

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 29, 2013

Item 21, Report No. 42, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on October 29, 2013, as follows:

By approving the following:

That Communication C20 from the Commissioner of Community Services, dated October 29, 2013, be received.

21 PIERRE BERTON DISCOVERY CENTRE – FOLLOW UP REPORT – WARD 1

The Committee of the Whole recommends:

- 1) That the following report of the Commissioner of Community Services, dated October 15, 2013, be received.**

Recommendation

The Commissioner of Community Services, in consultation with the Acting Commissioner of Finance & City Treasurer and Director of Recreation and Culture, recommends:

- 1) That Council give consideration to the steps listed in “*Next Steps Required to Pursue Pierre Berton Discovery Centre*” section of this report and provide direction.

Contribution to Sustainability

This report is consistent with the priorities previously set by Council in the Green Directions Vaughan, Community Sustainability Environmental Master Plan, Goal 4, and Objective 4.1:

- To foster a city with strong social cohesion, an engaging arts scene, and a clear sense of its culture and heritage.

Economic Impact

Anticipated costs associated with the proposed Pierre Berton Discovery Centre are \$7,150,000 for capital construction (2015 dollars) and \$1,169,000 in yearly operating costs. Future decisions, regarding a Pierre Berton funding strategy and the success of grants and fundraising activities could have varying financial impact on the City.

The Feasibility Study indicates if the recommended governance model is adopted, the City will be responsible for the annual operating shortfall estimated at \$595,000, but could be higher if revenue and sponsorship targets do not materialize.

The Feasibility Study also suggests a capital requirement, approximately \$6.5 million (\$7.15 million in 2015\$), could be funded through a blend of municipal funds, grants, and public fundraising. The specific allocation between these items is undetermined and dependent on many factors and future decisions. Unfortunately, cultural projects like the Pierre Berton Discovery Centre are ineligible for development charge funding.

Should Council wish to further pursue the grant with the Canada Cultural Spaces Fund, a business plan and structural engineering report will be required at a cost of approximately \$150,000. This cost could be charged to the Pierre Berton Discovery Centre Capital Project, which has a remaining balance of \$658,000. Utilizing this capital project fund to pay for the subject reports, would further reduce the account balance to \$508,000. In addition, the City has been advised that Canada Cultural Spaces Fund requests are generally required to have 70% of the funding secured to be considered, inclusive of the grant request amount. Further funding decisions will be required to achieve this requirement.

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Communications Plan

The communication of any outcome of this report will be circulated to all required individuals.

Purpose

The purpose of this report is to provide Council with staff comments on the Pierre Berton Discovery Centre's proposed Feasibility Study completed by the Ventin Group and the recommendations by the Pierre Berton Artifact and Memorabilia Task Force in the Committee's 2012 "Findings Report" and provide Council with possible next steps for consideration and direction to staff.

Background - Analysis and Options

In 2006, the City of Vaughan embarked on a project to look at the potential to develop a discovery centre/ museum dedicated to Canadian history and culture as written and celebrated by Canadian icon Pierre Berton, a long-time resident of Kleinburg. In June of 2006, Council approved the contribution of \$1.5 million towards the Discovery Centre project. Since that time, the City established several Committees and Task Forces made up of community members to pursue this initiative and deliver this project. In 2010, the City purchased the former Kleinburg United Church site at 10480 Islington Avenue with the intention of housing the centre at this location.

In 2011, Council appointed the Pierre Berton Artifact and Memorabilia Task Force to help guide a Feasibility Study being undertaken by the City at the time. The Study was to review the conversion of the church building to the proposed centre and to develop a business plan and operating model for the centre.

In November 2012, Council reviewed a Feasibility Study for the proposed Pierre Berton Discovery Centre prepared by the Ventin Group and a "Findings Report" submitted on the same by Task Force. In review of the information presented by the consultant in the Feasibility Study and the Task Force on the project, Council at the November 2012 meeting approved the Pierre Berton Discovery Centre project in principle and passed a motion with the following action items:

1. Staff report back to a future Committee of the Whole meeting on the Feasibility Study and Task Force "Finding's Report".
2. A grant request be submitted to the Canada Cultural Spaces Grant Fund, for the project.
3. A Pierre Berton Discovery Centre Fundraising Task Force be appointed and report back to Council within 12 months on the fundraising capacity of the centre and a proposed fundraising strategy.
4. The City consult other levels of government and seek out other funding opportunities.

In May 2013, Council requested that staff provide an update on the proposed Discovery Centre at a September 2013 Committee of the Whole (Working Session) and this report is also a response to that request.

