



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.2.5
Halifax Regional Council
December 11, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original signed

SUBMITTED BY:

Councillor Russell Walker, Chair, Audit and Finance Standing Committee

DATE: December 3, 2018

SUBJECT: Funding Request – THE LINK Performing Art Centre

ORIGIN

December 3, 2018 meeting of the Audit and Finance Standing Committee, Item No. 12.1.1.

LEGISLATIVE AUTHORITY

Section 8(a) of the Audit and Finance Standing Committee's Terms of Reference:

'The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including new programs or services not yet approved or funded.'

RECOMMENDATION

The Audit and Finance Standing Committee recommends that, subject to the recommendation of the Community Planning and Economic Development Standing Committee, Halifax Regional Council approve the provision of a one-time contribution to The Link Performing Arts Society for capital costs relating to The Link Performing Arts Centre, a purpose-built facility in the former World Trade and Convention Centre, 1800 Argyle Street, not to exceed 10% of the overall capital project costs, to a maximum of \$1,000,000.00, subject to the terms set out in Table 2 of the discussion section of the staff report dated November 21, 2018, with funding to come from Q421 the General Contingency Reserve.

BACKGROUND

A staff report dated November 21, 2018 to consider a one-time contribution to The Link Performing Arts Society for capital costs was before the Audit and Finance Standing Committee at its meeting held on December 3, 2018.

For further information, please refer to the attached staff report dated November 21, 2018.

DISCUSSION

The Audit and Finance Standing Committee considered the November 21, 2018 staff report and forwarded the recommendation to Halifax Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached staff report November 21, 2018.

RISK CONSIDERATION

Risk consideration is outlined in the attached staff report dated November 21, 2018.

COMMUNITY ENGAGEMENT

The Audit and Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit and Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The Audit and Finance Standing Committee did not discuss alternative recommendations. An alternative is outlined in the attached staff report dated November 21, 2018.

ATTACHMENTS

Staff report dated November 21, 2018.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Krista Vining, Legislative Assistant, Office of the Municipal Clerk, 902.490.6520



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.1.1
Community Planning and Economic Development Standing Committee
November 29, 2018
Audit and Finance Standing Committee
December 3, 2018

TO: Chair and Members of Community Planning and Economic Development
Standing Committee & Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

Denise Schofield, Director, Parks & Recreation

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: November 21, 2018

SUBJECT: Funding request – THE LINK Performing Art Centre

ORIGIN

May 17, 2018 Community Planning and Economic Development Standing Committee (CPED) motion:

MOVED by Councillor Smith, seconded by Councillor Hendsbee that the Community Planning and Economic Development Standing Committee request a staff report to consider the capital funding request from the Culture Link Performing Arts Centre of \$1.02M, as outlined in the presentation received by CPED on December 14th, 2017, and have staff engage with the Culture Link group, reporting back with recommendations for the 2019/20 budget. MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter subclause 79(1)(av)(v): Halifax Regional Council may expend money required by the Municipality for... (av) a grant or contribution to ... (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province.

Administrative Order 1 Respecting Procedures of the Council.

Schedule 2, Audit & Finance Standing Committee Terms of Reference

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

...
(g) the creation or modification of reserves and withdrawals not approved in the approved budget.

Schedule 3, Community Planning and Economic Development Standing Committee Terms of Reference

5. The Community Planning and Economic Development Standing Committee shall oversee the Municipality's Community building initiatives in the areas of arts, culture, recreation and heritage and related facilities strategies by:

(a) promoting and enabling an inclusive range of arts, culture, recreation and heritage opportunities in the municipality;

Recommendation on page 2

(b) promoting and enabling access to arts, cultural, recreation;...

Administrative Order 2014-015 ADM Respecting Reserve Funding Strategies.

Reserve Business Case Q421 General Contingency Reserve.

RECOMMENDATION

Community Planning and Economic Development Standing Committee

It is recommended that the Community Planning and Economic Standing Committee recommend that Regional Council, subject to the recommendation of the Audit & Finance Standing Committee regarding funding:

1. approve the provision of a one-time contribution to The Link Performing Arts Society for capital costs relating to The Link Performing Arts Centre, a purpose-built facility in the former World Trade and Convention Centre, 1800 Argyle Street, not to exceed 10% of the overall capital project costs, to a maximum of \$1,000,000.00, subject to the terms set out in Table 2 of the discussion section of this report, with funding to come from Q421 the General Contingency Reserve; and
2. authorize the Chief Administrative Officer, or his designate, to negotiate and execute a Contribution Agreement on behalf of the Municipality with The Link Performing Arts Society, including the terms and conditions set out in Table 2 of the discussion section of this report, and otherwise acceptable to the Chief Administrative Officer.

Audit and Finance Standing Committee

It is recommended that the Audit & Finance Standing Committee recommend that, subject to the recommendation of the Community Planning and Economic Development Standing Committee, Regional Council approve the provision of a one-time contribution to The Link Performing Arts Society for capital costs relating to The Link Performing Arts Centre, a purpose-built facility in the former World Trade and Convention Centre, 1800 Argyle Street, not to exceed 10% of the overall capital project costs, to a maximum of \$1,000,000.00, subject to the terms set out in Table 2 of the discussion section of this report, with funding to come from Q421 the General Contingency Reserve.

BACKGROUND

This report originates with a request for funding in the amount of \$1.02M from The Link Performing Arts Society (later amended to reflect a \$1.3M request) to deliver a cultural hub, creative industries incubator, and performing arts center within the former World Trade and Convention Centre site (THE LINK). The Link Performing Arts Society (the Society) is an active not-for-profit Society registered under the Nova Scotia Registry of Joint Stocks. As stated in their submission, the mandate of the Link Performing Arts Society ("LPAS"), in partnership with Culture Link CIC ("Culture Link"), a Community Interest Company, is "a commitment to fostering an exceptional creative industries entrepreneurial ecosystem in Halifax".

The request as initially submitted suggests the owner of the site, Armco Capital, has indicated a 1-year timeline to have funding confirmed for the cultural hub as a requirement to advance the project. The applicant is therefore requesting consideration be given to their funding request in the 2019/20 budget, which is reflected in the recent CPED Standing Committee motion of May 17, 2018.

Attachment 1 provides a chronological overview that includes the background of project milestones and stages, including the sequence of events leading to the current request under consideration.

Precedence:

The municipality has made monetary contributions to community and professional arts venues, largely in-kind, through property leasing and discounted purchase agreements. In terms of precedence, there are two relevant sub-groups which are examples of (1) contributions of comparable value and (2) contributions to arts/cultural facilities:

- (1) 2009 – Soccer NS \$1.5M;
2011 – Seaport Farmers Market \$1M;
2016 – Tennis Canada \$2.5M;
2016 – Discovery Centre \$2M.
- (2) 1993 – Former civic club building to Neptune Theatre Foundation. Donation as part of City of Halifax support of expansion of Neptune theatre;
1999 – 6199 Chebucto Road -Donation of building for Maritime Conservatory of Performing Arts;
2003 – Bella Rose Arts Centre Society (660-seat “community-based proscenium theatre” Halifax West High School) \$300,000 funding;
2011 – Citadel Theatre Society (780-seat theatre in Citadel High School) \$500,000 funding;
2018 – 1588 Barrington Street Building Preservation Society. Donation of surplus building (\$1.5M building value + \$250,000 holding costs).

The Municipality has also supported professional arts venues through its development of municipality owned infrastructure, such as Alderney Landing and the Halifax Regional Libraries.

On September 20, 2017 Regional Council identified a Performing Arts Centre as one of several potential strategic long-term capital project priorities. It was one of several listed as a potential project for which no capital funds had yet been identified. The identification of these potential projects was derived from an ongoing Council discussion of large capital expenditures that would not be considered in the normative capital budget process. The stock of projects discussed were aligned with various city building initiatives ranging from a revised Regional Plan, Long-Term Arenas Strategy, and Regional Economic Growth Strategy.

In May 2018, Regional Council approved the sale of the building located at 1588 Barrington Street to the 1588 Barrington Street Building Preservation Society (more information in the Discussion section under Impact on Existing Cultural Infrastructure).

DISCUSSION

The Department of Canadian Heritage defines a ‘Creative Hub’ as *a multi-tenant facility which brings together professionals from a range of arts or heritage sectors and creative disciplines. Creative hubs feature diverse business models, such as not-for-profit and for-profit organizations and self-employed creative workers. Creative hubs provide multiple users with shared space, equipment and amenities; opportunities for idea exchange, collaboration and/or professional development; and offer space and programming that is accessible to the public.*

I. THE LINK Project Overview

The Link Performing Arts Society (the Society), a registered non-profit organization, is partnered with Culture Link CIC, a Community Interest Company, to develop plans for THE LINK. It is the mission of Culture Link and the Society to “transform the interaction of art and commerce through the sustainable marshalling of prominent real estate to establish vibrant and long-lasting creative hubs and cultural facilities”. This project intends to foster collaboration and innovation by bringing various artistic disciplines together, including artists, directors, producers, managers, and promoters to encourage partnership and mentorship opportunities.

