

MAR 12 2019

ITEM: 6.3 ACA2019-0338  
Distribution  
CITY CLERK'S OFFICE

Community Services Report to  
Arts Commons Advisory Committee  
2019 March 12

ISC: UNRESTRICTED  
ACA2019-0338

## **Arts Commons Transformation Project – Progress Report**

### **EXECUTIVE SUMMARY**

The Terms of Reference for the Arts Commons Advisory Committee were approved by Council on 2019 February 25.

Pursuant to the Terms of Reference, this report contains a progress update on the development of the Arts Commons Transformation (ACT) project.

### **ADMINISTRATION RECOMMENDATION:**

That the Arts Commons Advisory Committee receive this report for information (Attachment).

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2019 February 25 Council approved C2019-0293 *Arts Commons Advisory Committee Terms of Reference*, with the first scheduled meeting of the Committee on 2019 March 12.

On 2019 February 04 Council adopted Verbal Report C2019-0162 establishing the Arts Commons Assessment Committee and appointed Councillors Farrell, Woolley, and Keating to the Committee, and directed Administration to return with Terms of Reference for the Committee.

On 2019 January 28 Council received C2019-0135 *Consideration of Unfunded Long Term Projects*. The Arts Commons Transformation Project was identified as one of the four major unfunded projects for Council consideration.

On 2017 February 13 Council approved CPS2017-0094 *Investing in Partnerships Policy*. This policy provides a guideline of 35% share investment in partner capital requests.

On 2016 April 25 Council received CPS2016-0297 *Cultural Municipal Sustainability Initiative Program Update and Recommended Projects for Funding*, providing an update on all cultural capital projects related to the Cultural Municipal Sustainability Program since the start of the fund, and approving three projects ready to proceed to construction at that time.

On 2011 September 19 Council approved CPS2011-48 *The Calgary Centre for Performing Arts – Seed Funding*, where an MSI contribution of \$25 million towards the renovation of the Calgary Centre for Performing Arts was approved in principle, of which \$2.5 million was approved for release towards feasibility planning and design. In that report, Council also approved exploring the use of lots adjacent to Olympic Plaza for this purpose.

At the 2008 February 19 Special Meeting of Council, Council approved CPS2007-74, *Updated Culture, Parks, Recreation Infrastructure Investment Plan (CPRIP) and Emergency Response Infrastructure Investment Plan (ERIIP)*, approving 5 per cent (up to \$165 million) of Municipal Sustainability Initiative (MSI) funds towards culture-related infrastructure projects.

On 2008 November 24, Council received CPS2008-91, *Calgary Arts Development Authority's (CADA) Strategic Plan and Arts Spaces Investment Process* for information. The report represented CADA's initial list of projects recommended for municipal investment, including \$25 million for the EPCOR Centre for Performing Arts (now the Arts Commons).

On 2007 April 4, Council received for information CPS2007-20 the *Calgary Arts Development Authority's Cultural Spaces for the Arts Strategy and Capital Plan* where research showed that

**Community Services Report to  
Arts Commons Advisory Committee  
2019 March 12**

**ISC: UNRESTRICTED  
ACA2019-0338**

## **Arts Commons Transformation Project - Progress Report**

---

among other things, Calgary lagged significantly behind other Canadian cities in performing arts seats per capita.

In 2003 June, Council approved CPS2003-45 *Interim Process for Reviewing Community-owned Culture, Parks and Recreation Capital Projects*. This policy provided a guideline of 35% City share investment (up to 50%) in community-driven capital projects.

### **BACKGROUND**

The renovations and expansion proposed in the Arts Commons Transformation Project will support the organization's operational sustainability into the future by broadening revenue streams, addressing the changing needs of tenants, meeting growing demand, and addressing critical lifecycle and safety issues.

