

Report to Council



Date: November, 8 2021
To: Council
From: City Manager
Subject: Creative Hub Feasibility Study Update
Department: Active Living and Culture

Recommendation:

THAT Council receives, for information, the report from the Cultural Services Department dated November 8, 2021 regarding the Creative Hub Feasibility Study;

AND THAT Council authorizes staff to proceed to Phase 2 of the feasibility work as outlined in the report from the Cultural Services Department dated November 8, 2021.

Purpose:

To provide Council with a summary of Phase One of the Creative Hub Feasibility Study and approval to proceed with Phase Two.

Background:

Previous Council Resolution

Resolution	Date
<p>THAT Council receives, for information, the report from the Partnership Manager dated November 4, 2019, regarding the potential establishment of a creative hub in a community amenity space to be built as part of the redevelopment of real property located at 350 Doyle Avenue in Kelowna;</p> <p>AND THAT Council approves a request to the Department of Canadian Heritage Canada Cultural Spaces Fund for a grant of up to \$35,000 representing 50 per cent of consulting costs to determine the feasibility of the establishment of a creative hub in the community amenity space at 350 Doyle Avenue in Kelowna, and the Partnership Manager is authorized to sign the grant application on behalf of the City;</p> <p>AND FURTHER THAT Council directs staff to report back regarding the feasibility of the establishment of a creative hub in the community amenity space to be built as part of the redevelopment of real property located at 350 Doyle Avenue in Kelowna.</p>	<p>11/4/2019</p>

Origins of the Creative Hub Initiative:

350 Doyle Avenue was the site of Kelowna's main RCMP detachment. In June 2017, Kelowna's police services relocated to a new building on Richter Street. During the 2018 winter season, the old detachment building was demolished, and in summer, 2019, the City issued an offer for long-term lease of the site, closing on September 30, 2019.

The Civic Precinct Plan, endorsed in 2016, identified a portion of the former RCMP property located at 350 Doyle Avenue for future mixed-use development to support downtown living. The lease agreement between the City and developer included a number of development requirements to support growth of a dynamic Cultural District, including the provision of a 6,000 sq ft shell space for community use (the Community Amenity Space or CAS) on the ground floor, interfacing with a new civic plaza and ArtWalk extension to Doyle Ave. The CAS will be transferred to the City as a dedicated strata lot for \$1.00 and the Artwalk extension and Civic Plaza will be constructed by the developer. The combined value of these amenities is \$4.3 million. The City, as strata owner, will determine the ultimate usage for the space, informed by the Creative Hub Feasibility Study.

The Creative Hub Feasibility Study is intended to:

- identify and articulate the project vision;
- explore and identify a sustainable operating model, including partnerships, property management and operations considerations, governance and risks;
- identify design concepts and criteria that support the established range of artistic practices and related space needs;
- identify development mechanisms, preliminary capital budget and sources of capital funding; and
- provide sufficient information to determine whether a creative hub is feasible in the CAS.

The Creative Hub concept is a purpose-built space to better support cross-collaboration between arts and culture groups and support a wider range of needs. The Hub concept delivers an innovative, community-led space for creative production, a new platform for art in the community and will further support engagement with the public to foster rich cultural life in the community.

Within the City, this project is being jointly led by Cultural Services, the Partnership Office, Strategic Land Development and Parks and Building Planning. The Feasibility Study (Phase 1) was funded in part by the Department of Canadian Heritage with a matching contribution of \$35,000 from the City of Kelowna. The funds were used to engage a third-party consultant, BCA (formerly BC Artscape), in the completion of the feasibility work.

Selection Process and Participating Organizations

The selection process of participating organizations was extensive, including information and discovery sessions with Arts & Culture groups and a formal, two-phase application process to learn more about the organizations and their potential for collaborative work. Final selection of the organizations was determined by an internal committee based on a predetermined set of criteria. The three organizations selected to participate in the feasibility study are:

- Alternator Centre for Contemporary Art;

- Okanagan Society of Independent Filmmaking; and
- New Vintage Theatre.