Proposed Facility

THE LINK project proposes to renovate the existing building on 1800 Argyle Street owned by Armco Capital into 84,000 sq.ft. of flexible, multi-purpose arts and cultural space. Plans for the facility include:

- **1800-person multi-disciplinary performance hall** that can be flexibly subdivided into smaller venue spaces;
- **Media/VR production studio** with offices and support space;
- **2 dance studios**;
- **160 seat cinema and presentation space**; multidisciplinary rehearsal spaces;
- **Storefront box offices and a café** on Argyle Street; and
- **A Creative Entrepreneurs Centre** anticipated as shared facilities and dedicated office space for cultural not-for-profits as well as creative industry startups.

A description of the facility's proposed features and services, as well as preliminary floorplans, are provided in The Project Summary included as Attachment 2.

Proposed Operation

The Link Performing Arts Society is managed by a Board of Directors, currently featuring representation from the film, music, dance, media arts and community sectors. Based on the information provided by the Society, it will engage Culture Link CIC to provide day-to-day operational management of the LINK

Culture Link CIC is a Nova Scotia Limited Company, incorporated on May 15, 2017 under the Companies Act, but designated as a Community Interest Company (CIC) under the Community Interest Companies Act. As a corporation, the members of the board are public, but not the shareholders. The request for funding for THE LINK is submitted by The Link Performing Arts Society, a society incorporated under the Societies Act on July 21, 2017.

The Society will be the primary operating entity for the Link Performing Arts Centre. The Society has been the applicant for funding from the three levels of government and will enter a 20-year lease with Armco Capital, the owner of the building. The Society will then sublease the relevant space to a mix of non-for-profit cultural organizations and creative start-ups. All areas of the repurposed WTCC leased to the Link Performing Arts Society and managed by Culture Link CIC will be officially referred to as the Link Performing Arts Centre. The Society will be responsible for the assets and debts of the project. It will contract with Culture Link CIC for the operational management of the LINK, including management oversight, strategic planning, marketing and creative development. Culture Link CIC will also act as the food and beverage operator.

Community Interest Company

HRM does not have previous experience dealing with a community interest company. Community interest companies (CICs) are incorporated as a business corporation, are established with share capital, and may engage in for-profit undertakings. A CIC must have a "community purpose", which is a purpose beneficial to society at large or a segment of society that is broader than the group of persons related to the CIC. The Memorandum of Association for Culture Link CIC states: "*The only object of the company shall be to be a community interest company dedicated to serving artists and the business people who support them by creating spaces that foster collaboration and innovation and the doing of all such other things as are incidental or conducive to the attainment of this object*" (italics in original). A CIC is distinguished from a regular company in that the dividends that it may declare to its private shareholders are restricted to 40% of its distributable profits. The other 60% may be issued as dividends to shareholders who are qualified entities, which includes non-profits societies: Culture Link CIC does not list any qualified entities in its Memorandum of Association. CICs are also restricted in how they may distribute its assets, both while doing business and on wind up.

Project Stakeholders

A list of those organizations who have expressed interest in participating in THE LINK can be found on Page 2 and 3 in the Project Summary, Attachment 2, under *Clients, Long-Term Tenants*. "Clients" refers to organizations that have expressed interest in renting facilities on a short to long-term basis. "Long-Term Tenants" refers to organizations that would lease space on an annual basis for a minimum of 5 years. While

at the time of writing this report, there was no available confirmed tenant list, the Society states there is strong interest from for - profit entities and non-for-profit organizations categorized as anchor tenants in addition to the new media – tv and sound production investments in the space.

II. Funding/Business Plan Analysis

Review of The Culture Link Business Model

Startup and Project Development

The estimated total capital costs associated with THE LINK development is \$12,996,500. An overview of projected expenses and prospective private and public funding sources is included in Table 1. The funds have been requested for 2019/20 based on a timeline that would see renovations begin in 2019 and completed in 2020.

Table 1

Revenue Sources	Amount
Government Funding	
Federal	
Dept. Canadian Heritage	\$ 5,012,500
Provincial	
Invest Nova Scotia	\$ 1,755,000
Dept. of Communities, Culture & Heritage	\$ 2,795,000
Municipal	
Halifax Regional Municipality	\$ 1,300,000*
Total Government Funding	\$10,862,500
Private Sector Funding	
Armco Capital	\$ 1,764,000
Private Equity	\$ 370,000
Total Private Sector Funding	\$ 2,134,000
TOTAL FUNDING (Public & Private)	\$12,996,500

Deployment of Funds	Amount
Building leasehold improvements	\$ 9,100,000
Furniture & equipment	\$ 1,500,000
Production equipment	\$ 2,396,500
TOTAL DEPLOYMENT OF FUNDS	\$ 12,996,500

*There is currently a \$300,000 gap between the amount of funding being recommended (\$1,000,000) and the amount of funding being requested from Halifax Regional Municipality (\$1,300,000). As a result, the \$300,000 gap would need to be funded by the group either through additional fundraising or an adjustment to the scope of the project.

Leveraging HRM Investment

The LPAS anticipates leveraging funds and resources from the building owner, other levels of government, investments by the private sector, and the creation of earned revenue streams. Staff recommends that HRM's funding be conditional on written confirmation to the satisfaction of HRM of private, federal and provincial investment.

The tenancy mix is proposed to include sub-leasing to anchor tenants (either for profit or non-profit), as well

as sub-leasing to long-term clients. To mitigate issues around project viability, staff recommends that HRM's second payment be conditional upon confirmed sub-leasing of space to anchor tenants, and confirmed sub-leasing of 75% of the long-term client leased space.

To ensure that non-profit organizations benefit from the leased space at THE LINK, staff recommends as a condition of the contribution that for the first five years of THE LINK's operation, 75% of space sub-leased for long-term clients be sub-leased to non-profit organizations, with satisfactory confirmation required at the time of HRM's second payment, and again upon final payment. Staff recommend the LPAS give preference to those non-profit organizations that are, or may be, recipients of the HRM Grants to Professional Arts Organizations program, a mechanism to leverage the current annual municipal grant support to non-profit arts and cultural organizations in HRM.

Proposed Operational Model

The LPAS will be the lessee of Armco Capital and will sublet to long-term tenants. These tenants will develop their own programming in their own space. Other spaces such as the Performance Hall, Cinema, Dance and Production Studio will be managed by Culture Link CIC who will act as property manager and who will collect all revenues and manage all expenses on behalf of the Society. The site will feature approximately 3,000 square feet of co-working space, a café, and per-use access to most of the facilities within the building. The Society intends to also manage its own series of programming (performance, outreach, development) in addition to those that are facilitated through open rental and community use.

Proposed Financial Model

The request from the Society is for a one-time contribution toward the development of the facility as described. The Society is clear in its proposal that the future operation of the facility, under the rental/lease structure proposed, will be self-sustaining, and that no future support from HRM would be required to sustain its operations. Additionally, the LPAS state Armco Capital has committed to a below-market rent structure that will enable THE LINK to operate sustainably over the term of its twenty-year lease.

The Culture Link's plan calls for significant growth in operational revenue. Revenue streams are identified as the following:

- Long Term tenant leases
- Entrepreneurial co-working centre
- Café revenue
- Event space rentals for Music, Theatre, Dance communities
- Event beverage and concessions
- Studio and rehearsal space rentals
- LPAS Promoted Events
- Box Office/Storefront commissions
- Corporate Box Sales
- Sponsorship / Naming rights for the Link Performing Arts Centre

The Society has submitted a Feasibility Study, in addition to the Project Summary which included 20-year financial projections developed internally by the founders. Due diligence on HRM's part is warranted for a funding request at this level and staff consulted a third-party (Halifax Partnership) for a review of the proposed financial statements. As a result, several inconsistencies were identified in the originally submitted financials. These inconsistencies were relayed to the Society for attention and response, and resulted in the resubmission of updated financial information.

As the nature of the information regarding the costs, projections and the proposed revenue is highly confidential, the Society has requested staff not include the Feasibility Study document with this report.

Establishing Measurable Goals and Outcomes

Based on the Project Summary submitted, staff suggest that several quantitative items such as full-time staff, number of events, and grant amounts contained in the document lack substantiating background. However, the Society is developing an in-depth metrics system based on a Balanced Scorecard

methodology¹. Through that process, staff is satisfied that the goals of Customer Perspective (Clients and Audience); Financial Perspective; Organizational Learning and Growth; and Environmental can be substantiated by clear and informed outcomes.

