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TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON AUGUST 27, 2014
FROM:	CITY MANAGER ART ZUIDEMA
SUBJECT:	PERFORMING ARTS CENTRE STUDIES

RECOMMENDATIONS

That, on the recommendation of the City Manager, the following actions be taken with respect to the Performing Arts Centre Studies:

- a) that the three studies undertaken by Novita **BE RECEIVED** for information:
 - i) market analysis;
 - ii) design criteria and space function program;
 - iii) site analysis and criteria; and,
- b) that Civic Administration **BE DIRECTED** to work closely with NOVITA in order to review the business plan submitted by the project proponents, while utilizing the findings of the above noted three studies intended to help assists with the evaluation process; and
- c) that, based on the review findings, Civic Administration in collaboration with Novita will provide advice to Council for consideration.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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1. January 23, 2012, *Developing a Strategic Investment and Economic Prosperity Plan (presentation)*. Investment and Economic Prosperity Committee.
2. March 27, 2012, *Investment and Economic Prosperity Plan: Communicating the Plan Engaging the Public*. Investment and Economic Prosperity Committee.
3. December 18, 2012: *A Path to Prosperity: Community Business Ideas to Stimulate our Economy*, Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
4. January 28, 2013, *Investment and Economic Prosperity Proposal Assessment Process Update*. Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
5. February 19, 2013: *Investment and Economic Prosperity Proposal Assessment Process Update #2*, Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
6. April 29, 2013: *Investment and Economic Prosperity Project Updates*, Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
7. May 21, 2013: *Investment and Economic Prosperity Projects – Public Input*, Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
8. November 4, 2013: *Mixed-Use Development Including a Performing Arts Centre – Review of Proposals and Public Input*. Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.



9. December 2, 2013: *Mixed-Use Development Including a Performing Arts Centre – Update*, Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
10. February 24, 2014: *Mixed-Use Development Including a Performing Arts Centre: Business Plan Proposed Conditions*. Investment and Economic Prosperity Committee, Corporate Investments and Partnerships.
11. July 21, 2014: *Mixed-Use Development Including a Performing Arts Centre: Business Plan Proposed Conditions – update*. Investments and Economic Prosperity Committee, Corporate Investments and Partnerships.

BACKGROUND

On January 23, 2012, Municipal Council was presented with the “*Developing a Strategic Investment and Economic Prosperity Plan*” report, where a process was proposed for the purpose of developing the Strategic Investment and Prosperity Plan. Through the implementation of this plan, prosperity projects would move from conception to implementation. Subsequently, the “*Investment and Economic Prosperity Plan: Communicating the Plan, Engaging the Public*” report presented to IEPC on March 27, 2012, proposed community engagement, where members of public would be invited during the months of June and July to provide proposed ideas with respect to accelerating economic growth and moving London forward.

In respect to the prosperity process, on December 18, 2012, the Corporate Investments and Partnerships team prepared a report for the IEPC Committee in which a shortlist, for the purpose of accelerating London’s economy and fostering private sector investment in the city, was presented. The report discussed the Industrial Lands Development Strategy and analyzed 49 proposals/ideas previously presented to the IEPC. Identified in the report were five proposals best suited to the advancement of the goal and objectives of London’s Prosperity Plan:

The Goal: The investment and Economic Prosperity Committee is developing a 10-year plan that will move London’s Economy forward faster and ensure long term prosperity for our community.

The Objectives: Create Jobs; Leverage Investment; Stimulate spin-off benefits; Build beneficial partnerships; Benefit key sectors; Fuel transformational change in London’s economy.

As a result of the proposals submitted by the Grand Theatre and Music London, a mixed use development/investment including an expansion or development of a new performing arts centre was one of the five proposals identified in the December 18, 2012, “*A Path to Prosperity: Community Business Ideas to Stimulate our Economy*” report. Municipal Council received the report on January 15, 2013 and directed Civic Administration to make the necessary arrangements to hold a public participation meeting and to circulate the above noted report in order to obtain public input (*Appendix A: Council Resolution, January 15, 2013*).