Summary of Staff Comments on the Pierre Berton Discovery Centre Feasibility Study (prepared by the Ventin Group) and the Pierre Berton Artifact and Memorabilia Task Force "Findings Report"

At the November 2012 Council meeting, a number of questions were referred to staff for comments. The following is information provided by staff in the related departments including an update on some of the action items directed by Council:

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Funding the Centre

Capital Costs

The following table summarizes the estimated capital costs:

	<u>2012 \$</u>
Construction	
Renovation of Existing Church	700,000
New Construction (11,000 sf @ \$350/sf)	3,850,000
Exhibits	350,000
Site Development	300,000
	<u>5,200,000</u>
Soft Costs (25% of Construction Costs)	<u>1,300,000</u>
	<u>6,500,000</u>
Estimated 2015 Cost (@3%)	7,150,000

The total cost of the proposed new facility which includes the renovation of the church structure and a two-storey addition is \$6,500,000 (2012 dollars). It is estimated that by 2015, the capital costs could be inflated to \$7.15 million. Should the City be required to fully fund this capital project, the potential funding options are:

1. A one-time increase in taxation, equivalent to 4.4 to 4.8% tax rate increase.
2. Debt issuance – annual payments of \$900,000, equivalent to a 0.6% tax increase.
3. The above could be reduced by utilizing the remaining funds in the Discovery Centre capital project, which as of the second quarter, has approximately \$658,000 remaining (and further reduced to \$508,000 if utilized for the business plan and structural engineering reports described further on in this report).
4. As per the Development Charges Act, the provision of cultural or entertainment facilities, including museums, theatres and art galleries are ineligible for funding.

Other funding options include:

- Canada Cultural Spaces Fund - potential for up to 50% of eligible costs, but dependant on overall grant demand and application intake.
- City Reserves - non-compliant with policy, this action may take away from the intended applications e.g. rate stabilization, infrastructure renewal, etc.
- Community fundraising.

Operating Costs

The following table summarizes the estimated operating costs:

Operating Costs:	<u>Yr1</u>	<u>Yr2</u>	<u>Yr3</u>
Revenues	276,000	498,000	574,000
Expenses	407,000	931,000	1,169,000
Shortfall	131,000	433,000	595,000
Annual Tax Impact	0.09%	0.20%	0.11%
Cumulative Impact			0.40%

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Reserve Contribution (@2%)	143,000	145,860	148,777
Annual Tax Impact	0.10%	0.00%	0.00%
Cumulative Impact			0.10%
Total Shortfall	274,000	578,860	743,777
Total Annual Impact	0.18%	0.20%	0.11%
Total Cumulative Impact			0.50%

The total operating cost of the centre (built up to Year 3 from its opening at which time the centre is to realize its full operating costs) is estimated at \$1,119,000. These costs include a total of eight staff, programming, marketing, utilities, insurance and other miscellaneous costs. In addition, it will cost an additional \$50,000 for part-time cleaning, security and summer/winter ground maintenance at the site, bringing the total cost of operations to approximately \$1,169,000.

Potential revenue for the centre is estimated at \$574,000. This revenue estimate for the Discovery Centre (by Year 3 of full operations) can be broken down as follows:

- Admissions/memberships @ \$182,000;
- Gift shop/food services revenue @ \$5 per person x 40,000 visitors (school visits/paid admission), totaling \$200,000;
- Programs and events @ \$52,000;
- Fundraising @ \$140,000 per year.

As a result, the projected yearly budget shortfall is approximately \$595,000 (2012 dollars) if all revenue sources are fully realized by Year 3 of operations.

As the governance model proposed by the Feasibility Study/Task Force for the centre (discussed later in the report) recommends that the City of Vaughan retain ownership of the land and building and general operations, the City will be responsible for any budget shortfall the centre may have on an annual basis. Estimated shortfalls within the first three (3) years of operation will result in a cumulative tax rate increase of approximately 0.4% (averaging 13% per year). It should be noted, this is a new and unfamiliar service to the City and there is a risk the estimated shortfall could be higher should revenue, sponsorship, and expense targets not materialize.

An additional cost associated with the Discovery Centre would be a contribution to the infrastructure reserves for any future repair and replacement work on the facilities, both internal and external. Corporate policy dictates a 2% contribution based on the total capital cost of the facility. As a result, this would equate to an approximate reserve contribution of \$143,000, a 0.10% tax impact.

Canada Cultural Spaces Grant Fund – Requirements to Move Forward Vaughan's Grant Application

A Canada Cultural Spaces Fund (CCSF) grant request was developed and submitted to the Federal Department of Heritage in June 2013. The fund is available to assist with capital construction projects for arts and heritage initiatives. The average approved contribution is currently 37 % of total eligible project costs, which is slightly lower than Vaughan's request for 42%. The CCSF cannot fund expenses incurred before the application receipt date.