In addition to these long-term goals, the Society has provided targets with incremental increases for the initial 3-year period 2018/19-2020/21; the details of which can be found in Attachment 3.

Financial Support Assessment

Staff has reviewed the Project Summary under the following criteria: Accessibility, Leverage of Private Funds, Viability, Sustainability as A Performance Venue, and Incrementality; those findings are in Attachment 4. In addition to these considerations, staff has also considered the impact on existing cultural infrastructure; the details of which are stated below.

Impact on Existing Cultural Infrastructure

While the potential positive impact of THE LINK is clear, it is critical that the addition of THE LINK not impact the viability of other cultural sector organizations and facilities. An assessment of potential negative impact considers two measures: existing capacity and the estimated demand. In general, the greatest perceived risk to existing cultural infrastructure is that THE LINK could divert users from other downtown venues, thereby impeding those organizations' operational viability. However, the proposed project is supported by a strong business case which includes demonstrated demand for space from prominent and established arts organizations. This expression of a need for infrastructure reinforces feedback that staff has received through previous initiatives such as the Legacy Performing Arts Centre proposal, Chase the Space, as well as through the Grants to Professional Arts Organizations Program. Collectively, the expressions of interest from stakeholder organizations and demands for purpose-built space from a variety of arts sector disciplines seems sufficient to support the project's claim that the space provided will be additive and net-beneficial to existing venues in HRM.

In addition to existing capacity, staff has also given consideration to prospective cultural infrastructure developments, including the status of 1588 Barrington Street which proposes to develop and operate as a cultural hub in downtown Halifax. Staff also note the plans for the redevelopment of the former Bloomfield school are undefined and therefore not considered as pre-existing in context to THE LINK project.

The Society's proposal was submitted at roughly the same time as the May 22, 2018, Regional Council decision to approve the sale (assessed at \$1,488,600) to the 1588 Barrington Building Preservation Society for \$1.00, and to provide a one-time grant of up to \$250,000 to be put towards holding costs. As a result, the impact and relationship between the two facilities needs to be clearly defined. In reviewing both requests for funding, staff note similar elements in the mandates to create and run a cultural incubator model. In comparative terms, both venues propose rehearsal, performance, gathering, and meeting space with leasable, affordable downtown office space to arts and community groups and businesses that complement each of the Societies' mandate.

The 1588 Barrington Building Preservation Society looks to provide a gathering place for communities seeking like-minded artistic and creative exploration, as well as a welcoming space for the local BIPOC and LGBTQIAP+ community. However, the scope and service delivery differs significantly: the 1588 Barrington Building Preservation Society operating as an artist run centre for emerging visual artists and THE LINK's proposed model as a multi-disciplinary and television and media-production space. The distinction between the two proposed models may be most clearly defined as a Community Cultural Hub (1588 Barrington) vs that of a Creative Industries Hub (i.e., Music Nova Scotia, Screen Nova Scotia, Interactive Society of Nova Scotia / Beacon Virtual Reality Centre of Excellence (THE LINK)).

¹ The balanced scorecard (BSC) is a strategic planning and management system that organizations used to connect the dots between big picture strategy elements such as mission (purpose), vision (what we aspire for), core values (what we believe in), strategic focus areas (themes, results and/or goals) and the more operational elements such as objectives (continuous improvement activities), measures (or key performance indicators, or KPIs, which track strategic performance), targets (desired level of performance), and initiatives (projects that help reach targets).

Based on the assessment of both proposals, THE LINK proposal does not appear to be fundamentally competitive to that of the 1588 Barrington Building Preservation Society, and stabilizing in its provision of office and co-working space in downtown. By supporting both venues, Halifax will be enabling the development of a distinct cultural district that will provide space and opportunity for artists and artist-led, community-facing organizations as well as cultural industries and entrepreneurs.

Further, with recent local projects in various stages of planning and on the brink of realization, a new standard in excellence in multi-disciplinary cultural facilities will be realized: the development of a new cultural hub on the Halifax Waterfront which would bring the Art Gallery of Nova Scotia (AGNS) and a new Nova Scotia College of Art and Design (NSCAD) campus in one location, including an inclusive and accessible new public gathering space; a re-established emerging arts incubator in a newly renovated 1588 Barrington Street; the construction of a new addition to the Dalhousie Arts Centre that includes a 300-seat concert hall, innovative practice and rehearsal spaces, as well as new Costume Studies studios. All of these projects, along with THE LINK, will enhance and support HRM's cultural sector which plays a significant role in the local economy and community.

III. Policy Alignment

To enable a critical evaluation of the contribution request, staff employed a critical assessment of the proposal as it aligns with the Council Priority Outcomes.

The proposal aligns best with the following municipal policies:

- Economic Growth Plan
- Regional Council's Healthy, Liveable Communities Priority Outcome
- Regional Council's Economic Development Priority Outcome

Economic Growth Plan

The 2016-2021 Economic Growth Plan provides an updated framework to the original Economic Strategy. The Economic Growth Plan outlines strategic goals to expand on progress previously achieved under the Strategy. THE LINK proposal aligns closely with one goal in particular: "Make Halifax a Better Place to Live and Work". Several of the objectives embedded in that strategic goal would be supported by THE LINK proposal, including the enhanced access to cultural opportunities both broadly across the municipality, as well as within current underserved communities, along with increased opportunities for exciting event attraction to the municipality.

Regional Council Priority Outcomes

Regional Council establishes priority outcomes for the term of their mandate after each Municipal election, and directs staff to prepare plans to advance these outcomes. Several of these outcomes align with the proposal:

- Economic Development

This priority outcome states the aspiration that Halifax is a sought-after business destination that encourages entrepreneurial spirit and is responsive to the needs of the community. The municipality supports economic development incentives that provide broad-based benefits across sectors, innovation systems and the Region.

The goal to "Attract and Retain Talent", would be supported by THE LINK proposal through the provision of employment for young and emerging artists, and through the creation of a more sustainable climate for cultural organizations. This priority outcome also specifically identifies Arts, Culture and Heritage with the goal to 'recognize and support heritage, cultural activities, and arts to bolster the creative economy and the vitality of the region'. Likewise, this outcome places emphasis on a 'Focus on the Regional Centre' with the understanding that 'Halifax has a vibrant, animated and economically healthy Regional Centre that is a cultural, business and education hub with a growing population'.

- Healthy, Liveable Communities

Under the Recreation and Leisure priority is the stated outcome that 'Halifax citizens have access to facilities and natural assets that enable a range of choices for structured and unstructured leisure and recreation activities'. THE LINK proposal would provide support in the form of multi-disciplinary performance, presentation and practice space that has an entrepreneurial focus and that fosters cross functional collaboration and a complimentary entertainment asset to the enlivened downtown core.

IV. Funding Rationale: Municipal Benefit

Over recent years, the Municipality has received several funding requests to accommodate larger-order funding requests from local non-profit groups, public institutions and businesses specific to the development of community-owned or operated facilities. Requests include those made by the Discovery Centre, Tennis Canada and, more recently, the YMCA and the Hospice Society of Greater Halifax. Without exception, these third-party initiated capital funding requests far exceed the funding parameters of existing grant programs. In the absence of a discrete program for these higher-order grant requests, evaluation of these requests is based upon the assessment of the proposed business cases for each project in relation to the perceived benefit of the project to the public at large, as informed by the Municipality's corporate and public service priorities.

THE LINK proposal constitutes a significant addition to the cultural facility inventory in the urban core. HRM's contribution of up to 10% of the overall project costs, to a maximum of \$1 million, is considered a strategic opportunity to support sector specific productivity and provides a strong public benefit to citizens linked to HRM's strategic goals in cultural development, events hosting, and economic development. The Society states "*the estimated cost for building a brand-new facility with these attributes would cost \$30 to \$40 million*".

Further, the Society is committed to identify and target funds to those with a focus on fostering emerging voices from the Indigenous, African Nova Scotian, Acadian and new-comer communities, with the goals measured through the number of partner organizations and events. As well, under represented disciplines, such as dance will be a focus of LPAS/LINK development funding.

However, with a number of financial pressures, there is limited fiscal capacity within the General Contingency Reserve. Therefore, Halifax Regional Municipality is only able to fund a maximum of \$1,000,000 and not the \$1,300,000 requested by the group. However, this amount would also be consistent with other current large-scale grant requests and confirm the municipality's support of the cultural sector.