On January 28, 2013, Civic Administration presented an updated investment and economic prosperity proposal assessment plan to guide the timeline by which proposals would be developed, and the process by which selected proposals would evolve from ideas to executable projects, including the proposed public engagement plan; endorsed by Municipal Council on February 12, 2013 (*Appendix B: Council Resolution, February 12, 2013*).

On the 19th of February 2013, the “Investment and Economic Prosperity Proposal Assessment Process Update #2” report outlined the prosperity projects next steps. With respect to the “Investment in the Downtown: Mixed Use Development Including a Performing Arts Centre” recommendation, this report identified that a second community consultation would take place once business plans were received from both project proponents and reviewed by an external party.



In June of 2013, two proposals (business plans) were submitted by Music London and the Grand Theatre. Subsequently, the Corporate Investments and Partnerships Team engaged Novita Interpares Limited, Cultural Facilities Consultants, to assess the two proposals (business plans). Novita’s review of the proposals recommended that more work needed to be done with respect to the development of a formal business plan (Novita Interpares Limited, August 2013). As a result, at the November 4th, 2013 IEPC meeting, based on the public engagement results (September 11th/26th, 2013) and the Novita Interpares report, additional information was requested of both project proponents.

Subsequently, on November 22nd, 2013 the Civic Administration received a joint letter from both project proponents, Music London and the Grand Theatre, requesting that a Joint Task-Force be formed. The purpose of the Joint Task Force was to advance the existing process and present a joint business plan. The Joint Task-Force is led by an independent chair and is responsible for facilitating collaboration between Music London and the Grand Theatre.

The Performing Arts Joint Task-Force was formed on December 2nd, 2013 with a mandate to develop a business and operational plan for a proposed performing arts centre in the City of London (*Appendix C: Council Resolution December 17, 2013*). On February 10th, 2014 at a Special IEPC meeting the joint Task Force presented a “Community Cultural Investment Feasibility Study for a Downtown Arts and Entertainment District” (*Appendix D: Council Resolution February 11, 2014*). The “Mixed-Use Development Including a Performing Arts Centre” idea has passed the Concept¹ and Consultation² stage and moved to the Business Plan development stage.

On February 24, 2014, Civic Administration presented the “Mixed-Use Development Including a Performing Arts Centre: Business Plan Proposed Conditions” report, which presented a proposed PAC Business Plan development approach, where a number of key questions were outlined, that at minimum, should be addressed in a formal business plan. Subsequently, on February 25th, 2014 Council approved the amount of up to \$75,000, to retain Novita to perform a thorough review of the joint business plan submitted by the project proponents. Council also endorsed the proposed Performing Arts Centre (PAC) Business Plan development approach, and directed staff to review the formal business plan when submitted by the project proponents, and present the findings to the Investment and Economic Prosperity Committee for further direction. In addition the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer was directed to explore alternate sources of funding and to report back to the Investment and Economic Prosperity Committee (IEPC) prior to the 2015 Budget process (*Appendix E: Council Resolution, February 25, 2014*).

As a result, the “Celebration Centre Business Plan” was presented to the IEPC committee on May 14, 2014 and on May 20th, 2014, Municipal Council referred the “Celebration Centre Business Plan” to staff for review and an independent peer-review by Novita Interpares Ltd., with a report back to the Investment and Economic Prosperity Committee (IEPC), as soon as possible (*Appendix F: Council Resolution, May 20, 2014*). Based on preliminary review, Civic Administration in collaboration with Novita has determined that supplementary information with respect to the latest “Celebration Centre Business Plan” submission was required.

On July 29th, 2014 Council authorized Civic Administration to expand the scope of the work being undertaken by Novita to perform a thorough review of the business plan submitted by the project proponents, to also include undertaking the following studies, which will assist in the development and evaluation of a business plan: market analysis³; design criteria and space function program⁴; site analysis and criteria⁵ (*Appendix G: Council Resolution, July 29, 2014*).

