Creative Construct: Building for Culture and Creativity

Note-taking guide for session rapporteurs

METADATA

Session title: Creating Facilities Using P3s, P4s and Other Tools

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Presenter: Charles McFarland (Artistic Producer and Program Manager, Theatres, City of Ottawa), Arthur Milner (Project Director, Irving Greenberg Theatre Centre, Ottawa), Sandra Stone (Strategic Project Coordinator, Strategic Project Division, Economic and Environmental Sustainability Branch, City of Ottawa), Moderator: Debbie Hill (Manager, Cultural Services, City of Ottawa)

Day: Wed. April 30 **Time:** 1:00 to 2:30

NOTES

1. Short overview/summary of presentation

This session mainly deals with two significant P3/P4 projects that have taken place and are currently in progress in Ottawa. They include the building of a new theatre named the Irving Greenberg Theatre Centre for the Great Canadian Theatre Company (GCTC) and the new Orleans Art Centre (OAC) named the Shenkman Arts Centre in the newly built Orleans Town Centre. Both the GCTC and the OAC have implemented the partnering of Public and Private developers.

The GCTC was previously located at 910 Gladstone since 1982 which consisted of one room theatre of about 220 seats. The GCTC had a feasibility study done which determined that the theatre did not have enough room to function. Therefore initiatives to move the theatre to a newly built location were taken on. GCTC partnered with Windmill Development (a environmentally friendly developer in Ottawa) for a new site on Preston Street where the GCTC is currently located. The original plan for the site was for a high-rise condominium building with a retail space on the ground level. The GCTC was able to convert this bottom retail space from a commercial designation to an arts designation in order to be able to house the GCTC's new location. According to Charles McFarland, although this zoning change complicated things, this also provided the developer with an urban lifestyle space which became attractive to them. Then the GCTC was able to piggy-back the developer's contract from a 5 year term to a 3 year term. Another major problem of this designation was that the condominium development had to submit an application to Canadian Heritage Cultural Spaces instead of a purely cultural space.

Upon implementation of the development project the Shirley Greenberg family decided to give $2.5 million to the project which to date is the largest private gift in Ottawa. This contribution allowed the theatre to be named the Irving Greenberg Theatre Centre.

$500, 000.00 of the budget was designated toward a 3 year operating budget as recommended by the original feasibility study. The City of Ottawa gave $1.3 million to the project to fulfill the public contribution. Fundraising initiatives raised $600, 000.00 to the project.

According to Arthur Milner (Project Manager), there were two sets of downsides to the project; the short-term and the long-term.

Some short-terms include:

- Two sets of architects/consultants/etc. therefore too many players involved in legal agreements, etc.
- Public servants with the Department of Canadian Heritage are not familiar with P3 projects and the demands of a capital development project
- Problems occurred between Windmill Developers and the GCTC (i.e. Windmill barred GCTC from the site for a period of time which complicated the signing of a series of documents)
- Access to various elements of the building by the GCTC were complicated (i.e. the elevators, plumbing, parking garages)

Some long-terms include:
- The size and construction of the building not the best (some areas are awkward to move through and unable to access, administration offices)
- The GCTC Box Office is being requesting to deal with workmen for the residential building
- Additional costs in order to maintain environmentally-friendly capabilities of the building, legal costs because dealing with more than one client
- GCTC still has capital debt and has significant operating costs

Suggestions made by Arthur Milner:
1. GCTC needed better advice and needed to be better equipped for the project
2. Government and developers should figure out the feasibility of P3 projects (whether they are a viable option)
3. Additional costs are on the customer who is the amateur and ignorant instead of on the developer. Therefore the customer ends up taking the brunt of the costs which is usually a non-profit organization which cannot handle these costs. Therefore the budgets for P3 Project should contain a contingency of 50% to cover costs.

The Shenkman Art Centre is currently being built in the location of the former Orleans Art Centre in Orleans. The Art Centre will complete the Orleans Town Centre.

Benefits of Public and Private Partnering:
- The advantage to partnering with a municipal public partner is the waiving of taxes and lower development costs.
- The municipal involvement in this project proved to be an asset to the overall project because of the stability at the bank.
- Identifying affordable housing to be able to bring more community members to the area
- Identifying future transit development sites

Business Plan for Shenkman Art Centre
- City owned and leased back to developers for 30 years
- Backstopped financing on the Art Centre
- Project had 19 acres sale of land to help finance construction costs
- Shenkman family funded along with an endowment fund and provincial funds
- 86, 000 ft^2 facility
- 30 years guaranteed lifecycle (reversion of the Art Centre after 30 years)
- Property Manager was guaranteed a fixed price
- Partners' Contributions included: seniors residence, hotel, expansion to YMCA and affordable housing development
- Security for the City included: Performance Bonds, Letters of Credit, Step-In Rights (withholding payments rights), accountants and lawyers

Note taker: Katherine Ingrey