The proposed improvements respond to the needs of Arts Commons' resident companies by addressing long-standing functional deficiencies including a growing demand for performing spaces, a rehearsal space shortfall, and life-cycle maintenance requirements. Technology upgrades will enhance and diversify the use of space, and improve the public's engagement, entertainment and learning experiences. The project will also improve accessibility into and within the facility, and these renovations will provide an opportunity to re-face the building along Stephen Avenue. The result will be a facility that is more appealing and welcoming to the public, and the work will support the public realm improvements contemplated in the Civic District Public Realm Strategy (Centre City Plan).

In 2011, Council approved in principle \$25 million in funding from the Cultural Municipal Sustainability (MSI) Program for the cost of the project including seed-funding for the development of a viable plan for the facility. Since 2011, Arts Commons has continued to fine-tune its vision and plans for redevelopment and expansion, and has actively pursued funding from other sources for the project.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Under the *Investing in Partnerships Policy*, project proponents seeking a City investment must provide a business case to demonstrate that the project aligns with Council priorities, meets community needs, and engages relevant stakeholders. Project viability is assessed to determine that costing is based on a well-developed functional program and performed by a qualified cost-consultant. Project design is expected to meet The City's applicable policies and standards. The project's financing capability, operational sustainability, and risk evaluation are critical elements of Administration's assessment.

The attached report by Arts Commons provides a high-level overview of the development of this project over the last several years, and outlines its current status.

The Arts Commons Transformation Project - Progress Report (Attachment) provides information on the following:

- The history of the facility and its programmatic evolution over time;
- Arts Commons' relationship to the neighbouring Civic District;
- The Building Condition Assessment; the results of the Assessment outlining the life-cycle needs; the ability to fund capital replacement; and the associated business risk; and

Community Services Report to  
Arts Commons Advisory Committee  
2019 March 12

ISC: UNRESTRICTED  
ACA2019-0338

## **Arts Commons Transformation Project - Progress Report**

---

- A Business Case summary outlining growing demand and evolving patron expectations; and the need for expansion and renovation to support operational sustainability.

Arts Commons is currently making progress on multiple fronts. Their two key focuses are fund development for the project, and project development work to ensure the project is ready to commence once funding is confirmed.

The developmental work remaining includes confirming the functional program with Resident Companies, and alignment with the district's plans, initiatives, and aspirations. This work will be facilitated through the two Working Groups: Functional Design Working Group, and Cultural and Convention District Working Group.

The City's normal due diligence process to enable a Council decision related to the project will be undertaken by the Financial and Assessment Working Group.

### **Stakeholder Engagement, Research and Communication**

Administration supported Arts Commons to develop The Arts Commons Transformation Project - Progress Report (Attachment).

Arts Commons, Calgary Municipal Land Corporation, Calgary Arts Development Authority, resident companies of the Arts Commons, external stakeholders, and other internal City Business Units will be identified for the developmental and investigative work ahead.

### **Strategic Alignment**

The attached progress report for the Arts Commons Transformation Project supports a Well Run City. This report supports a project development process that is open, responsive, accountable and transparent, delivering excellent services at a fair price.

### **Social, Environmental, Economic (External)**

Social, environmental, and economical factors will continue to be assessed as the project continues.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

There are no current and future operating budget impacts associated with this report.

#### ***Current and Future Capital Budget:***

Proposed funding for the capital project is through a combination of funding sources including all levels of governments, private and corporate donors, including The City's proposed \$25 million MSI contribution approved in principle by Council in 2011.

### **Risk Assessment**

The assessment of the project will adhere to The City's Integrated Risk Management Policy (CC011).

Community Services Report to  
Arts Commons Advisory Committee  
2019 March 12

ISC: UNRESTRICTED  
ACA2019-0338

### **Arts Commons Transformation Project - Progress Report**

---

#### **REASON(S) FOR RECOMMENDATION(S):**

Understanding the path that the project has taken and the progress made to date will help inform the work that remains to bring this project to fruition.

