RECOMMENDATION

That staff apply for funding from the Investing in Canada Infrastructure Program – Community, Culture and Recreation stream for the lecture hall within the proposed expansion of the Rotary Place.

REPORT HIGHLIGHTS

- The Province recently announced a grant opportunity in Investing in Canada Infrastructure Program (ICIP) to provide a funding stream to support projects that improve access to and/or quality of the community, cultural, and recreation priority infrastructure projects.
- The deadline for applications is November 12, 2019 and projects must be completed prior to March 31, 2027.
- The cost share of the funding would be 40.00% Federal, 33.33% Provincial and 26.67% from the Municipal.
- Staff are considering the option to apply for the Lecture Hall addition to the Rotary Place expansion project as part of the grant submission.
- Staff has engaged James Fryett Architect to complete a preliminary design concepts of the space of the lecture hall as part of the Rotary Place expansion.
- Staff have suggested that James Fryett Architect engaged Novita Techne Ltd., a professional theatre consulting firm, to consult on the conceptual design and technical requirements of a lecture hall expansion of the Rotary Place.
- Staff reviewed other municipalities who have Arts Centres as a benchmark to assess the operating costs and revenue projections to develop the overall budget estimates to be considered as part of this expansion.
- The cost estimates are based on several assumptions in this report to provide Council some background and information as to the future commitments to this potential asset.
- The projected operating costs associated with the lecture hall is estimated to show a deficit $74,139 annually. This is based on a number of assumptions and benchmarking with other area municipalities.

DISCUSSION

Background on Investing in Canada Infrastructure Program (ICIP)

The Community, Culture and Recreation stream supports projects that improve access to and/or quality of the community, cultural, and recreation priority infrastructure projects. Priority is given to projects that are community-oriented, non-commercial and open to the public.
Applications must be submitted by November 12, 2019
- Projects must be completed prior to March 31, 2027
- Two intakes: summer 2019 and 2021
  Note: A future intake may prioritize other federal and/or provincial priorities.
- Municipalities can apply for multiple projects.

Two categories of funding:
- Multi-purpose category $50 million project maximum
- Rehabilitation and renovation category $5 million project maximum

In addition to federal criteria, projects will also be assessed based on their alignment with Ontario’s objectives for the Community, Culture and Recreation stream:
- Meets community and user needs or service gap
- Promotes good asset management planning
- Represents good value for money
- Fosters greater accessibility

Cost share percentages:
- Federal Contribution Maximum 40.00%
- Provincial Contribution Maximum 33.33%
- Municipal Contribution Minimum 26.67%

Note: Applicants are permitted to use approved funding from other project-based capital programs to demonstrate ongoing financing and availability of cost-shared funding.

As part of project reporting requirements, and to remain eligible for funding, successful municipal applicants are required to submit their updated asset management plans in accordance with the Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure for the duration of the project.

Additional details, program guide, and application available online:

Project Eligibility and Conditions

1. Eligible asset types include recreation facilities, cultural facilities and community centers/hubs

2. Eligible project types:
   a) Multi-Purpose Category focuses on the principle of integrated service delivery to address identified service gaps; eligible projects consist of:
      - New build / construction
      - Larger scale renovation
      - Expansion of existing facilities
   b) Rehabilitation and Renovation Category focuses on maximizing the funding impact of small-scale projects that would improve the condition of existing facilities. Eligible projects:
• Renovation and rehabilitations to address functionality and use of existing spaces
• Small-scale improvements to address accessibility
• Small new build construction projects of recreation, cultural or community centre infrastructure

Other Considerations

Asset management plans: Projects should be informed by an applicant's asset management plan. This means the proposed project was identified based on the plan’s prioritized lifecycle activities for the applicable asset category. For example, if an applicant has identified recreation centre needs as a priority lifecycle activity within its asset management plan, then submission of a recreation center project would be appropriate. Where a project is not based on an asset management plan, a strong rationale must be provided in the application form.

Financial sustainability: Projects must have a financial plan in place to operate the assets and not seek senior level government support for ongoing operational funding.

When a project meets a federal outcome in the Community Culture and Recreation Infrastructure stream it is not eligible for funding if it has a private sector, for-profit Ultimate Recipient.

Rotary Place Expansion

As part of the 2017 Budget, Council approved capital project #17-071 in the amount of $125,000 to complete preliminary design work on the Rotary Place Expansion. Staff worked with the Caledon Seniors’ Centre representation to develop the needs assessment for the expansion space with the assistance of James Fryett Architect. To date preliminary concepts have been completed and next steps were to include the construction of the expansion in the 2020 capital budget submission for Council consideration in the amount of $4.4 million funded by Development Charges (85.5%) and Tax (14.5%).

As part of the 2018-2022 Council workplan under Connected Community staff would further explore arts and culture centre opportunities. In further discussions with the seniors group, options to construct a lower level expansion project to accommodate a lecture hall component to allow for arts and cultural activities was requested to be explored. Staff did some preliminary estimates of construction of this and it was estimated to cost a further $6.0 million to construct. Staff did not originally consider this option as it was never captured as part of a Town master plan and no other funding was available other than tax or debt. Staff have suggested that James Fryett Architect engaged Novita Techne Ltd., a professional theatre consulting firm, to consult on the conceptual design and technical requirements of a lecture hall expansion of the Rotary Place.