Discussion:

Feasibility Study Work

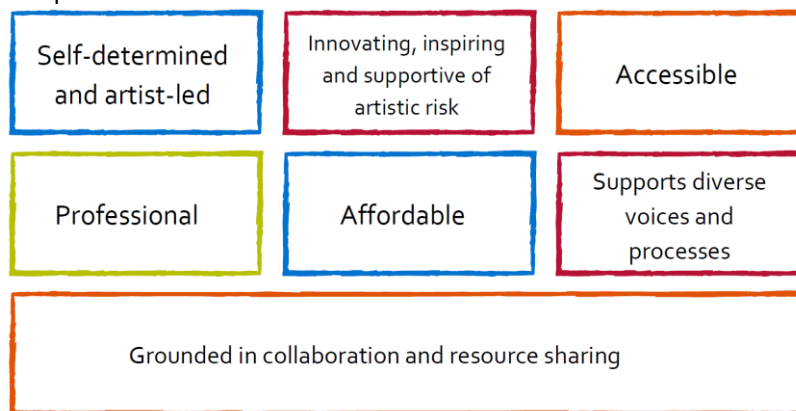
The ultimate objective of the study was to determine if a Creative Hub is feasible within the community amenity space. Indications of a feasible project include:

- a design which provides functional space appropriate for use by the operators and the public;
- a design which provides the City flexibility for the long-term when our partners may evolve or change;
- a capital development plan for fitting out of the space which is costed and has identified funding sources; and
- an operating model which is arms-length from the City, provides appropriate levels of affordable public access and is financially sustainable through earned revenues, public sector funding and community support.

Beginning in the summer of 2020, BCA worked closely with the three selected organizations to establish a shared vision for the space, determine a functional space program and create a sustainable plan for long-term operations of the Creative Hub. They further explored capital costing, design, build out and operating models.

Creative Hub Vision & Impact:

- Guiding principles:



- Benefits and impacts:



While there are many details regarding the space layout to be determined through detailed design development in future stages, foundationally the Creative Hub will provide space for:

- production and performance of theatre, film, music, dance, visual art and other creative disciplines;
- workshops, talks, lectures, screenings and other programming;
- shared administration; and
- community-led events.

As the work moves forward, there is a requirement for ongoing communication with the site developer regarding the specific needs of the space and its ongoing interface with the building itself, the Civic Plaza and ArtWalk extension.

Operating Model

A variety of operating models were analyzed. BCA recommends that the partner organizations establish a non-profit Community Service Cooperative to operate the Creative Hub. As Cooperatives are founded on principles of equality and equity, democracy and self-governance, there is significant alignment with the vision and values of this group of organizations. At present, this model is not employed with other partner arts and culture organizations and therefore will need further investigation as part of the next phase of work to understand the implications of this governance model and its impact on organization sustainability and access to financial resources.

Operating Budget for the Creative Hub

Using the recommended Cooperative operating model, BCA undertook a multi-faceted approach to the development of a preliminary operating budget for the Creative Hub through analyzing the current operating budgets of the partner organizations and their financial capacity, consulting with operators of similar facilities, and modelling from BCA's own creative hub operating budgets. The budget numbers are preliminary as many details related to the operation of the space are yet to be determined. The proposed operating budget recommends that the City consider a start-up operating subsidy to the Cooperative. The finalization of an operating budget and the level or type of City support would need to be negotiated and articulated in an agreement between the City and the Creative Hub operating entity (Phase 2).

Preliminary Concept Design and Capital Project Costing

In agreement with the City of Kelowna, BCA hired Zeidler Architecture to determine the functional plan of the space, develop two unique schematic designs for the facility, and provide a Class D capital estimate. Zeidler is also acting as the architect for the developer. It was believed that synergies in the design process between the base-building and Creative Hub would be helpful through the process.

Zeidler created two very preliminary high-level design concepts. These initial concept designs create an area greater than the allocated 6,000 sq ft, primarily the result of an expanded mezzanine area. More detailed design work and ongoing coordination with the organizations and developer is required to ensure an efficient and effective use of space, to reflect the principles of a Creative Hub and to enable ongoing flexible use of space for the long term by the City of Kelowna.

Commentary on Feasibility

The BCA Study concludes that a Creative Hub is feasible, but outlines the following considerations which must be addressed in future work:

- communication with the developer of the site to ensure coordination of community amenities with overall building design;
- detailed design development that addresses concerns regarding the floor plate, internal layout including ancillary services, location of entrance and accessibility to the space;
- further investigation related to the implications of a non-profit Cooperative operating model and fund development strategy;
- understanding the interface between the Creative Hub and public Civic Plaza space including clarification on expectations for animation;
- ongoing capacity and partner development by the Creative Hub occupants; and
- negotiation of an agreement between the operating entity and the City of Kelowna.