¹ **Concept:** The initial phase in which an idea is identified or brought forth through both internal and external communication channels. At this point in the process, only a high level understanding of the potential project costs and returns are known.

² **Consultation:** Through this triage-like process, the idea evolves into a more tangible proposal through the satisfaction of due diligence activities. Examples include: initial legal review; initial financial review; due diligence checklists; public engagement and initial cost/benefit and return investigations.

³ **Market Analysis:** To provide a comprehensive and current picture of the performing arts market in the London catchment area³ for use in informing both facility design and operations planning.

⁴ **Facility Program and Design Criteria:** To quantify the requirements for a mid-size performing arts centre including key design criteria and dimensions, functional spaces and relationships, net area and volume requirements for each function, estimated gross area.

⁵ **Site Analysis and Criteria:** To identify the characteristics and physical requirements of a site to support a mid-size performing arts facility.

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Subsequently, at the same Council meeting, the project proponents were requested to provide additional information that was necessary to perform an evaluation of the Music London business plan. On August 7th, 13 additional documents were submitted to the Corporate Investments and Partnerships Office for evaluation.

DISCUSSION

Civic Administration recommended that in order to assist with the evaluation of a Performing Arts Centre proposal, three studies: a Market Analysis; a Facility Program and Design Criteria; and a Site Analysis and Criteria, were to be completed by Novita, as a third party independent review.

The undertaking of the studies shows that the City is seriously considering the development of a new music and entertainment facility, as these studies will assist not just the project proponents but also the City to properly evaluate the proposed plan. It's important to note that the preparation and distribution of this material did not, and will not, commit the City to any specific proponent, nor is the use of this material binding upon any proponent.

Summaries of the three studies are noted below:

Market Analysis

In 2007, the future use study for Centennial Hall determined that this facility needed to be replaced. In the intervening years, there have been changes occurring in the live performance industry which point to the need to re-examine the market context for a new performing arts facility in London.

The present analysis of the live performance market in London reaches the following conclusions:

- The new performing arts centre should not simply replicate the features of Centennial Hall but should be a refined and expanded concept;
- This concept should be created for the tastes, preferences and styles of a new generation who are seeking multiple modes of participation;
- The new performing arts centre should be a gathering place, a place for making performing arts products as well as a place to experience live performance;
- It should also be a gathering place even when there are no performances;
- It should be driven by an artistic vision and purpose;
- The business case for the performing arts centre should be based on cultivating a multiplicity of local niche market products and audiences;
- The management of the performing arts centre should be a catalyst and collaborator not just a venue landlord;
- A market development initiative beginning now is required to ensure market readiness when the facility opens;
- The market development program will include strategies for creating demand and strategies for supporting supply.

(Please refer to Appendix H: Market Analysis)

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Design Criteria and Space Function Program

A total of 35 criteria for the development of a new performing arts facility were developed under the following headings: Public policy criteria, service delivery criteria, operating criteria, facility design criteria.

In order to benchmark the dimensions of a typical performing arts centre having a 1,200 seat main hall and a 400 seat secondary hall, diagrammatic scaled plans and sections were developed.

A list of 71 functional areas for a typical facility having a 1,200 seat main hall and a 400 seat secondary hall was also developed together with a general relationship diagram. Each functional area was further illustrated in a sketch showing footprint dimensions and proportions for each.

The estimated net area for a typical facility was identified as about 63,500 square feet or about 5,900 square meters. Notes on the net-to-gross calculation were provided.

(Please refer to Appendix I: Design Criteria and Space Function Program)

Site Analysis and Criteria

As an aide to determining site suitability, a set of 33 criteria were developed under headings which include: availability, zoning, adjacencies and urban planning, encumbrances, site surface, site sub-surface, ambient noise, visibility, traffic and access.

