

Report to/Rapport au :

Community and Protective Services Committee
Comité des services communautaires et de protection

and Council / et au Conseil

January 10, 2013
10 janvier 2013

**Submitted by/Soumis par: Steve Kanellakos, Deputy City Manager/
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KITCHISSIPPI (15)

Ref N°: ACS2013-COS-PRC-0001

SUBJECT: CULTURAL FACILITIES FUNDING FOR GREAT CANADIAN THEATRE COMPANY

OBJET : FINANCEMENT D'INSTALLATIONS CULTURELLES POUR LA GREAT CANADIAN THEATRE COMPANY

REPORT RECOMMENDATION

That the Community and Protective Services Committee recommend that Council approve a contribution in the amount of \$250,000 to the Great Canadian Theatre Company (GCTC) under the Cultural Facilities Fund Policy to assist with the repayment of their capital debt and to increase the municipal capital contribution to the Irving Greenberg Theatre Centre to 14.7% of final eligible project costs.

RECOMMANDATION DU RAPPORT

Que le Comité des services de protection et d'urgence approuve qu'une contribution de 250 000 \$ soit versée à la Great Canadian Theatre Company (GCTC) en vertu de la politique de financement de l'infrastructure culturelle afin de l'aider à rembourser sa dette d'établissement et d'augmenter la contribution municipale en capital à l'Irving Greenberg Theatre Centre à 14,7 % des coûts finaux admissibles du projet.

BACKGROUND

The Cultural Facilities Fund was designed to improve and develop cultural facilities and venues in Ottawa by providing matching grants to eligible cultural organizations for

facility projects, fixed equipment or capital feasibility studies. Not-for-profit cultural organizations are eligible to apply to the Fund for 25% of construction and specialized equipment expenses. Cultural Facilities Funding grants over \$50,000 require Council approval.

On August 25, 2004, City Council approved a Cultural Facilities Fund capital grant (ACS2004-CPS-CSCF-0020) for the GCTC in the amount of \$1.3 million for the construction of the Irving Greenberg Theatre Centre. At the time, \$1.3 million represented 25% of the estimated theatre construction and specialized equipment costs that were eligible to be funded by the City through its Cultural Facilities Fund policy.

The funds were approved to be released upon confirmation of cultural capital funding from senior government levels and a final development agreement between Windmill Developments, GCTC and the City of Ottawa. All conditions were met, a legal agreement between the City and GCTC was signed on September 22, 2006, and the municipal contribution of \$1.3 million was released.

The final cost of the Irving Greenberg Theatre Centre capital project was \$11.7 million. \$10.3 million was raised by GCTC from the following sources:

1. \$3 million from the Government of Canada;
2. \$2.6 million from the Province of Ontario;
3. \$2 million in naming rights from the Greenberg family, an individual donor;
4. \$1.3 million from the City of Ottawa;
5. \$795,000 in capital campaign donations;
6. \$415,000 from the sale of GCTC's previous building at 910 Gladstone Avenue; and
7. \$277,000 in ticket surcharges.

In 2004, \$1.3 million City contribution represented 25% of the projected cost for the Irving Greenberg Theatre Centre. The 3-year time lapse from approval to building completion saw construction costs rise, so that the City's capital contribution provided only 11% of the actual final capital cost.

In 2007, GCTC obtained a \$1.6 million loan from Scotiabank to help finance the capital project shortfall through fundraising efforts. Raising large sums of money was challenging and in 2010, Council approved a grant of \$175,000 to provide some short-term relief from debt-servicing costs, so that the organization could continue to develop and implement longer-term solutions. The \$175,000 raised the City's contribution to \$1,474,000 or 12.6% of the total capital cost.

DISCUSSION

With the services and guidance of a fundraising consultant experienced in capital campaigns, the organization embarked on Phase III to raise the \$1.6 million in 2010. GCTC actively pursued outstanding pledges and also found operating efficiencies of \$100,000 per year including staff reductions through attrition.

The current economic climate remains challenging for raising large sums of money. However, since the launch of the Phase III fundraising efforts in July 2010, a total of \$855,400 (received and pledged) has been raised to the end of December 2012 and the outstanding loan balance on the facility construction project is \$870,760.

The 2013 approved budget allocated \$500,000 for grants to Cultural Facilities. \$250,000 can be accommodated for GCTC in 2013. Separate requests from other organizations are being considered for the balance of the capital funds.

City funds would be applied directly to the capital long term debt and the GCTC would continue with its fund raising efforts to retire the loan. Applying the City contribution in this way would reduce the monthly interest payments of between \$3400 and \$3600 by approximately \$1,000 per month thereby improving operating cash flow. GCTC is a small professional arts organization operating on a very slim margin and the grant will free up much needed operating funding required to continue to offer quality public programming for Ottawa residents and visitors.

The \$250,000 grant would raise the City's contribution to \$1,724,000 or 14.7% of the total capital campaign, thereby delivering on more than half of the Cultural Facilities Fund 25% financing policy directions. The GCTC would also be eligible to apply for additional funding in future years, dependent on funding of the cultural funding programs as part of the annual budget process.

RURAL IMPLICATIONS

There are no rural implications.

CONSULTATION

There has been no public consultation on this report. Consultation with GCTC is ongoing.

COMMENTS BY THE WARD COUNCILLOR(S)

The Councillor is aware and supports this report.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the recommendation in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications.

FINANCIAL IMPLICATIONS

Funds are available in the Parks, Recreation and Cultural Services 2013 capital budget. The \$250,000 contribution will come from the Cultural Services Capital Grant Fund.

ACCESSIBILITY IMPACTS

There are no accessibility implications resulting from the report recommendations.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

HC4 – improve arts and heritage.

DISPOSITION

The Cultural Services Branch of the Parks, Recreation and Culture Department, in collaboration with Legal and Financial Services, will implement Council's direction. Legal Services to prepare a contribution agreement in accordance with the applicable policy.