#### **ATTACHMENT(S)**

Attachment – The Arts Commons Transformation Project - Progress Report



## **The Arts Commons Transformation Project - Progress Report** **Prepared by Arts Commons**

### **A - Brief History & Timeline:**

#### ***HIGH-LEVEL HISTORY OF CURRENT FACILITY***

The Calgary Centre for Performing Arts (CCPA), emerged from the extraordinary dreams of Calgarians who, as early as the late 1960s, recognized the critical importance of arts and cultural experiences in their daily lives.

The founders envisioned a centre that would reflect the spirit of their growing city and that would help develop the strong community bonds necessary to support its entrepreneurial spirit.

CCPA was incorporated under the *Companies Act* (Alberta) on August 13, 1976, and now operates under the operating name Arts Commons. Arts Commons was granted a charitable registration number by Revenue Canada on August 12, 1976. Arts Commons officially opened its doors to the public on September 14, 1985.

Occupying the majority of a full city block in the heart of Calgary, Arts Commons is a key contributor to the social, economic, cultural and intellectual life and well-being of Calgarians and visitors.

Arts Commons' 560,665 gross square feet houses six performance venues with a total seating capacity of 3,635 seats:

- Big Secret Theatre (190 seats)
- Engineered Air Theatre (185 seats)
- Jack Singer Concert Hall (2,021 seats)
- Martha Cohen Theatre (412 seats)
- Max Bell Theatre (777 seats)
- Motel Theatre (50 seats)

In addition to these venues, there are numerous galleries, three rehearsal spaces, a scenery/properties shop, education facilities, technical spaces and administrative spaces to support resident companies, as well as a small public atrium with a cafe.

Arts Commons is a leader in providing the public with artistic and cultural experiences, and is home to more than 200 organizations, including the following resident companies, that utilize its venues annually:

- Arts Commons Presents
- Alberta Theatre Projects
- Calgary Philharmonic Orchestra
- Downstage
- One Yellow Rabbit
- Theatre Calgary

## **The Arts Commons Transformation Project - Progress Report** **Prepared by Arts Commons**

Arts Commons welcomes over 600,000 visitors a year, including over 30,000 students, and is financed by ticket sales, venue and facility rentals, contributions from government, and community support through corporate sponsorships, foundation partnerships, and philanthropic gifts from corporations and individuals.

As a leader in arts, culture, education and community engagement in Alberta, Arts Commons:

- Maintains the 560,665 gross square foot facility, and leads a series of lifecycle and major capital initiatives to enhance the effectiveness, efficiency and sustainability of the facility;
- Subsidizes the cost of venues for its resident companies and numerous community user groups, serving as incubator and facilitator;
- Is a presenter under the banner, Arts Commons Presents, and programs the award-winning BD&P World Music series, Classic Albums Live, *National Geographic Live*, PCL Blues, TD Jazz, and a host of other single engagements;
- Provides education programs that serve thousands of students annually, and through a variety of innovative initiatives, such as the ConocoPhillips Hub for Inspired Learning, addresses the needs of 21<sup>st</sup> Century learning;
- Provides essential administrative support space and technologies that are critical to the development, sustainability, collaboration and growth of both emerging and established arts and cultural organizations;
- Plays a key role in fostering community by providing and supporting equitable and inclusive opportunities for diverse communities to converse, create, and celebrate;
- Facilitates centre-wide accessible programming and creative collaborations; and,
- Targets commercial and corporate demand for venues to rent for a wide range of activities, including musical concerts, meetings and ceremonies.

### **PROGRAMMATIC EVOLUTION/FUNCTIONAL PROGRAM**

As early as 2005, the Board of Directors of Arts Commons understood the need to undertake the redevelopment and expansion of the facility to better serve the needs of Calgarians then and into the future.

In 2008, a steering committee comprised of board members and management from each resident company and Arts Commons was struck to provide project planning, communication, consensus building and dispute resolution that led to the development of ACT. Together, Arts Commons and its resident companies created a shared vision for the expanded facility – a civic centre that would be more accessible, vibrant and integral to the community.