V. Summary

Based on an assessment of the Project Summary, THE LINK would contribute significant benefit to the community and provide citizens with increased opportunities for cultural presentation, entertainment and events. The proposal would align with several municipal priorities and policies, and deliver much needed, purpose-built space in the form of a multi-disciplinary cultural hub, creative industries incubator, and performing arts centre. As a site previously designed to handle large events, there is significant infrastructure in place to support this new use for the building. The provision of a grant, conditional upon public and private support by the Government of Canada, the Province of Nova Scotia, Armco Capital and Culture Link CIC, would achieve this enhanced level of service for the arts community in a cost-effective manner.

It is therefore recommended that grant funding be provided to the Link Performing Arts Society on the basis of the proposed project, conditional upon a contribution agreement with terms and conditions to be defined as per Table 2. As the project is realized, the Society will provide HRM with data to enable staff to establish refined outcome measures representative of activities and accurately demonstrate the impact in the community.

Table 2: Proposed Contribution Agreement- Key Terms and Conditions

Key Terms and Conditions
<p>HRM's contribution to the Link Performing Arts Society (the "Society") is not to exceed 10% of the total project costs up to a maximum of \$1.0M to be used by the Society for the payment of capital costs directly incurred in the construction and development of The Link Performing Arts Centre (the "Facility"), located at 1800 Argyle Street, Halifax.</p> <ol style="list-style-type: none"> a. The contribution amount is made directly to the Society, and HRM is not liable for any of the Society's costs for the construction or operation of the Facility, nor is HRM a guarantor of the Society or the Facility. b. The contribution amount represents HRM's complete financial commitment to the capital project. c. There shall be no supplemental or incremental funds available to the Society. d. The Society will indemnify HRM. e. The Society will maintain registered non-profit society status for a minimum of 5 years.
<p>Payment of the Municipality's contribution shall be issued in three installments:</p> <ol style="list-style-type: none"> a. an initial payment of \$400,000 upon proof of construction readiness and start date; b. second payment of \$400,000 upon proof that 50% of the construction is complete; and c. final payment of \$200,000 upon proof that the balance of the capital project is complete. d. in the event that the Society cannot meet these conditions within the expected timeline, the time of issuance of HRM payments may be amended.
<p>No portion of HRM's contribution shall be used for operating expenses associated with the Facility, the Society, or any other party.</p>
<p>The Society will submit final design plans, cost estimates and business plan for evaluation by an inter-departmental technical team to include representation from HRM Senior financial and asset management staff prior to the disbursement of the initial payment.</p>
<p>HRM's contribution shall be contingent on the execution of a signed contribution agreement containing the following funding conditions:</p> <ol style="list-style-type: none"> a. The Society shall provide HRM with a copy of the executed 20-year lease agreement between The Society and Armco Capital Ltd. regarding the space being leased at 1800 Argyle Street, Halifax prior to the disbursement of any of HRM's contribution. b. Written confirmation in a form satisfactory to HRM of the contribution from the Government of Canada that achieves the cumulative, total project funding to be funded as outlined in the Project Summary and Table 1, prior to the disbursement of any of HRM's contribution; c. Written confirmation in a form satisfactory to HRM of the contribution from the Province of Nova Scotia that achieves the cumulative, total project funding to be funded as outlined in the Project Summary and Table 1 prior to the disbursement of any of HRM's contribution; d. Written confirmation in a form satisfactory to HRM of the contribution from Armco Capital Ltd. at the minimum amount of \$1,764,000 as indicated in the Project Summary and Table 1 prior to the disbursement of any of HRM's contribution; e. Written confirmation to the satisfaction of HRM of the Society subleasing of space to confirmed anchor tenants and 75% sub-leasing of space to the long-term clients prior to the disbursement of HRM's second payment; and f. Written confirmation to the satisfaction of HRM that 75% of space sub-leased to long-term clients is sub-leased to not-for-profit organizations (to be audited annually), to be confirmed for those long-term clients in place at the time of the disbursement of HRM's second payment, and again prior to the final payment being disbursed.

In return for HRM's financial contribution, The Link Performing Arts Society shall provide recognition to be determined by both parties and commensurate with the level of investment at the Facility.

HRM shall not be liable for any losses incurred by any parties associated with the Facility in relation to the construction or operation of the facility.

FINANCIAL IMPLICATIONS

Established municipal grant programs do not have the capacity to fund a capital request of this scale and the Community and Events Reserve Q621 does not have a sufficient balance. Payment of the first installment will be issued in fiscal year 2019-2020 as a withdrawal from the General Contingency Reserve Q421 and contingent on Regional Council's approval of the expenditures in the applicable fiscal year budget.

Budget Summary – Risk Reserve: General Contingency Reserve Q421

Balance in reserve, October 31, 2018	\$11,677,539
Projected revenue to March 31, 2019	\$ 62,802
Commitments to March 31, 2018	<u>\$(4,267,922)*</u>
Projected net available balance to March 31, 2019, as at Oct 31	\$ 7,472,419
Pending reports to Audit & Finance/adjustments of commitments:	
Reduce commitment for YMCA, included in above commitments to \$1m	\$ 500,000
Purchase of land	\$(4,275,000)
Senior snow & ice report	\$(200,000)
Purchase of fire boat	\$ (1,300,000)
Withdrawal per recommendation of this report	<u>\$(1,000,000)</u>
Revised projected net available balance, March 31, 2019	\$ 1,197,419
*Commitments include \$500k for Hospice Grant request, pending approval	

Risk Reserve – General Contingency Reserve Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve.

Where the funding has not been budgeted as a reserve withdrawal in 2018/19 it must be considered by the Audit and Finance Standing Committee in order to be committed for payment in 2019/20.

RISK CONSIDERATION

The assessed risk to the Municipality is largely financial and reputational.

Assessment of financial risk rates moderate. These are mitigated in part by the fact the contribution agreement would form a legal contract that would ensure the grant funding is used only for the purpose outlined by Regional Council, and payments would be phased in relation to strategic project benchmarks. However, recourse is limited should THE LINK cease operations following capital construction.

Assessment of reputational risk rates minor, insofar as in the absence of an open call for submissions, formal policy and evaluation criteria, other qualified non-profit organizations may be denied equitable consideration.

With the recommended amount of funding being less than requested, there may be risk to the project if the group is not able to secure sufficient funding.

COMMUNITY ENGAGEMENT

Not applicable in relation to unsolicited funding request.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The Community Planning and Economic Development Standing Committee Council may recommend that Halifax Regional Council amend the value of a proposed contribution or the terms and conditions of funding. This may require a supplementary report with details of such agreement which may require further negotiation with The Link Performing Arts Society.

The Audit and Finance Standing Committee may recommend that Halifax Regional Council not approve the provision of a grant to The Link Performing Arts Society towards the development of THE LINK.

ATTACHMENTS

- Attachment 1: Chronological Overview of The Link Performing Arts Centre
- Attachment 2: THE LINK Project Summary
- Attachment 3: The Link Performing Arts Society 3 Year Metrics
- Attachment 4: Funding Support Criteria Assessment

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Elizabeth Taylor, Manager, Culture & Events, 902.490.4387
Jamie McLellan, Community Developer, Culture & Events. 902.490.1039

ATTACHMENT 1

Chronological Overview of The Link Performing Arts Centre

2016 – Province of Nova Scotia receives unsolicited bid from private developer, Armco Capital, to purchase the former site of the World Trade and Convention Centre at a price of \$13.5M;

2017 – September 21: A consultant acting at the behest of The Link Performing Arts Centre begins correspondence with staff from HRM's Community Grant Program regarding the possibility of applying to the Municipality for the purposes of obtaining additional funding to assist with the development of a Feasibility Study for THE LINK;

2017 – December 14: Presentation given by principles of THE LINK to Community Planning and Economic Development (CPED) Standing Committee;

2018 – May 17: Motion from CPED Standing Committee requesting a staff report on request for funding;

2018 - June 26: Letter to members of Halifax Regional Council, c/o Manager of Program Support Services, requesting amendment to the funding request as stated in the CPED Standing Committee motion; Request asks for consideration of \$1.3M based on 10% of overall project costs;

2018 - July 19: motion of CPED Standing Committee approved: That the Community Planning and Economic Development refer the correspondence from the Link Performing Arts Society dated June 26, 2018 for consideration in the staff report requested by the Community Planning and Economic Development Standing Committee on May 16, 2018.



THE

L

I

N



K

culture Δlink



Early stage rendering of The Link, as viewed from corner of Argyle & Carmichael Streets

The Link Performing Arts Centre

The Link Performing Arts Centre (“The Link”) is a unique and exciting opportunity to cost effectively deliver 64,000 square feet of creative space in the heart of downtown Halifax through the repurposing of the former World Trade & Convention Centre (“WTCC”). *The Link* is envisioned as a multi-disciplinary cultural hub, creative industries incubator, and performing arts centre. As a site designed to handle large events, there is significant infrastructure in place to support this new use for the building.