The footprint requirements for a facility having a 1,200 seat main hall and a 400 seat secondary hall were defined as being about 200 feet by 250 feet or about 60 meters by 75 meters. The footprint requirements for the facility’s service yard were also defined as being about 100 feet by 150 feet or about 30 meters by 45 meters.

(Pease refer to Appendix J: Site Analysis and Criteria)

CONCLUSION

Civic Administration is seeking direction from Committee and Council to perform a review of the business plan submitted by the project proponents, while utilizing the findings of the three studies submitted by Novita to help assists with the evaluation process.

PREPARED AND SUBMITTED BY:	REVIEWED AND RECOMMENDED BY:
CATHY DZIEDZIC SPECIALIST, CORPORATE INVESTMENTS AND PARTNERSHIPS	ART ZUIDEMA CITY MANAGER

cc. Brian Arnott, Novita Interpares Limited

Appendices:

- Appendix A: Council Resolution January 15, 2013
- Appendix B: Council Resolution February 12, 2013
- Appendix C: Council Resolution December 17, 2013
- Appendix D: Council Resolution February 11, 2014

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- Appendix E: Council Resolution February 25, 2014
- Appendix F: Council Resolution May 20, 2014
- Appendix G: Council Resolution July 29, 2014
- Appendix H: Market Analysis (attached)
- Appendix I: Design Criteria and Space Function Program (attached)
- Appendix J: Site Analysis and Criteria (attached)

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Appendix A: Council Resolution January 15, 2013

M. Hayward
Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

H. Filger
Director of Corporate Investments & Partnerships

I hereby certify that the Municipal Council, at its session held on January 15, 2013 resolved:

3. That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and the Director of Corporate Investments and Partnerships, the following actions be taken with respect to the development of a Strategic Investment and Economic Prosperity Plan:
 - a) the document entitled “A Path to Prosperity: Community Business Ideas to Stimulate our Economy” attached to the staff report dated December 18, 2012, **BE RECEIVED**; it being noted that reference to J. Malkin in the above-noted document should read “London Multicultural Community Association”;
 - b) the Civic Administration **BE DIRECTED** to make the necessary arrangements to hold a public participation meeting and to circulate the document noted in part a) above, to obtain public input; and,
 - c) the Civic Administration **BE DIRECTED** to report back at a future Investment and Economic Prosperity Committee (IEPC) meeting providing information with respect to the public comments received through the consultation process;

it being noted that the IEPC heard the attached presentation from the Director of Corporate Investments and Partnerships and M. Daley and C. Dziedzic, Specialists, Corporate Investments and Partnerships, with respect to this matter, and heard a verbal update from J. Yanchula, Manager, Community Planning and Urban Design, with respect to the Fincore project for the SOHO development, advising that a report will be going forward to the Planning and Environment Committee on February 5, 2013, related to this matter. (3/1/IEPC)

C.Saunders
City Clerk
/rr

- cc:
- A. Zuidema, City Manager
 - J. Fleming, Managing Director, Planning and City Planner
 - G. Hopcroft, Director, Intergovernmental and Community Liaison
 - B. Warner, Manager, Realty Services
 - J. Yanchula, Manager, Community Planning & Urban Design
 - M. Daley, Specialist II - Corporate Investments & Partnerships
 - C. Dziedzic, Specialist II - Corporate Investments & Partnerships

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Appendix B: Council Resolution February 12, 2013

H. Filger
Director of Corporate Investments & Partnerships

I hereby certify that the Municipal Council, at its session held on February 12, 2013 resolved:

3. That, on the recommendation of the Director of Corporate Investments and Partnerships, the following actions be taken with respect to the proposed updated investment and economic prosperity proposal assessment process:
 - a) the updated investment and economic prosperity proposal assessment plan to guide the timeline by which proposals will be developed, and the process by which selected proposals will evolve from ideas to executable projects, including the proposed public engagement plan **BE ENDORSED**; and,
 - b) the synopsis of the January 12, 2013 public consultation **BE RECEIVED**. (3/2/IEPC)