An extensive collaborative process between Arts Commons, its resident companies and Bing Thom Architects created an initial concept design. That initial visionary project intended to transform Arts Commons into Canada's largest, most advanced arts and cultural centre. The expanded facility was envisioned to house eight unique theatres ranging from 80 to 2,021 seats designed specifically for traditional and experimental performing artists in theatre, dance and music. The project would have achieved total seat capacity increases of 47% (5,350+ seats) and a total space increase of 120%.

Capacity was to be achieved through three new performance spaces, including a 1,100-seat dance venue, a new 501 seat multi-user recital hall (through a re-purposing of the current Martha Cohen Theatre), and a new 250 seat multi-user theatre space. The current Motel Theatre and Big Secret Theatre, which were not originally designed as theatre spaces, were

## The Arts Commons Transformation Project - Progress Report

### Prepared by Arts Commons

envisioned to be rebuilt and enlarged to suit their functions as performance venues with growing audiences. A new Martha Cohen Theatre was to be built to better meet the needs of Alberta Theatre Projects' artists and audiences.

In addition to critical improvements to performance venues, all resident companies would benefit from much-needed rehearsal rooms, office space, production support areas, and state-of-the-art meeting spaces, offering greater opportunities for collaboration and revenue generation, as well as improved efficiencies through cost and resource sharing. All venues and resident companies would share a spectacular five story high public 'sky lobby' boasting cafes, retail and other amenities with views of Calgary's Olympic Plaza that will foster community engagement and interaction.

A comprehensive, but preliminary estimate placed the total cost of construction, including soft costs, at \$599 M<sup>1</sup>. The conclusion of this work was deemed to represent a poor value proposition for the citizens of Calgary.

In 2008, Calgary Arts Development Authority (CADA) recommended that The City of Calgary contribute \$25 M towards a renovation and expansion project for Arts Commons, and reaffirmed their support in 2011. Administration supported CADA's recommendation. Considerable effort had gone into the development of a plan to address the opportunities and challenges facing Arts Commons. More planning work needed to be done to finalize a capital project that would meet the following criteria: broaden Arts Commons' purpose and market; ensure construction viability; address construction disruptions for its resident companies; and, ensure long-term operational sustainability.<sup>2</sup>

The Current State of Cultural Spaces for Arts in Calgary Research Report<sup>3</sup> conducted a comparative analysis of Canadian and US cities and reported the following key findings:

- Calgary's inventory of significant arts facilities compares poorly to other Canadian and US cities, many of which have lower populations than Calgary
- Cultural spaces are integral to Calgarian's views of quality of life

To date, Arts Commons has invested over \$4 M and The Government of Alberta has contributed an additional \$1 M for the development of ACT. The project has evolved through rigorous planning efforts and regular input from government and the community. Arts Commons provided information and sought input through more than 350 presentations to civic partners, corporate and community leaders, politicians and officials. Resident companies have been extensively engaged and the Calgary Arts Development Authority has been consulted throughout the planning process.<sup>4</sup>

In 2011, Council approved in principle \$25 M in Cultural Municipal Sustainability Initiative (CMSI) Program funding towards ACT. In the same report, Council unanimously approved exploring the feasibility of the west portion of Block 52 for the purpose of revising the functional program of ACT.

<sup>1</sup> Business Case, Calgary Centre for Performing Arts, June 30, 2009

<sup>2</sup> Community Services & Protective Services Department Report to The SPC on Community and Protective Services, CPS2011-48, September 7, 2011

<sup>3</sup> The Current State of Cultural Spaces for Arts in Calgary, 2007, updated 2017

<sup>4</sup> Community Services & Protective Services Department Report to The SPC on Community and Protective Services, CPS2011-48, September 7, 2011

## The Arts Commons Transformation Project - Progress Report

### Prepared by Arts Commons

In 2012, ACT was reengineered so three new multi-purpose venues would be built on the prospective new site and the existing building would undergo comprehensive renovation. The new functional program for ACT achieves a net increase in seating capacity of 38% (1,550 - 240 = 1,310) seats), but at a significantly lower cost. A revised estimate placed the total cost of construction, including soft costs, at \$412 M<sup>5</sup>, a reduction of 31%, or \$187 M.