The plans include:

- **1,800-person capacity multi-disciplinary performance hall** that can be subdivided into smaller venues
- **TV / VR production studio** with production offices and support space
- **Two dance studios**
- **160-seat cinema** and presentation space
- **Multi-disciplinary rehearsal spaces**
- **Storefront box office and co-working café** on Argyle St
- **Creative Entrepreneurs Centre**, with shared facilities and dedicated office space for cultural non-profits and for-profit start-ups in the creative sector



Early stage rendering of The Link, as viewed from Argyle Street Entrance

Clients and Long-Term Tenants

The following is a preliminary list of clients, and long-term tenants that have provided letters of support and expressions of interest for *The Link*. “Clients” refers to organizations that have expressed interest in renting facilities on a short to long-term basis. “Long-Term Tenants” refers to organizations that would lease space on an annual basis:

Clients

1. Dapopo Theatre
2. 2b theatre Company
3. Eastern Front Theatre
4. Halifax Circus
5. Dance Nova Scotia
6. Halifax Dance
7. Live Art Dance Productions
8. Mocean Dance
9. Music Nova Scotia
10. Halifax Pop Explosion
11. Halifax Urban Folk Festival
12. Jones & Company Artist Management
13. Halifax Jazz Festival

Long-Term Tenants

1. DHX Media/CBC (“This Hour Has 22 Minutes” and other shows)

2. Sonic Entertainment Group
3. Carbon Arc Cinema
4. Atlantic Filmmakers Cooperative (AFSCOOP)
5. Youth Arts Connection (YAC)
6. Halifax Pop Explosion
7. East Coast Music Association (ECMA)
8. Devour: The Food Film Festival
9. Halifax PRIDE
10. Debut Atlantic
11. Accessible Media Inc.
12. Interactive Society of Nova Scotia / Beacon Virtual Reality Centre of Excellence

Capital Budget

Capital

The projected capital budget of *The Link* is estimated at nearly **\$13 million**, of which approximately \$9.1 million will be required for leasehold improvements, \$3.9 million will be invested in equipment and furniture.

Government Funding:

Invest Nova Scotia	\$ 1,755,000
Dept. Communities, Culture and	\$ 2,795,000
Heritage Dept. Canadian Heritage	\$ 5,012,500
Halifax Regional Municipality	\$ 1,300,000
Total Government Funding	\$10,862,500

Private Funding:

Private Equity	\$ 370,000
Armco Capital	\$ 1,764,000
Total Private Financing	\$ 2,134,000

Total Funding:	\$12,996,500
-----------------------	---------------------

Deployment of Funds:

Building leasehold improvements	\$ 9,100,000
Furniture & equipment	\$ 1,500,000
Production equipment	\$ 2,396,500
Subtotal	\$12,996,500

Total Capital Cost:	\$12,996,500
----------------------------	---------------------

Impact

Initial financial projections for *The Link* indicate revenues of in excess of **\$69 million** over the lifespan of the facility. This does not take into account the broader economic impact of the operation of the space. Volta recently demonstrated that since 2013, it has incubated over 50 early stage companies, garnering \$50M in equity funding and creating more than 290 full time jobs.

Based on detailed financial projections, it is forecast that *The Link* will create by 2022:

1. **16 full-time equivalent positions** and \$1.1 million in wages annually
2. Present over **900 events** per year
3. Provide countless opportunities for employment & promotion of local and visiting artists
4. Minimum of **10 Creative Industries Start-Ups** launched

Over the 20-year life of the project, **240 FTE event staff** jobs will be created, and over **\$6.6 million in grants** will be generated from surplus funds. *The Link* will bring an unprecedented number of creative sector entrepreneurs under a single roof in the heart of Halifax's downtown core - providing them with shared office incubation space, equipment, rehearsal and performance space and more.

With its blend of for-profit and non-profit use, *The Link* is projected to be self-sustaining by 2022 and will not require regular government investment to remain operational.



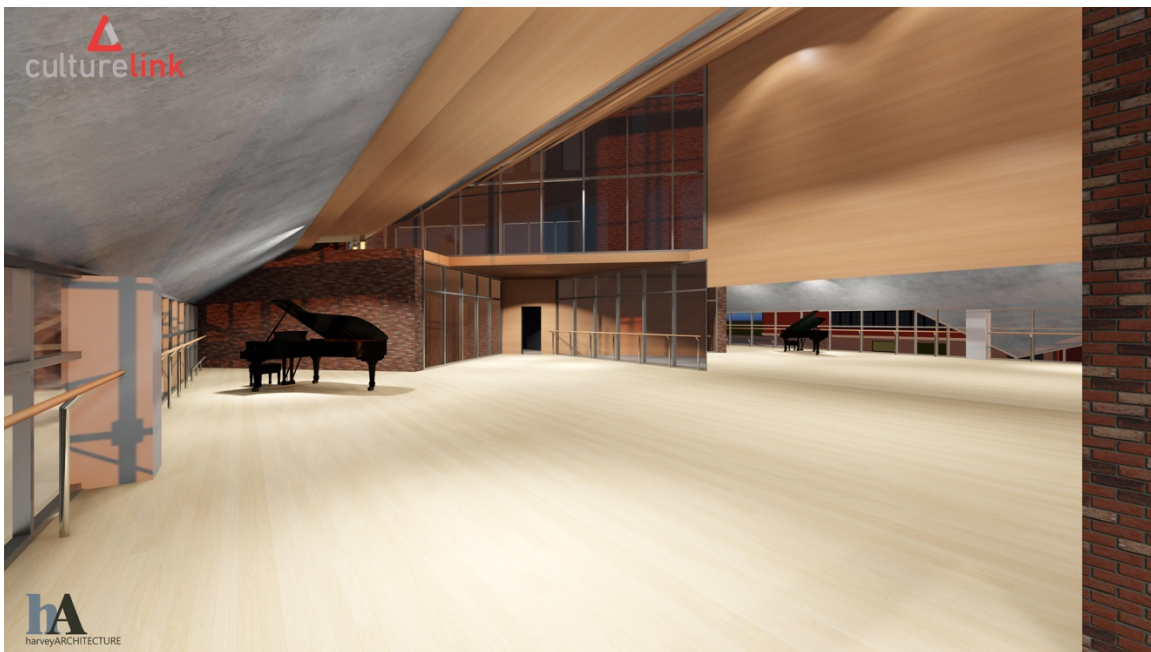
Early stage rendering of Dance Studio Two, above the Argyle Street Entrance

Who We Are

Launched in 2017, **Culture Link CIC** (“Culture Link”), a Community Interest Company, and the **Link Performing Arts Society** (“LPAS”), a registered non-profit, are symbiotic organizations that are dedicated to fostering an exceptional creative industries entrepreneurial ecosystem in Atlantic Canada.

Culture Link and LPAS are positioned to play a key role in the future growth and innovation of the Nova Scotian arts and culture sector, specifically through a visionary and sustainable arts-focused application of space, resources and facilities for artists, creative entrepreneurs and cultural organizations. This will be achieved specifically through the creation and development of *The Link* in the former WTCC, the organizations’ flagship project, as well as the development of other potential collaborative creative industry and performance spaces in Atlantic Canada and beyond.

It is the mission of Culture Link and LPAS to transform the interaction of art and commerce through the sustainable marshalling of real estate to establish vibrant and long-lasting creative hubs and cultural facilities.



Early stage rendering of Dance Studio One, located near the corner of Carmichael and Argyle Streets

Team & Partners

Key partners in the creation of The Link Feasibility Study include **Armco Capital**, the future owner of the building; the **Nova Scotia Department of Communities, Culture and Heritage**; the **Department of Canadian Heritage**; and the **City of Halifax**. Further, **Artscape**, the world-renowned Toronto-based cultural urban development organization and **Common Good Solutions**, a leading provider of social enterprise consultancy services, have been engaged as official consultants.

The Culture Link core project team brings extensive cultural sector experience to the table. **Marc Almon** is an accomplished film and television producer with expertise in creative industry leadership and government relations. **Rob Power** is a CMA, CPA, with nearly 20 years experience in executive leadership positions in the film and television industry and soundstage management. **Sarah Riley** is an award-winning marketing / branding professional and digital media strategist. **Devin Casario** brings 15 years of arts and culture administration experience and has been engaged to assist in the feasibility study process and overall project development.

