's experience with developing space and successful co-location governance model and VIVO's engagement with local artists, the public and deep connection to Mount Pleasant. The committee requested that the two groups further consider developing a partnership that would integrate the two proposals into a co-location model.

Both groups and boards have subsequently met and resubmitted a proposal to secure permanent, high-quality shared space with an aim of cross-pollinating and broadening the reach of artists working within the various disciplines. The new facility would ideally accommodate uses such as a gallery, black box production/recording space, presentation studio, rehearsal and production spaces, micro-cinema, digital and electronics classroom, micro studios, archive, research room, preservation hub, office space and a lobby cafe. The total budget is estimated at \$6.5 million with approximately 70% towards the purchase of a building of approximately 12,000 square feet. Financing of such a plan would include approximately \$3.0 million in mortgages and further fundraising. The groups are anticipating that it will take approximately one year to finalize joint planning that would include studies by various professionals to develop a feasibility plan (which would include space use, financing, fundraising, and costing) and then a strategic business plan for the new space. Purchase and renovations of the space would likely occur in 2016 for completion in 2016/2017. Staff recommend a grant up to \$2.3 million: \$100,000 for phase 1 which includes further planning work, phase 2 of the grant (and timing) would be provided only subject to the results of such planning work and review and approval by staff.

### Arts Factory

Last summer, the non-profit Arts Factory Society signed a ten year market lease with the City for approximately 22,000 square feet of industrial space in a City owned building located at 281 Industrial Avenue. The lease was a result of a Council Motion passed in February 2012 titled "New Strategies to Provide Studio and Creative Space" that asked staff to identify City-owned industrial spaces that could be developed and used for multi-tenant artist work spaces on a cost recovery basis (to the extent possible).

Staff identified a vacant space of 22,000 square feet at 281 Industrial Avenue. Originally purchased as a holding property in False Creek Flats, the entire building totals approximately 50,000 square feet and currently comprises three separate addresses and rental spaces (231, 251 and 281). After an open call for submissions for the space at the east end of the building

(281 Industrial) a mixed staff and community committee selected Arts Factory Society as the non-profit operator to fit-out, sublease and operate the space.

After City approval of the lease the Arts Factory secured provincial funding of \$150,000 towards the significant interior improvements required to fit-out of the space for artist production studios. In addition, they received \$420,000 from Canadian Heritage to expand the project to raise a portion of the roof to allow for a fly tower (double height ceiling) to bring natural light into the studio space and accommodate building over-height sets and art for organizations such as Vancouver Opera. With the approval of a ten year market lease the City was able to also commit to and amortize basic base building improvements for the entire building to provide a safe and secure environment for all tenants which included roof and building envelope repairs and mechanical and electrical upgrades.

Since that time there have been delays in implementing the required improvements. While the roof work was completed in 2013, the other City shell improvements are now underway and expected to be complete in September 2014. This has contributed to delays for the tenant improvements, much of which cannot be implemented until the City work is complete. The fit out costs for the Arts Factory for 281 Industrial have increased since the inception of the project last year due to unanticipated costs such as sewer upgrades, electrical upgrades, a change of use required to renovate the upstairs space, increased code requirements such as accessibility, structural, and moving costs for temporary space during City and tenant improvements and other costs.

The plans for 281 Industrial are for 8,000 square feet of industrial artist studio space, 7,500 square feet for wood, painting and metal production spaces and 4,500 square feet of common area on the main warehouse floor. Upstairs, in what were formerly ancillary offices, there will be 800 square feet for 24 co-located desks for artist and arts administrative space.

When the tenant improvements are completed later this year, the artist studios will be made available through an open selection process that will seek a mix of emerging and established artists. The intent is to develop a space to bring together artists and arts fabrication with a goal of supporting the local creative economy and developing a regional hub for high quality art production and set building.

The Great Northern Way Scene Shop is a social enterprise and an anchor sub-tenant for the Arts Factory. It is the last arts fabrication facility accessible to non-profits within city limits and holds an important role in constructing over 40 large scale visual and performing arts projects a year, including theatre sets and public art works such as installed at Off-site at Shangri-La. The shop operates on a break even basis and employs close to six full-time and fifteen to twenty part-time workers and up to fifty five craftspeople. Working with over one hundred and fifty artists, the shop works with local arts organizations such as Bard on the Beach, Touchstone Theatre, Full Circle, Holy Body Tattoo, Mascall Dance, Headlines Theatre, PuSh Festival, Vancouver Opera, The Electric Company, grunt gallery, Vancouver Art Gallery and Museum of Vancouver.

The Arts Factory Society is anticipating an annual operating budget of approximately \$220,000 per year for the operation of the artist production space. This will include \$135,000 for rent of the space to the City and other basic operating costs such as utilities, services and a part-time building manager. Revenues will be from the rental of the spaces to artists and arts organizations.