The new vision for ACT will achieve renewal, expansion, economic resiliency and sustainability without new levels of operating support from The City of Calgary.

ACT is represented as a two-phase plan: Phase 1 Arts Commons North and Phase 2 Arts Commons South.

'Arts Commons North' is a new 173,000 sq. ft. flexible performance center providing 1,550 new seats in three theatres. The project has considered many financial and social considerations including public connection and activation of Olympic Plaza, connectivity for public access through public space including +15 connections, and opportunity for a residential tower associated with the project.

'Arts Commons South' will address the critical lifecycle and safety issues of the current facility, expand capacity through the development of additional spaces to meet current and ever diversifying future public demand, ensure revenue streams to sustain operations at maximum efficiency for generations to come, and elevate the public's experience through upgraded, state-of-the-art technology.

Both phases will contribute to three main objectives of ACT:

- Resilience – ensure Arts Commons' infrastructure requirements are renewed in a responsible manner that meets current and future demands
- Accessibility – aligning the social and physical requirements of Arts Commons for a wide diversity of stakeholders
- Capacity – Meeting the needs of a growing city, with new venues that provide increased access and flexibility

An economic impact analysis<sup>6</sup> undertaken in 2016 notes that ACT will create over 2,400 person years of employment during construction, provide over 900 direct, indirect and induced jobs at completion, and contribute \$95 M annually to the local economy at completion.

### ***OTHER / CIVIC DISTRICT<sup>7</sup>***

In 2012, The City of Calgary initiated an urban design study to guide future redevelopment and enhancement of the public realm. The result of three years of work is The Civic District Public Realm Strategy (CDPRS) that was released in 2015.

The CDPRS aligns with and builds on previous city policies and documents including the Centre City Plan, Centre City Mobility Plan, and Centre City Urban Design Guidelines to support citizens' desires for a Centre City that is Livable, Caring, and Thriving, with Great Streets, Memorable Places, and Quality Buildings.

Centered around Olympic Plaza, the Municipal Building complex, and the New Central Library, and generally bound by Centre Street South, the Bow River, the CP rail lines, and the East

---

<sup>5</sup> Venue Cost Consultants, 2012, updated 2016

<sup>6</sup> Economic Impact Analysis, Deloitte, 2016

<sup>7</sup> Building Our Heart, The Civic District Realm Strategy, City of Calgary, 2016



## The Arts Commons Transformation Project - Progress Report

### Prepared by Arts Commons

Village, the Civic District will be Calgary's focal point for civic pride. The District encompasses many of Calgary's most established and visited cultural institutions including Arts Commons, the Glenbow Museum and the Calgary Telus Convention Centre. This density of cultural institutions makes the Civic District a welcoming destination for citizens and visitors alike.

The CDPRS is a comprehensive and performative urban design tool that aligns with and builds on existing City of Calgary planning documents and policies in order to help guide private and public development in the Civic District, the cultural heart of Calgary's Centre City, towards a more vibrant future. The project involved an exhaustive analysis of existing policy documents, the development and implementation of a stakeholder engagement strategy as a means of building broad based support for the project.

As outlined by The City, ACT addresses all of the top 5 Strategic Priorities, and ACT is in direct alignment with Strategic Priority #4: ***"Reinforce Centre City as the Cultural Heart of the City"***.<sup>8</sup> The redevelopment of the cultural heart is the cornerstone of the Civic District Cultural Realm Strategy.<sup>9</sup>

#### **B – Building Condition Assessment and Options:**

##### ***BUILDING CONDITION ASSESSMENT<sup>10</sup> FINDINGS (TIMELINE)***

In 2015, The City of Calgary, led by the Civic Partnership group, contracted Williams Engineering Canada Inc. to do a Building Condition Assessment (BCA) which was completed in June 2016. The scope of work included a review of owner provided site and building-specific documentation resulting in an evaluation which included condition assessments as well as a twenty-five (25) year plan that lays out what repairs or upgrades are warranted each year. The intent of the review was to support the development of an accurate global budget and confirm the reliability and accuracy of the budgets identified for life cycle and renovation and new building plan.