The **LPAS Board of Directors** features key figures and supporters of the creative industries, including:

Scott Long	Executive Director of Music Nova Scotia
Cliff Le Jeune	Executive Director of Dance Nova Scotia
Martha Cooley	Executive Director of Atlantic Filmmakers Cooperative
Tara Taylor	Founder, Emerging Lens Black Film Festival Chair, Charles Taylor Theatre & Media Arts Association
Sandy Schembri	VP Strategic Initiatives, Truro Herbal Company Former Policy Advisor to Honourable Scott Brison Senior Special Assistant to Honourable Amarjeet Sohi

Additional board members will be announced in late 2018.

Key advisors on the proposed project include:

Tim Jones	CEO, Artscape
David Upton	CEO, Common Good Solutions
James Boyle	Executive Director of Halifax Pop Explosion
Andy MacLean	Executive Director of East Coast Music Association
Tracey Jardine	Vice-President of Live Action Production, DHX Media
Anthony Black	Artistic Director, 2b Theatre Company
Louisa Adamson	General Manager, Spatz Theatre

A major partner in this planning process is **Armco Capital**, the owner of the WTCC. The principals of Armco Capital, including **George Armoyan** (Executive Chairman), **Neil Morley** (VP of Investments), **Don Grant** (VP of Project & Construction Management) and **Sam Armoyan** (Project Manager) recognize the potential legacy for the city, province and region, and have been reliable partners on the project. Armco Capital has committed \$78,084 towards the architecture, design and engineering analysis for the study, as well as \$1,764,000 in capital improvements for the project itself. Additionally, Armco Capital has committed to a below-market rent structure that will enable *The Link* to operate sustainably over the term of its twenty-year lease.

Support

Significant support has been gathered for *The Link* from the private, public and non-profit sectors. Numerous letters of support and expressions of interest have been acquired. The **Nova Scotia Department of Communities, Culture & Heritage** has committed \$58,750 towards the feasibility

study and the **Department of Canadian Heritage** has committed an additional \$33,110. **Invest Nova Scotia** has committed \$2.85 million, of which \$1.755 million shall be devoted toward capital improvements. **Armco Capital** has pledged \$1.764 million towards the financing, and has agreed to long-term below-market rental rates to ensure the sustainability of the complex.

There has been encouragement from politicians at all levels of government including:

Honourable Leo Glavine	MLA (Kings West) Minister of Communities, Culture & Heritage
Honourable Tony Ince	MLA (Cole Harbour-Portland Valley) Minister of Public Service Commission
Honourable Labi Kousoulis	MLA (Halifax Citadel-Sable Island) Minister of Labour & Advanced Education
Honourable Lloyd Hines	MLA (Guysborough-Eastern Shore) Minister of Transportation & Infrastructure Renewal
Brendan Maguire	MLA (Halifax Atlantic)
Andy Fillmore	MP (Halifax)
Bernadette Jordan	MP (South Shore-St. Margaret's)
Mike Savage	Mayor of Halifax
Waye Mason	Deputy Mayor of Halifax
Lindell Smith	Halifax City Councillor, District 7
Shawn Cleary	Halifax City Councillor, District 8
Richard Zurawski	Halifax City Councillor, District 9
Richard Zurawski	Halifax City Councillor, District 12
Lorelei Nichols	Halifax City Councillor, District 4
David Hendsbee	Halifax City Councillor, District 2
Lisa Blackburn	Halifax City Councillor, District 14

Timeline

Timeline to be refined in consultation with Armco Capital, tenants and funders:

April 2018	Completion of 2018 Link Performing Arts Centre Feasibility Study
September 2018	Receive Commitments from Funders Lease between LPAS and Armco Capital Signed Negotiations with Tenants Begin REOI issued to public
December 2018	Finalize Facility Design Project Tender Released
February 2018	Renovations Begin
September 2019	Complete Renovation and Technical Install of Level 0 Studio

January 2020 Complete Renovations Levels 1/2/3
Tenants Move In

February 2020 Grand Opening of *The Link*

Floor Plans & Concept Drawings

Included at the end of this summary are early stage floor plans for *The Link Performing Arts Centre*. Four renderings of the exterior and interior components of *The Link* at the corner of Argyle and Carmichael Street, which detail the proposed dance studios envisioned for that section of the complex, have been featured within the project summary.

Contacts

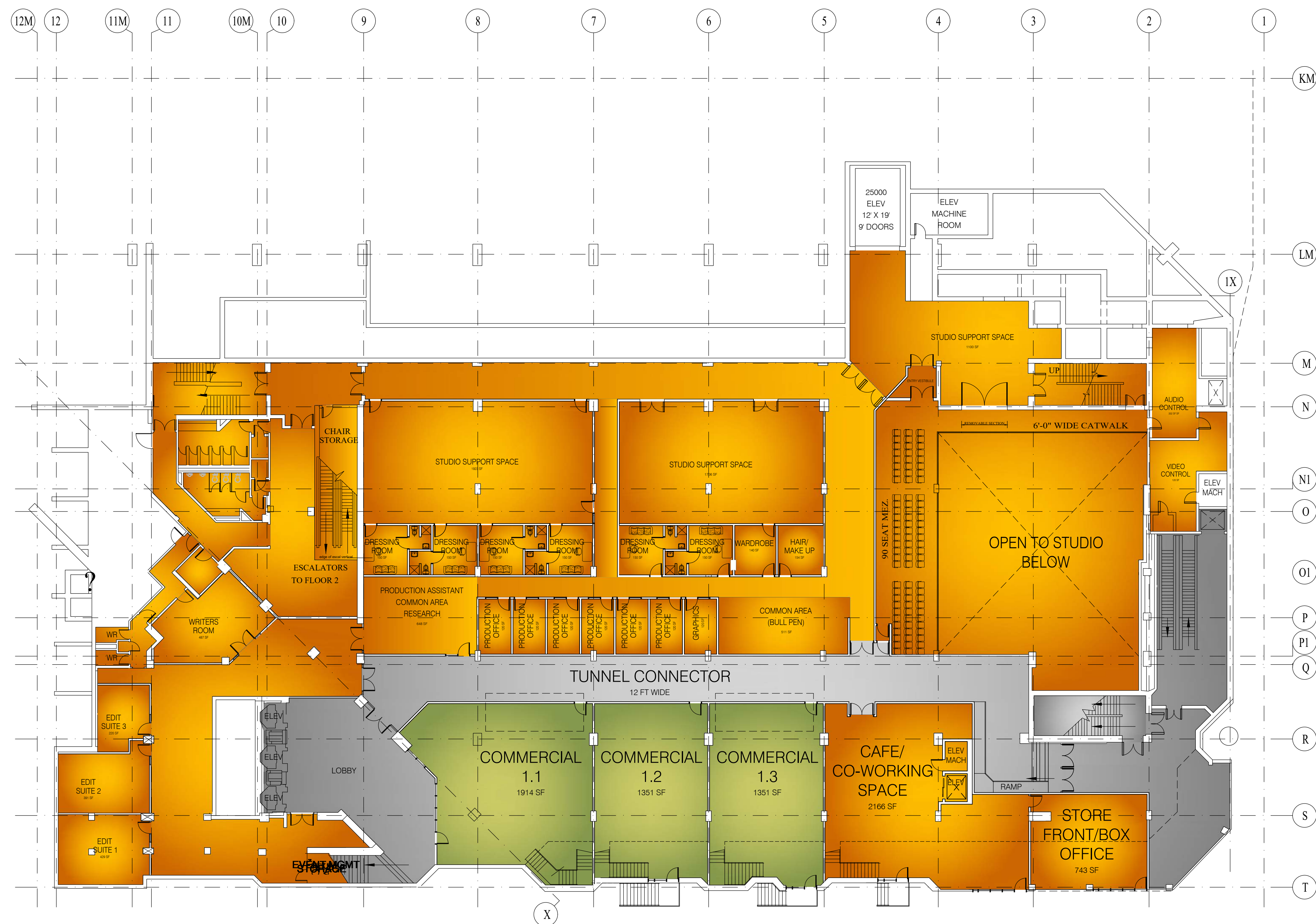
Marc Almon
Founder
marc@theculturelink.org

Rob Power
Founder
rob@theculturelink.org

Sarah Riley
Co-Founder
riley@theculturelink.org

Devin Casario
Co-Founder
devin@theculturelink.org

General Notes:
 All levels and dimensions are to be checked on site by the contractor prior to fabrication, and any discrepancies must be reported immediately to the Architect.
 All dimensions are to be read off this drawing and NOT scaled.
 All work to be executed in strict accordance with the by-laws and regulations of the local authorities and in accordance with Building Construction Standards.
 All work to conform to applicable standards as referenced within the master specifications or as indicated in the drawing.
 Where indicated / required, all drawings are to be read in conjunction with all other documents issued. This drawing is only to be used for obtaining Local Authority Consents and should not be used for any other purpose unless otherwise stated on drawing.