FINANCIAL IMPLICATIONS

As part of a Notice of Motion on the September 17, 2019 General Committee Meeting Council directed staff to work with the existing consultant from the Rotary Expansion
design to complete a preliminary design concept for the lecture hall. Council requested a
business case of the estimated operating costs and revenue projections associated with
the lecture hall to better understand the future impact of this facility prior to applying for
the ICIP Grant.

If the Town were to apply to the ICIP Grant and was successful, the Town would need to
fund the capital construction portion of approximately $1.6 million (=$6 million x 26.67%)
from taxes.

Summary of Assumptions for the Rotary Expansion Lecture Hall

- Mandatory Features:
  - Seating up to 200 people for a performance
  - Can accommodate multiple forms of arts and the space required for each
    (i.e. backstage area for theatre, acoustics for music, sightlines for dance,
    gallery space for visual arts)
  - Have little or no displacement or negative impact on current users
  - Have access to reasonable amount of parking
  - Is accessible and meets all Building Code standards

- Operating Budget assumptions:
  - Estimated 6,000 square feet
  - Based on operating budget currently at the Rotary Place
  - Revenue Assumptions based on rental of the Lecture Hall facility only
    (excluding any anticipated revenue from the seniors’ portion of the Rotary
    Place expansion):
    - No ticket revenue share as then the Town assumes a risk if the
      show is profitable/well attended or not and a flat rate for a daily
      rental would not apply. Revenues and expenses would be more
      difficult to predict and budget for.
    - 5 shows potential per month with a flat rate of $1,000 (This could
      vary with non-profit and profit organizations. The estimate is a high
      level assumption at this time.
  - All costs associated with the show would need to be facilitated by the user
    of the facility. No costs for technical staff would be included
  - Some costs associated with casual staff for shows and clean up after the
    show
  - Potential of using volunteers for show events to handle potential coat check
    or ticket takers
  - Limited amount of shows per month as there is no basis to predict usage
    and potential interest in this facility. Current estimates are 5 shows per
    month

In working with the consultant, it was determined that the facility could support a
supplementary expansion for the lecture hall component main level instead of going
underground. The lower level was ruled out, as it was too restrictive for the proposed use
of a lecture hall. See attached concept drawing as Schedule A to this report.
It should be noted that the proposed expansion location of the Lecture Hall is adjacent to Jessie’s Garden which will remain, however the expansion will provide an opportunity to revive the space.

The Table below is the estimated operating costs associated with the expansion at a high level based on the assumptions above. This projection does not include any building or equipment contribution to reserves for future replacement.

Table 1:

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Estimated Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated $1000 charge back for rental space</td>
<td>$ 60,000</td>
</tr>
<tr>
<td>Concessions - 30% of potential revenue</td>
<td>18,000</td>
</tr>
<tr>
<td>Total Estimated Revenue</td>
<td>$ 78,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional costs related to show</td>
<td></td>
</tr>
<tr>
<td>Food, beverages, snacks 50% of Revenue</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>Part Time Staffing (Salaries &amp; Benefits)</td>
<td>39,200</td>
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<tr>
<td>Facility Staffing (Salaries &amp; Benefits)</td>
<td>28,979</td>
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<tr>
<td>Operating Supplies</td>
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<tr>
<td>Small Equip Repair/Purchase</td>
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<td>Natural Gas</td>
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<tr>
<td>Electricity</td>
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<td>Water/Waste Water</td>
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<td>Insurance</td>
<td>10,731</td>
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<tr>
<td>Contracted Services</td>
<td>25,461</td>
</tr>
<tr>
<td>Total Estimated Expenses</td>
<td>$ 152,139</td>
</tr>
</tbody>
</table>

| Net Income (Deficit)                               | $ (74,139)            |

As the Town is not in the theatre business the approach used in the projections is to treat the facility like a recreation facility rental space. If this project were to move forward additional analysis could be made and refinement of these assumptions. Revenue can be difficult to predict based on usage of the facility, needs of the community and how it is promoted. The assumption used was limited to a flat rate per day to utilize the facility like some theatre centres. Theatres like the River Run Centre (Guelph), London, Drayton and Orangeville charge a fixed rate with additional charges for technical staff, supplies, etc. At this point, staff are recommending that all requirements for the show / event be sourced by the vendor to allow flexibility with the organized and less staff resources associated with the rental.

Additional partnerships or sponsorships will be pursued if this project moves forward to assist with future operating and capital costs of the facility.
As an additional reference report 2017-104 is attached as Schedule B to this report. It outlines a summary of options previously brought forward for a Caledon Centre for the Arts. The projections and assumptions for revenues and expenses were drawn from this report and further recent analysis to provide a high-level summary for Council consideration. Overall Table 1 reflects a similar tax subsidy as what recreation services experiences (47% tax subsidy) meaning that 51% of the lecture halls costs are funded by user fees and revenue other than property taxpayers while the remaining portion of expenses (49%) is funded by property taxes. The overall forecasted deficit results in approximately a 0.1% annual tax increase for the town’s portion of property taxes.

COUNCIL WORK PLAN

Connected Community – Further explore arts and culture centre opportunities

ATTACHMENTS

Schedule A: Concept of Expansion for the Lecture / Arts Component

Schedule B: Report 2017-104 Caledon Centre for the Arts: Summary of Options