##### ***ASSET MANAGEMENT PLAN<sup>11</sup> INCLUDING OPTIONS CONSIDERED***

Subsequent to the development of the BCA, The City of Calgary engaged KPMG to carry out the Asset Management Plans for Civic Partners<sup>12</sup> project. Arts Commons' Asset Management Plan (AMP) was developed as a joint project between The City of Calgary and Arts Commons. The process utilized the BCA information to develop a plan which fits within the wider framework of The City's Asset Management Policy approved in 2011 and which helps to inform the City-wide Infrastructure Investment Planning process.

The development of the AMP was a robust process which reviewed the current infrastructure status (asset valuation, lifecycle repair, asset condition and performance); risk analysis; levels of service (customer expectations, legislative requirements; future demands, strategic goals, technical levels of service) as well as likelihood and consequences of failure.

The final plan addressed capital replacement strategies looking at the current approach and a multitude of other scenarios and operational and maintenance strategies, risks and uncertainties, while providing an overall plan covering the entire asset management system,

---

<sup>8</sup> Culture Plan for the City of Calgary, MDB Insight, 2016

<sup>9</sup> Building Our Heart, Civic District Cultural Realm Strategy, City of Calgary, 2015

<sup>10</sup> Building Condition Assessment, Williams Engineering Canada Inc., 2016

<sup>11</sup> Asset Management Plan, Arts Commons, KPMG 2017

<sup>12</sup> Asset Management Plans for Civic Partners, 2017

## **The Arts Commons Transformation Project - Progress Report** **Prepared by Arts Commons**

policies, governance, resources, standards, data and technology, plan execution and monitoring.

### **KEY RESULTS FROM THE AMP INCLUDE:**

- The BCA indicates a required spend of over \$71.6 M over ten years (2016-2025).
- Major areas of concern include general aesthetic degradation, which has an amplifying effect as it grows and leads to a degradation of levels of service to customers and patrons.
- Assessments based on technological obsolescence identified other areas of significant risk. For example, older theatrical control equipment may not be able to communicate with new theatrical equipment, thus rendering the old equipment useless even though individually its condition would be serviceable. This could result in having to shut down venues for an extended period with minimal or no notice which could be devastating for both Arts Commons and its resident companies.

### **ABILITY TO FUND CAPITAL REPLACEMENT**

Arts Commons generates around \$0.8 M per year from ticket sales that is directed towards asset lifecycle renewal. This \$0.8 M has been leveraged through grants to achieve an average spend of \$2.2 M per year from 2014-2016. This \$2.2 M includes both City and Arts Commons spending. This level of investment has resulted in the accumulation of a significant backlog of needed repair with the overall work backlog continuing to increase.

Based on this observation, continuing with the current investment strategy could sustain the facility's overall operation, but will result in the gradual degradation of aesthetic, critical and non-critical elements of the facility. Given the nature of Arts Commons' operations this could have a significant negative impact on its business.

The AMP examined the impact of several investment scenarios on Arts Commons' facilities backlog and performance including:

- **Historical Spend** – spending \$2.2 M per year going forward shows a slight improvement in risk profile, which would be offset by asset degradation and results in an increase of 19% of work backlog. Based on these observations the scenario is not sustainable.
- **Loss of City Funding** – any loss of capital funding from the City would increase the backlog by 50% or more. In reviewing this scenario, Arts Commons could potentially operate for two to three years under these conditions, but as asset failures compounded they would need to consider decommissioning less utilized facilities to focus resources on core facilities, such as the Jack Singer Concert Hall.
- **Current City 75/25 Matching** - The City currently funds capital projects at 75%. With Arts Commons' expected base spending at \$800k the current CRF 75% matching results in a total potential spend of \$3.2 M. This scenario shows that Arts Commons can reduce its risk more quickly however, the work backlog would remain constant over that time.