LEVEL LEVEL 1 ELEV 00'5.0" - 0"
 SCALE 1/16" = 1'-0"

No.	Description	Date
4.	REVISION	2017.11.07
3.	REVISION	2017.10.30
2.	REVISION	2017.09.27
1.	FOR REVIEW	2017.09.26

7071 Bayers Rd, Suite 3004
 Halifax, NS B3L 2C2
 Email: mike@harch.ca
 Phone: 444-0555
 Fax: 444-7522

WTCC
 HALIFAX, NS

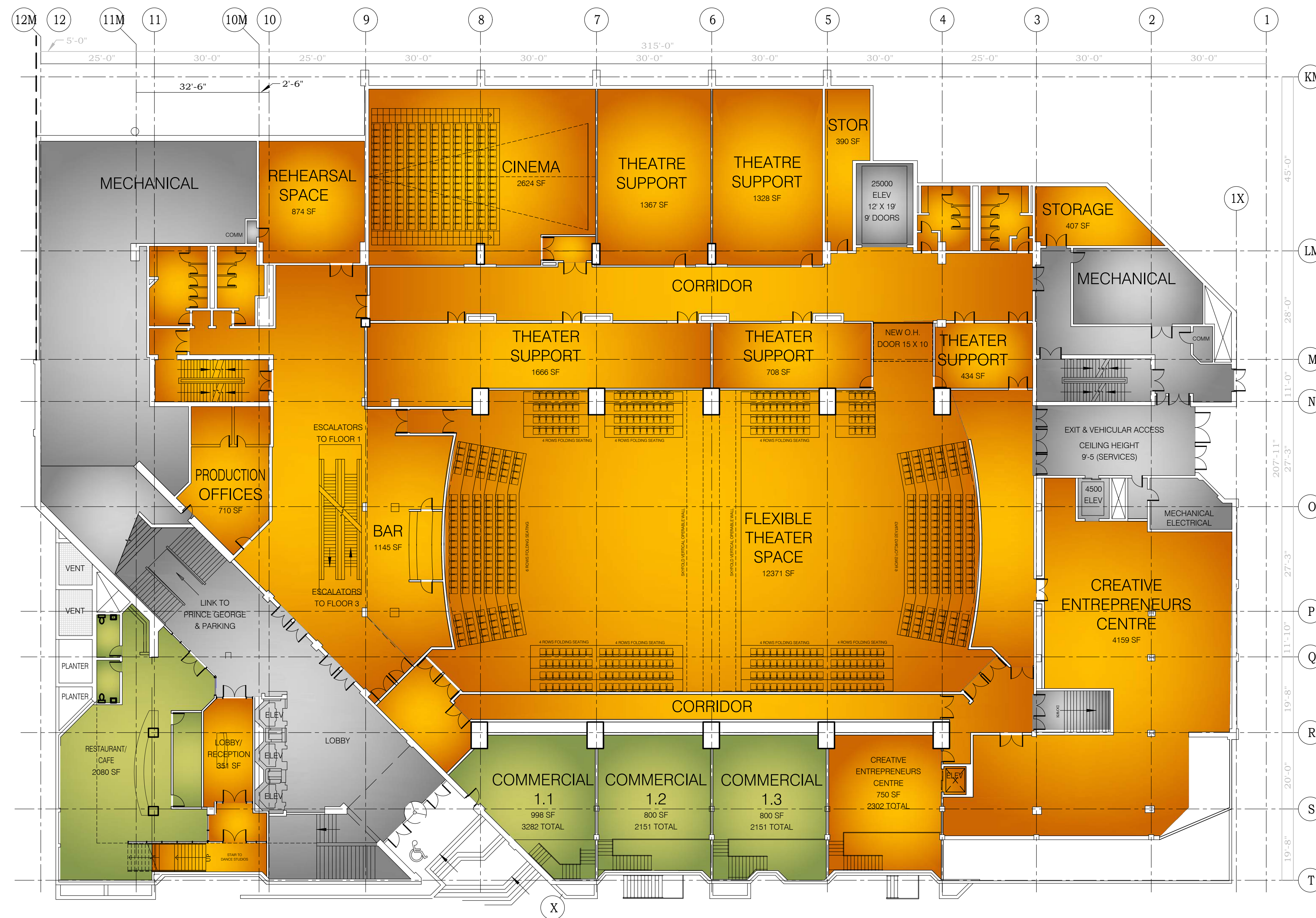
LEVEL 1
 RENOVATION PLAN

Project Number 17067
 Date 2017.09.26
 Drawn By SMA
 Checked By MAH

A-101

Scale 1/16" = 1'-0"

General Notes:
 All levels and dimensions are to be checked on site by the contractor prior to fabrication, and any discrepancies must be reported immediately to the Architect.
 All dimensions are to be read off this drawing and NOT scaled.
 All work to be executed in strict accordance with the by-laws and regulations of the local authorities and in accordance with Building Construction Standards.
 All work to conform to applicable standards as referenced within the master specifications or as indicated in the drawing.
 Where indicated / required, all drawings are to be read in conjunction with all other documents issued in the drawing.
 This drawing is only to be used for obtaining Local Authority Consents and should not be used for any other purpose unless otherwise stated on drawing.



LEVEL LEVEL 2 (ELEV. 73' 0" - 0")
 SCALE 1/16" = 1'-0"

No.	Description	Date
5	FOR REVIEW	2018.05.02
4	FOR REVIEW	2017.11.09
3	FOR REVIEW	2017.11.07
2	FOR REVIEW	2017.10.30
1	FOR REVIEW	2017.09.26



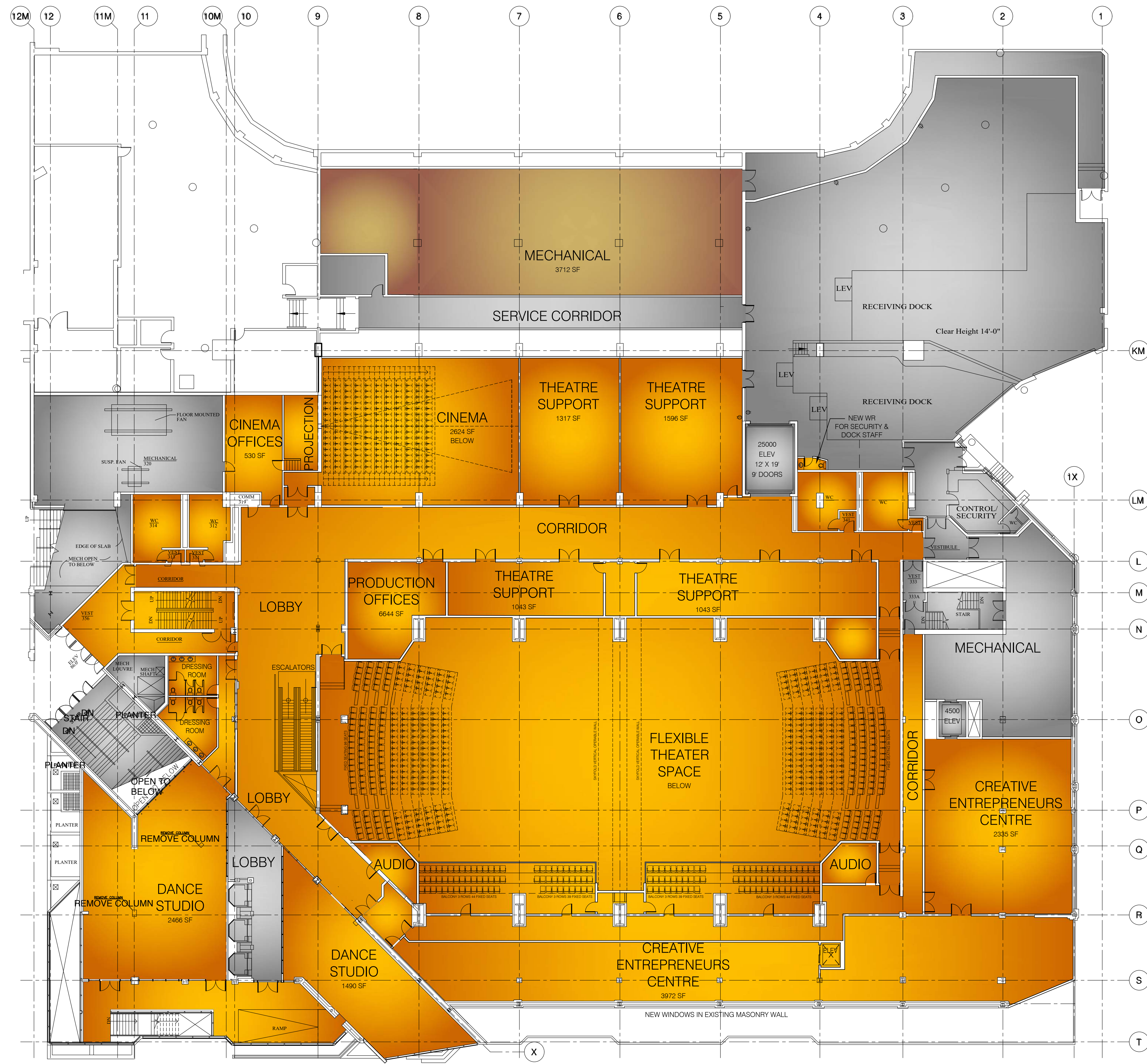
WTCC REDEVELOPMENT
 HALIFAX, NS

LEVEL 2
 RENOVATION PLAN

Project Number	17067
Date	2016.12.01
Drawn By	SMA
Checked By	MAH

A-102

Scale 1/16" = 1'-0"