As per the process, the submission was reviewed by a program co-ordinator who then provided preliminary feedback regarding requirements to move the process forward. The requirements included the following:

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- 1) Develop of a full project business plan which establishes the long-term sustainability of the proposed centre; including detailed budget and revenue projections; and implementation strategy. The business plan should build on the Feasibility Study by further refining the statistical and financial data.
- 2) CCSF requests are generally required to have 70% of the funding secured to be considered viable under the fund, inclusive of the CCSF request amount. The program coordinator advised the City's current level of financial commitment appears insufficient compared to the amount of the project and grant request. As such, the application would benefit from additional confirmed funding sources. Based on the requirement and current grant intake, an estimated additional commitment of \$1.7m, or more resulting from any miscellaneous adjustments, is needed to further the application.

Capital Costs	7,150,000
Feasibility Study	150,000
Sub-total	7,300,000

70% Secured Funding Requirement	5,110,000
Less:	
Grant at 37% Intake	2,701,000
PB Capital Project Remaining	658,000
Subtotal	3,359,000
Additional - Min. Secured Funding	1,751,000
Unsecured 30% Balance	2,040,000

- *The unsecured balance noted above, reflects the approximate amount of funding that would still be required through other sources such as fundraising and/or sponsorships.*

- 3) The Feasibility Study indicates some key upgrades the existing church would require prior to the building being put into use. CCSF has recommended that the full structural engineering report, with costs, be submitted as part of the business plan.

Moving the grant application forward is contingent upon the above-noted requirements being met and to increase the viability of receiving a grant to fund the proposed centre.

Additional Grant Funding Options

As per the November 2012 meeting, Council approved as the preferred option with respect to governance for the centre, that the City retain ownership of the land, and possibly the building, and establish a not-for-profit entity which would be responsible for operating of the proposed centre. The centre as a not-for-profit entity may have the ability to apply for grant funding programs which may not be open to the City. The governance model, of the proposed centre, therefore, will impact the potential grant funding options available for both capital and operating projects/initiatives.

Some examples of potential grants are found as follows:

Canada Culture Investment Fund

This program is provided by the Federal Department of Canadian Heritage to assist not-for Profits, Heritage organizations, and education institutions with a board of directors who have

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been working continuously for three years prior to application submission. The program offers up to 50% of eligible costs for multi-partner initiatives that will help arts and heritage organizations strengthen their management abilities, make strategic use of new technologies and diversify their revenues.

Canadian Heritage Information Network – Virtual Museum Fund

The mission of the Virtual Museum of Canada Fund (VMC) is to engage audiences of all ages in Canada's diverse heritage through a dynamic Internet service freely available to the public in French and English. This fund is open to organizations established as public not-for-profit museum who are also Contributing or Basic members of the Canadian Heritage Information Network. A maximum of \$250,000 in funding for eligible Virtual Exhibition projects once a year.

Culture Development Fund

This Provincial fund has a mandate to strengthen arts and heritage organizations by funding initiatives which build stronger boards and advisory committees; create more effective collaborations/partnerships; improve planning, financial and digital capabilities and/or make strategic use of emerging new media and social media. Funds are available to eligible organizations to cover up to 50% of total eligible project costs to a maximum of \$25,000 per year for up to two years.

Securing funding will be contingent upon the development of a full detailed business plan and the specific criteria of each separate program. Staff are continuing to monitor existing programs as well as research potential new funding opportunities.

Proposed Governance Model for the Discovery Centre

Council in November 2012, adopted the Task Force's recommendation that the City should retain ownership of the land and building and general operations of the proposed centre. Furthermore, it was recommended that a not-for-profit board should be established that helps guide the centre. In this model, a Memorandum of Understanding would be established between the City and board that outlines roles, responsibilities and authority over issues and operations. The City would however, be responsible for any budget shortfall the centre may have on an annual basis.

A fundraising foundation would also be established to support fundraising events and initiatives, and help financially sustain the centre. This is a model that is common in other cultural institutions and is the preferred model by the Task Force to ensure the centre's future economic viability.

The proposed model identified, however, may result in a substantial risk to the City in positioning itself to be solely responsible for the capital and operating budget shortfall of the centre if projected revenue and fundraising initiatives are not realized. It is, therefore, recommended that a governance model be adopted that clearly identifies the position of the City in relation to roles and responsibilities and the level of financial commitment and operational management it is willing to take on as a result.

As the need for a more comprehensive business plan was identified by the Canada Cultural Spaces grant program co-ordinator, it is recommended that the business plan study required for the centre also include a review of various governance models and the financial implication of each to the City. This will provide Council with more information in order to make a final decision on the governance of the centre.