### **BUSINESS RISK**

The AMP also evaluated Arts Commons' current business risks and uncertainties which could have a material effect on the success of the AMP. The highest risks were identified as:

- **Loss of Corporate Sponsorship** - Corporate sponsors are concentrated sources of funding and, given the current market climate, are at a high risk of stopping funding.

## The Arts Commons Transformation Project - Progress Report

### Prepared by Arts Commons

- **Loss of Resident Company** - Resident companies have been struggling with lower ticket sales and sponsorship losses. If one of the major companies were to cease operations due to financial difficulties, it would be a \$200k to \$600k hit on earned revenue of Arts Commons.
- **Low Profitability Environment:** As a not-for-profit, arts-based business, the business environment is not conducive to high profit margins that can be reinvested into Arts Commons' vision. Further, Arts Commons supports the local resident companies by offering significantly lower than market (and lower than most arts organizations in Alberta) occupancy costs. In contrast, other venues, such as the Jubilee Auditorium, utilize a 'road house' model which focuses on bringing in a variety of acts from around the world. The 'road house' model allows for more control around which acts play which allows for curated content based on tastes and demand at the time. This flexibility also has the ability to increase facility utilization.

#### ***FUTURE DEMAND***

Although Arts Commons is located in downtown Calgary, it attracts users from across the entire City. As such, increasing population inherently increases demand. Further, The City has targeted redevelopment in the core, outlined in the Centre City Plan and affiliated redevelopment plans. The City Centre Plan suggests that the downtown population is expected to grow by 40,000, to a total of about 70,000, in 2035. This increased density, local to Arts Commons, will likely put additional pressure on Arts Commons' facilities and operations.

Arts Commons has been effective in utilizing its assets through differentiating its service offering and increased use of all spaces in the current building. The need for additional space as a result of increased demand, and the need to accommodate the resident company model means further utilization of the space is difficult when there is commitment to these companies for not only performance days, but also for off-days where the stage is closed for set up or tearing down sets, and maintenance.

Phase 2 of ACT will meet growing market demand, the ability to accommodate touring artists, and a maximized utilization-to-space ratio. These current constraints are not only limiting Arts Commons' ability to deliver on its mandate, but also limiting Arts Commons' ability to generate revenue and ensure sustainability of the Resident House model and overall organizational sustainability and reinvestment into community programs.

#### **C - Business Case for Transformation:**

The City of Calgary is committed to ensuring arts and culture remain an essential element in creating a vibrant, creative and culturally stimulating city and encourages residents to actively participate in and access the arts around the city. The City believes Calgarians of all ages can enrich and enhance their lives through creative expression and is dedicated to growing Calgary through a rich and lively arts and cultural community.

Centre City Vision, based on the Municipal Development Plan, presents an image for the City Centre as a vibrant and livable community with mixed-use neighbourhoods surrounding a thriving Downtown commercial core and with amenities and services to meet the daily needs of residents, workers and visitors.

- 93% agree that "arts experiences are a valuable way of bringing together people from different languages and cultural traditions"<sup>13</sup>

---

<sup>13</sup> Arts and Heritage in Canada, Access and Availability Survey, Department of Canadian Heritage, 2012

## The Arts Commons Transformation Project - Progress Report Prepared by Arts Commons

- 91% agree that “arts and cultural activities in a community make it a better place to live”<sup>13</sup>
- 90% agree that “exposure to arts and culture is important to individual well-being”<sup>13</sup>

The establishment of an Olympic Plaza Cultural District as a flagship cultural area makes a strong statement about the value of culture to the city’s place-making and civic identity.<sup>14</sup>

A considerable percentage of lower-income households choose to spend some money on live performing arts. Households with incomes of \$25,000 or less are more likely to spend any money on live performing arts (15%) than on museum admissions (12%) and live sports (4%).<sup>15</sup>

Expansion of Arts Commons is necessary to meet growing market demand and changing patron expectations. The current complex fails to meet expected standards by touring artists, effectively turning touring engagements away. Arts Commons’ current utilization-to-space ratio prohibits further revenue generation, affecting its operating sustainability. This project will increase the inventory of venues and facilities to address the artificially constrained growth of the sector in Calgary and get closer to the benchmark seat ratio for North American cities.