The committee recommended support to complete the required capital fit out at 281 Industrial to allow the current project to move forward and in particular achieve the studio space intended for local artists. The committee also noted that the Arts Factory Society would benefit by an expanded local artist membership in order to fully support the new artist studio and production space. In addition, the committee strongly recommended that the space be secured for a minimum of twenty years to provide stability, a return on the capital investment provided by both the City and the non-profit and to support further funding and financing.

Subsequently staff have explored revising the lease to include a renewal option that would allow for twenty years however; there is concern that, given the planning process underway for the False Creek Flats and the age and condition of the building, it may be more cost effective in the long term to build a new structure as part of redevelopment of the area. Staff recommend that as part of the False Creek Flats planning process the City commit in principle to supporting industrial artist production space in the area such as the current City owned building (231, 251 and 281 Industrial) or another similar amenity or property. Such use would be considered in combination with the other complimentary uses and would take into account further work on current and future arts and cultural space needs from a holistic local and city-wide perspective. Prior to the end of the current ten year lease term, in consultation with the Arts Factory, staff will consider and make a recommendation for a lease renewal in light of the City area plans and condition and age of the building.

Staff recommend providing a grant up to \$300,000 to the Arts Factory Society for completion of the capital improvements for the artist studios at 281 Industrial: \$150,000 to be provided in phase 1 subject to estimates provided by the society of work required and expansion of the Arts Factory Society board, subsequent payment will be based on phase 1 work completed and quotes for phase 2 work, a final payment of \$30,000 will be held until completion and final reporting on costs.

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

#### ***Financial***

As part of the rezoning of the Rize Alliance Properties, in April 2012, Council approved allocating \$4.5 million (of the total \$6.25 million) cash CAC toward community-based artist production space in Mount Pleasant. Staff recommend that the \$4.5 million be awarded to four Vancouver-based arts and cultural non-profit organizations in the form of capital grants to secure, enhance and expand artist production spaces in or adjacent to Mount Pleasant. Capital grants will be disbursed upon receipt of the cash CAC upon enactment of the rezoning by-law anticipated in late 2014 or early 2015, and the Capital Budget will be adjusted as part of the quarterly budget update process.

The capital grants will be disbursed in phases:

- **Phase 1 grants** will enable project development and business planning (including financial viability/feasibility assessment) work, the results of which will inform eligibility for Phase 2 grants. For the grant gallery, the grant will also include funds to pay off the mortgage (\$160,000). For the Arts Factory Society, the grant will also include funds for the capital improvements to fit out the artist production space at 281 Industrial.

- **Phase 2 grants** will be subject to the results of the abovementioned project development and business planning work, as well as any terms and conditions to the satisfaction of the Managing Director of Cultural Services and the Director of Finance. 10% payment will be held back subject to a report back to staff on project completion and final expenses.

Any funds that are not fully disbursed as part of this process will be retained to support other artist production space projects in or adjacent to Mount Pleasant. Table 2 below outlines the recommended phasing of the grants for each recipient.

**Table 2: Recommended Phasing of Capital Grants**

Organization*	Phase 1	Phase 2	10% Final Payment	Total
Western Front Society	\$100,000	\$1,250,000	\$150,000	\$1,500,000
Visible Arts Society (grunt gallery)	160,000	200,000	40,000	\$400,000
Arts Factory Society	150,000	120,000	30,000	\$300,000
Satellite Video Exchange Society (C-Space & VIVO)	100,000	1,970,000	230,000	\$2,300,000
<b>Total</b>	<b>\$510,000</b>	<b>\$3,540,000</b>	<b>\$450,000</b>	<b>\$4,500,000</b>

\* Please refer to the "Strategic Analysis" section for details.

**Legal**

Staff will work with Legal Services prior to release of the funds to determine if any agreements may be required to ensure facilities or the assets will continue to be owned by non-profits and secured in some form as artist production space for the long term.

**CONCLUSION**

Vancouver’s vibrant cultural ecology relies on a network of accessible, affordable and secure artist creation, exhibition and performance spaces. The form of capital funding recommended in this report is an innovative step forward towards new strategies to support partnerships to secure, enhance and expand arts and cultural spaces as part of a healthy, livable city.

\* \* \* \* \*

**Total Requests**

	<b>Project</b>	<b>Request</b>
<b>Secure/Enhance /Expand Existing Artist Production Space</b>	Western Front	\$2,000,000
	grunt gallery	660,000
	Arts Factory	750,000
	<b>Subtotal</b>	<b>\$3,410,000</b>
<b>Purchase New Artist Production Space</b>	C-Space	\$1,500,000
	VIVO Media Arts	3,000,000
	New Forms On Main	1,309,000
	eatART Space	700,000
	The Beaumont Studios	2,250,000
	<b>Subtotal</b>	<b>\$8,759,000</b>
<b>Total</b>	<b>Total</b>	<b>\$12,169,000</b>