Fundraising Task Force

In March 2013, Council appointed a Fundraising Task Force to review the fundraising potential of the project in addition to developing a fundraising strategy for the centre. The Task Force is

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required to report back to Council within 12 months and has to date developed a work plan on soliciting donations and is currently working on establishing “pledge/fundraising” packages to give out to potential donors. The Task Force has requested funds in order to produce the fundraising packages needed to distribute to potential funders and have information sessions to prospective supporters.

The Fundraising Task Force has also met with the Member of Parliament for Vaughan, the Honourable Julian Fantino and the Member of the Provincial Parliament for Vaughan, Mr. Steven Del Duca. The Chair of the Task Force and members have presented the project to each and have requested consideration of any support that meets any current government funding opportunities.

Top-of-Bank Setback

As a property overlooking the Kleinburg valley lands, the Toronto and Region Conservation Authority (TRCA) requires a 10 metre wide buffer from the identified top-of-bank for development applications. With respect to the Pierre Berton Discovery Centre, the Ventin Group consulted TRCA who identified that they would have no objections to a reduced 7 metre buffer for the Discovery Centre. This raised concern by Council members as it relates to establishing a negative precedent for other developments in the future.

Planning staff have reviewed this issue and have recommended it would be appropriate for precedent sake to see an additional 3 metres wide landscaped strip, which when combined with the 7 metres wide buffer would yield a total 10 metres wide buffer from the top-of-bank. In a few occasions, the City and TRCA have accepted a greater than 10 metres buffer in some locations on the site and less than 10 metres in other areas of the same site to provide an average width of 10 metres on a site, in order to respect topographical features and/or natural features. Therefore, any additional building setback from the 3 metre wide landscaped strip should be explored by the consultants based on the grade and overall site layout.

The Proposed Design of the Rear Addition

As noted, the centre would be located at the former Kleinburg United Church site at 10480 Islington Avenue acquired by the City of Vaughan in 2010. Council at the November 2012 review of the project approved the Task Force's recommendation to build a rear a two-storey addition to the church structure that creates a facility having a total gross floor area of 14,600 square feet (1356.34 m²). A new entranceway to the centre would be created at the north elevation facing the current parking area of the site.

The church building is designated under Part V of the Ontario Heritage Act and located within the Kleinburg-Nashville Heritage Conservation District. It was built in 1926 in the Gothic Revival Style. The structure is approximately 3,600 square feet (334.44 m²) in gross floor area.

Council requested that staff comment on the proposed design of the rear addition and comment on whether it is compatible with the District guidelines for Kleinburg-Nashville. Although considered a conceptual rendering only, the design of the two storey addition as shown in the Feasibility Study is a contemporary flat roofed rear addition overlooking the valley lands. The proposed design has a number of merits: the rear addition is not fully visible from the streetscape; it does not overwhelm the heritage features of the church structure; it provides a good balance to the Gothic Revival style architectural features of the church building. It is recommended, however, that a better integration of materials and design features, including roof style, to the heritage structure be used in the final design/renderings of the rear addition in order for the building to be fully compatible with the Heritage Conservation District guidelines.

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Next Steps Required to Pursue Pierre Berton Discovery Centre

In order to continue to work towards realizing the Pierre Berton Discovery Centre, the following next steps will require consideration by Council:

1. To continue to pursue the Canada Cultural Spaces Fund grant process, a business plan and structural engineering report will need to be developed. The proposed business plan will also review the proposed governance model for the centre and identify risks and benefits in greater detail. The cost of these reports will be approximately \$150,000. If a decision is made to proceed, the costs will be added to a future capital budget submission for consideration. Funding for these reports may also be paid for from the Discovery Centre's capital project established in June 2006 by Council with an existing balance of \$658,000. Should the cost of these reports be paid from the subject fund, the capital project account will be reduced to \$508,000.
2. Council will need to consider its position on the funding of the centre. This information will also be required in order to meet the requirements of the Canada Cultural Spaces Fund grant in demonstrating a more sustainable funding model for the centre. Council has approved the centre in principle, and the Fundraising Task Force will be reporting back to Council no later than March 2014 on their efforts in securing donation pledges for the centre. Council will need to identify the capital and operating funding source for the centre, should it be pursued and how the centre will be funded long-term will need to be determined.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the Vaughan Vision 2020 initiative of Service Excellence, specifically to "Preserve our heritage and support diversity, arts and culture".

The findings are consistent with City of Vaughan policies and practices and factor the analysis of the proposal described in this report.

Regional Implications

None.

Conclusion

This report addresses some of the questions raised by Council in its November 2012 review of the proposed Pierre Berton Discovery Centre. Also included are possible next steps required to pursue the centre for Council's consideration and direction for staff.

Attachments

1. Pierre Berton Artifact and Memorabilia Task Force Findings Report.
2. VG Architects (Toronto), Feasibility Study for the Pierre Berton Discovery Centre, September 2012.

Report Prepared By

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)