With a revitalized arts infrastructure, more accessible space and a defined cultural district, Calgary’s cultural scene will continue to flourish for the benefit of Calgarians and visitors, and allow us to build community gathering and walkable spaces for the benefit of visitors and Calgarians.<sup>16</sup>

Some major lifecycle systems in the current facility are at or beyond end of life and need replacement. Obsolete technology needs to be replaced to mitigate significant risk of failure, and to reduce energy consumption. ACT will leverage the value of lifecycle requirements as part of the overall re-development plan and modify infrastructure to mitigate risks and meet current standards. The replacement of building systems and application of new technologies will reduce and contribute to related savings and operation sustainability.

ACT is vital to Arts Commons’ operations and its ability to conduct business in a sustainable and competitive manner, while providing a safe environment for the creation, production and presentation of cultural works and community programming. The inclusion of a multi-story residential tower development on the expansion site that would provide capital investment leverage to the project itself, while contributing to centre city vitalization and densification.

As a result of ACT, Arts Commons and its resident companies would benefit from enhanced building safety for public, patrons and staff; the ability to be competitive in the current marketplace; enhanced performance capabilities; economic cost savings; greater environmental responsibility, greater financial and asset sustainability over the long term and the provision of enhanced patron experiences.

ACT will also increase the capacity of Arts Commons to reach audiences by creating a higher caliber of overall production quality; not only for its own performances, but for those of its resident companies, partners, and third-party users who utilize the various theatre venues. It will provide artists, musicians and cultural performers with an exceptional facility in which to create, produce and present their works. In turn, the enhanced production quality of these artistic presentations will result in favourable experiences and result in greater potential for audience capacity, audience development and organizational capacity for all parties.

<sup>14</sup> Cultural Plan for Calgary, City of Calgary, 2016

<sup>15</sup> Hill Strategies Research: Statistical Insights on the Arts, 2011

<sup>16</sup> Calgary Destination Strategy 2016-2018, Tourism Calgary



## The Arts Commons Transformation Project - Progress Report

### Prepared by Arts Commons

In February 2018, the Calgary Municipal Land Corporation (CMLC) engaged AMS Planning & Research (AMS) to conduct an independent review of business case assumptions and outcomes for ACT. Their report, entitled Business Case Review<sup>17</sup>, focused on Phase 1 of ACT and is framed by three primary areas: the level and mix of projected activity, and the revenues and expenses resulting from new activity; the impact of facilities expansion; and, additional personnel to support the future vision. AMS conducted a sensitivity analysis to determine the order of magnitude financial impacts inherent in each of the risks, based on the model developed for ACT. While they have identified each of these risks in the business case as related to the expansion, these potential risks, in aggregate, reflect less than a ten percent exposure for the organization. **AMS concluded that Arts Commons' proposed business case has risks which are manageable, and the organization is likely to perform within a reasonable range of its forecast outcomes.**

With the current facility working at beyond industry standards, the need for additional venues and community spaces to not only address the needs of community, but to sustain operations is critical. Not proceeding is not a zero-cost alternative. The inability to further grow programming and other earned revenue streams, combined with the continued need to support resident companies, and expense increases averaging 3-4% annually make the current facility and operating model unaffordable without increased operating and capital support from The City.

---

<sup>17</sup> Business Case Review, Arts Commons Transformation Expansion Project, AMS Planning & Research, 2018