C. Saunders
City Clerk
/rr

- cc: M. Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
J. Fleming, Managing Director, Planning and City Planner
G. Hopcroft, Director, Intergovernmental and Community Liaison
E. Gamble, Director of Corporate Communications
M. Daley, Specialist II - Corporate Investments & Partnerships
C. Dziedzic, Specialist II - Corporate Investments & Partnerships



Appendix C: Council Resolution December 17, 2013

H. Filger
Director, Corporate Investments and Partnerships

I hereby certify that the Municipal Council, at its session held on December 17, 2013 resolved:

5. That, on the recommendation of the Director, Corporate Investments and Partnerships, the following actions be taken with respect to the proposals submitted by Music London and the Grand Theatre for a Mixed-Use Development including a Performance Centre:

- a) the joint letter provided by Music London and the Grand Theatre BE RECEIVED for information;
- b) based on the request outlined in the above-noted letter, as well as the consistent theme throughout the public consultation process, the creation of a proposed “Joint Task Force” for the purpose of advancing the “Mixed-Use Development Including a Performing Arts Centre” proposal, between Music London and the Grand Theatre BE ENDORSED; and,
- c) the Civic Administration BE DIRECTED to review the revised business plan submitted by the Joint Task Force, and continue to engage Novita Interpares for a third party review; it being noted that, previously identified milestones may need to be amended at the request of the Joint Task Force. (5/1/IEPC)

C. Saunders
City Clerk
/rr

cc: The Grand Theatre, 471 Richmond Street, London, Ontario, N6A 3E4
Music London, 185 Queens Avenue, London, Ontario, N6A 1G7
M. Hayward, Managing Director, Corporate Services, City Treasurer, Chief Financial Officer
C. Dziedzic, Specialist, Corporate Investments and Partnerships
M. Daley, Specialist, Corporate Investments and Partnerships

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Appendix D: Council Resolution February 11, 2014

H. Filger
Director, Corporate Investments and Partnerships

I hereby certify that the Municipal Council, at its session held on February 11, 2014 resolved:

2. That the following actions be taken with respect to a community cultural investment proposal for a Downtown Arts and Entertainment District:
 - a) the proposal dated February 2014, and the attached revised pages 3-9 and 3-10, from S. Ritchie, Downtown Performing Arts and Entertainment Task Force, M. Faulkner, Music London and R. Koudys, The Grand Theatre, with respect to this matter BE RECEIVED with thanks; and,
 - b) the above-noted proposal BE REFERRED to the Civic Administration for consideration and a due diligence review with a report back at the next IEPC meeting; it being noted that the report back should include recommended governance relationships, next steps, financing required and recommended consultants for further review and business plan development. (2/3/IEPC)

C. Saunders
City Clerk
/rr

cc: S. Ritchie, Downtown Performing Arts and Entertainment Task Force
(scott.ritchie@siskinds.com)
M. Faulkner, Music London, 185 Queens Avenue, London, Ontario, N6A 1G7
R. Koudys, The Grand Theatre, 471 Richmond Street, London, Ontario, N6A 3E4
J. Fleming, Managing Director, Planning and City Planner
M. Daley, Specialist, Corporate Investments and Partnerships
C. Dziedzic, Specialist, Corporate Investment and Partnerships

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Appendix E: Council Resolution February 25, 2014

M. Hayward
Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

H. Filger
Director, Corporate Investments and Partnerships

I hereby certify that the Municipal Council, at its session held on February 25, 2014 resolved:

2. That, on the recommendation of the Director, Corporate Investments and Partnerships, the following actions be taken for the purpose of advancing the proposal associated with a mixed-use development including a Performing Arts Centre:
 - a) the amount of up to \$75,000, previously identified for the development of the proper Business Plan, BE APPROVED, to retain Novita to perform a thorough review of the business plan submitted by the project proponents;
 - b) the proposed Performing Arts Centre (PAC) Business Plan development approach, as outlined by the Civic Administration on pages 7 and 8 of the staff report dated February 24, 2014, BE ENDORSED;
 - c) the Civic Administration BE DIRECTED to review the formal business plan submitted by the project proponents, as also noted in part a), above, and present the findings to the Investment and Economic Prosperity Committee for further direction; and,
 - d) concurrent with c), above, the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer BE DIRECTED to explore alternate sources of funding and to report back to the Investment and Economic Prosperity Committee (IEPC) prior to the 2015 Budget process; it being noted that the above-noted actions will be subject to the acceptance of an appropriate business plan;

it being noted that the IEPC reviewed and received a communication dated February 24, 2014 from B. Brock, with respect to this matter. (2/4/IEPC) (AS AMENDED)

C. Saunders
City Clerk
/rr

cc: B. Brock (via email)
B. Arnott, Founding Partner/Consultant, Novita Interpares Ltd., 1110 Yonge Street, Suite 200, Toronto, Ontario, M4W 2L6
M. Daley, Specialist, Corporate Investments and Partnerships
C. Dziedzic, Specialist, Corporate Investment and Partnerships

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Appendix F: Council Resolution May 20, 2014

M. Hayward
Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

I hereby certify that the Municipal Council, at its session held on May 20, 2014 resolved:

3. That the Music London Business Plan dated May 2014, for a mix-use development including a Performing Arts Centre BE REFERRED to the Civic Administration for further review and for an independent peer-review by Novita Interpares Ltd., with a report back to the Investment and Economic Prosperity Committee (IEPC), as soon as possible; it being noted that the IEPC received the attached presentation from J. Caskey, Chair, Downtown Performing Arts and Entertainment Task Force and M. Faulkner, Music London, with respect to this matter.

(Secretary's Note: an electronic copy of the above-noted business plan is available on the city website; a hard-copy is available for viewing in the City Clerk's Office.) (3/8/IEPC)

C. Saunders
City Clerk
/rr

cc: J. Caskey, Chair, Downtown Performing Arts Entertainment Task Force - jim.caskey@siskinds.com
M. Faulkner, Music London, 185 Queens Avenue, London, Ontario, N6A 1G7
A. Zuidema, City Manager
C. Dziedzic, Specialist II, Corporate Investments & Partnerships

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Appendix G: Council Resolution July 29, 2014

M. Hayward
Managing Director, Corporate Services, Chief Financial Officer and City Treasurer

I hereby certify that the Municipal Council, at its session held on July 29, 2014 resolved:

5. That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to a Mixed-Use Development, including a Performing Arts Centre:

- a) the Civic Administration BE AUTHORIZED to expand the scope of the work being undertaken by Novita to perform a thorough review of the business plan submitted by the project proponents, to also include undertaking the following, which will assist in the development and evaluation of a business plan:
 - i) market analysis;
 - ii) facility program and design criteria;
 - iii) site analysis and criteria; and,
- b) the proponents BE REQUESTED to seek the financial support of the Provincial and Federal Governments on the basis that the City of London is giving serious consideration to a Mixed-Use Development, including a Performing Arts Centre; it being noted that the City's approval of the project would be subject to the provision of a satisfactory business plan which would, at a minimum, address the components outlined in Appendix "B" to the staff report dated July 21, 2014;

it being noted that the Investment and Economic Prosperity Committee heard the attached presentation from the Managing Director, Corporate Services and City Treasurer/Chief Financial Officer with respect to this matter. (2014-M16) (5/10/IEPC)

C. Saunders
City Clerk
/bm

cc: B. Arnott, Novita Interpares Ltd., 1110 Yonge Street, Suite 200, Toronto, ON M4W 2L6
C. Dziedzic, Specialist, Corporate Investments and Partnerships