LEVEL LEVEL 3 ELEV. 85.80' - 0"

SCALE 1/16" = 1'-0"



General Notes:
 All levels and dimensions are to be checked on site by the contractor prior to fabrication, and any discrepancies must be reported immediately to the Architect.
 All dimensions are to be read off this drawing and NOT scaled.
 All work to be executed in strict accordance with the by-laws and regulations of the local authorities and in accordance with Building Construction Standards.
 All work to conform to applicable standards as referenced within the master specifications or as indicated in the drawing.
 Where indicated / required, all drawings are to be read in conjunction with all other documents issued. This drawing is only to be used for obtaining Local Authority Consents and should not be used for any other purpose unless otherwise stated on drawing.

No.	Description	Date
5	FOUR REVIEW	2018.05.02
4	FOUR REVIEW	2017.11.09
3	FOUR REVIEW	2017.11.07
2	FOUR REVIEW	2017.10.30
1	FOUR REVIEW	2017.09.26



WTCC REDEVELOPMENT
 HALIFAX, NS

LEVEL 3
 RENOVATION PLAN

Project Number 17067
 Date 2017.09.26
 Drawn By SMA
 Checked By MAH

A-103

Scale 1/16" = 1'-0"

ATTACHMENT 3

The Link Performing Arts Society 3 Year Metrics

Target/Goal	2018-19	2019-20	2020-21
<ul style="list-style-type: none"> The number of new cultural enterprises housed at THE LINK 	<ul style="list-style-type: none"> 8 	<ul style="list-style-type: none"> 12 	<ul style="list-style-type: none"> 16
<ul style="list-style-type: none"> The number of new cultural sector start-ups 	<ul style="list-style-type: none"> 1 	<ul style="list-style-type: none"> 2 	<ul style="list-style-type: none"> 4
<ul style="list-style-type: none"> Enhanced business capabilities among cultural sector employees (number trained) 	<ul style="list-style-type: none"> 10 	<ul style="list-style-type: none"> 30 	<ul style="list-style-type: none"> 60
<ul style="list-style-type: none"> New employment related to cultural start-ups 	<ul style="list-style-type: none"> 5 	<ul style="list-style-type: none"> 10 	<ul style="list-style-type: none"> 20
<ul style="list-style-type: none"> Number attendees at events 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 50,000 	<ul style="list-style-type: none"> 100,000
<ul style="list-style-type: none"> Non-repayable grants to artists and creative entrepreneurs from a portion of the CIC profits. 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> \$10,000 	<ul style="list-style-type: none"> \$50,000
<ul style="list-style-type: none"> Construction 	<ul style="list-style-type: none"> Construction 36% complete Equipment Purchased Furniture Purchased 	<ul style="list-style-type: none"> Construction 100% Complete 	<ul style="list-style-type: none"> Facility Operational

ATTACHMENT 4

Funding Support Criteria Assessment

1. Accessibility Model:

The Society is developing long-term commitment rates for presentation and studio spaces in consultation with prospective users of those facilities. They are developing long-term lease and facility rental agreements and will provide to HRM when completed. Further, there are numerous creative sector participants that have expressed a strong interest in office space to use in conjunction with the Creative Entrepreneur Centre. With respect to affordability for local arts and culture groups to utilize THE LINK, the Society states the rental rates were developed in consultation with potential users, many of whom staff note have requested municipal support through access to affordable, physical space. The Society confirms rents at THE LINK will be equivalent to rates the not for profit organizations are currently paying by either rationalizing their current footprint using shared space, providing improved space, or access to additional resources including technical equipment.

2. Leverage Private Funds:

The Society states Armco Capital's contribution is for leasehold improvements identified in the design process and these funds will flow to the Society and will not be required to be repaid in any form. The amount consists of what would be considered a normal landlord contribution to leasehold improvements of \$764,000, as well as a philanthropic contribution of \$1M; these funds are committed to the capital improvements and equipment required to turn the building into a cultural hub. With significant government capital investment and no possession and control of the building or project assets, a robust corporate sponsorship / fundraising plan should be initiated to increase private sector contributions. However, staff caution that there are currently several other "arts and culture" groups and projects that are in process or developing local fundraising campaigns that could dilute the relatively small market share. These include the Cobequid Cultural Centre of the Arts Society (to build an Arts Centre in District 14); and the 1588 Barrington Preservation Society with the Khyber Arts Society (for renovations to the Khyber Building). The Society has confirmed they are developing a fundraising campaign with the assistance of experts in the field.

3. Viability:

The Society has no substantive record in operating a cultural hub, although the principles in Culture Link CIC have experience in the operation of cultural facilities such as theatres, concert venues, studios and sound-stages with an in-depth understanding of the unique requirements for productions. One of the founding members has extensive experience in managing television production facilities. As far as executive recruitment, they expect to include an experienced educator that has built similar hubs/incubators. While there is no anchor or long term tenants confirmed for the media production facilities, the Society has identified potential users of these facilities with regards to operating a research and development laboratory focused on Augmented and Virtual Reality, as well as other Interactive media projects. Key also to the long-term viability of the project is the creation of presentation and rehearsal spaces that serve multiple uses across various artistic disciplines. Staff concur with the results of the Society's consultation process, that there are venue gaps in HRM in many of the major artistic disciplines when compared to cities similar in scale across Canada.

4. Incrementality:

THE LINK will deliver nearly 84,000 sq. ft. of creative space for a cost of \$13M. The estimated cost for building a brand-new facility with these attributes would cost \$30 to \$40 million. THE LINK satisfies similar objectives that have been noted both in the 2009 Legacy Performing Arts Centre Society Feasibility Study and in extensive research staff has undertaken in the work to date on the development of a Cultural Spaces

Plan. This opportunity to repurpose the former World Trade & Convention Centre at \$13M is a cost-effective opportunity for the municipality, the Province and the wider region. Further, there is confirmed investment from Invest Nova Scotia and funding decisions from the Canada Cultural Spaces Fund and Province of NS are expected shortly. If funding from all levels of government is achieved, it would further support the cost-effectiveness of the opportunity.

THE LINK is expected to be complete and fully operational by early 2020. In an effort to ensure the project proceeds, the Society has offered 2 approaches to accommodate funding gaps if necessary:

- The Society would “bridge” finance the gap with Armco Capital, the building owner. This would translate into moderately increased operating costs as the Society would incur interest and other costs to put such financing in place; and/or
- The Society would lease a portion of production equipment for 1-3 years while the remaining funding would be secured.

5. Sustainability as a Performance Venue

In assessing the Project Summary, staff note there was no mention of the impact THE LINK may have on other performance venues in HRM, and many of the projected tenants use other presentation spaces. Staff requested additional information as to how the future sustainability of those spaces would be affected considering the relative, small market. In the response, it was noted that based on empirical evidence from consultations with the music, dance and theatre communities, and comparisons to other cities in Canada, Halifax can absorb and support the addition of 2,000 performing arts seats.

Staff has reviewed the Letters of Support that were submitted with the Feasibility Study and support the comments regarding the lack of a 1500- 2000 seat performing arts space and the impact it may have on attracting live music events to Halifax.

Further, in the case of THE LINK, and specifically the scalable, multi-disciplinary performance hall that is proposed, there are no medium-sized scalable, multi-disciplinary venues in Halifax that can accommodate between 1,000 and 2,000 attendees; a fact which staff has identified as a hindrance to attracting touring acts to the city. Dance Nova Scotia facilities are inadequate and the dance community of Nova Scotia requires high quality training, creation and presentation space. HRM staff consultations with local music industry leaders support the premise that the “Live Event Market” in Halifax is constrained by the lack of appropriate facilities and that the addition of THE LINK would create new opportunities for the sector.