Feasibility Study Phase Two: 2022-2023

Based on internal work and in consideration of the direction provided by the consultant, Phase Two of this project will span over 2022 and 2023 and will work to align with the requirements of the developer as the project progresses. Phase Two includes a number of components, some of which are eligible for grant funding through the Canada Cultural Spaces Fund as identified with *.:

- schematic design and Class C cost estimates for the Creative Hub space to meet the specifications of the occupants and the City, in alignment with the planning and design timelines of the developer, with a view to ensuring that the space usage is as flexible as possible;*
- consultant-led fund development planning for the capital and operating expenses of the Creative Hub which may include additional grants and a community-level campaign;*
- facilitation/consultation with Creative Hub occupants to maintain their commitment and to confirm the operating model and a three-year business plan for the Creative Hub,*
- development of an agreement between the occupants/operating entity and the City which may take the form of an initial MOU and subsequent long-term lease and operating agreement; and
- confirmation of any additional City capital budget, over and above the provision of the shell space, to support the internal improvement costs. Potentially to support Phase 3, a submission of an application to the Department of Canadian Heritage's Canada Cultural Spaces Fund to fund up to 50% of the costs of building out the shell space.

Conclusion:

The Creative Hub is a new and innovative approach to providing much-needed space for creative production and community arts programming through a space-sharing model, within the context of a private-sector development in the Cultural District.

As reflected in the 2020-2025 Cultural Plan and the draft Cultural Facilities Master Plan, the provision of flexible, affordable, appropriate space for arts and culture is a defined priority. The City's astute transaction with a private sector developer in the Cultural District has created a unique opportunity to collaborate with both the developer and the arts community to deliver a space which meets that priority.

When delivered, the Creative Hub will provide multiple benefits to the operating organizations, to the arts community, and to audiences, and has the potential to lend positive profile and animation to the

overall development itself. These benefits can only be realized through a shared, long-term commitment from the City, the developer and the participating organizations to the vision for this space.

Internal Circulation:

Active Living & Culture
Capital Budget and Asset Management
Communications
Finance
Partnership Office
Parks & Building Planning
Real Estate
Strategic Land Development
Urban Planning Management

Considerations applicable to this report:

Existing Policy:

- Imagine Kelowna
- Cultural Policy 274
- Civic Precinct Plan
- 2020-2025 Cultural Plan

Financial/Budgetary Considerations

Costs for Phase 2 work:

Costs to proceed with Phase Two work, as described above, are estimated to be \$100,000. Upon approval to proceed, an application to the Department of Canadian Heritage's Canada Cultural Spaces Fund will be submitted for 50 per cent of the cost, with the remaining 50 per cent to be confirmed from City sources. A request in the 2022 budget has been submitted for the full amount of Phase 2 to support this work and subject to the success of the grant will be reduced accordingly.

Costs for build out of the Creative Hub space:

The Feasibility Study provides a high-level iterative design and a preliminary Class D cost estimate of \$3,136,000 to build out the space according to the functional program established by the participating organizations. The costing should be considered as order of magnitude costing; more work (Phase 2) is required to confirm the required investment.

The 10-year Capital Plan identifies the Creative Hub as a P2 project for 2023, with an estimated cost of \$3.5 million.

A more detailed plan is required to understand how the resources for the capital build out will be assembled. This could be through a combination of grants (for example, the Canada Cultural Spaces Fund, up to a maximum of 50 per cent of eligible costs), a modest level of community fundraising, and the City of Kelowna. Build out, and assembly of the funding resources, would constitute a potential Phase 3 of the project. Staff will investigate funding options for Phase 3 and this will be the subject of future reports.

The Phase 2 work outlined in this report will deliver design, costing and business case information which will support future decision-making about the City's level of investment. As part of operational

business planning and budgeting, staff will explore the potential for a long-term recovery of costs associated with build out of the space.

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
External Agency/Public Comments
Communications Comments

Submitted by: C.McWillis, Cultural Services Manager

Approved for inclusion: JG

cc:

Attachments:

None.