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**TO: GENERAL COMMITTEE**

**SUBJECT: FISHER AUDITORIUM AND EVENT CENTRE**

**WARD: ALL**

**PREPARED BY AND KEY CONTACT: K. DUBEAU, DIRECTOR CREATIVE ECONOMY EXT 4794**

**SUBMITTED BY: K. DUBEAU, DIRECTOR CREATIVE ECONOMY**

**GENERAL MANAGER APPROVAL: Z. LIFSHIZ, ACTING EXECUTIVE DIRECTOR INVEST BARRIE**

**CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER**

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**RECOMMENDED MOTION**

1. That in response to feedback from Council related to the facility design, Option A for the Fisher Auditorium and Events Centre, which includes a side loading dock, expanded catering kitchen, storage facilities, as well as the fly gallery for increased revenue generation and utilization, be endorsed in principle, subject to future capital prioritization and approvals.
2. That Facilities staff be directed to include the preferred Facility Design Option A for the Fisher Auditorium and Event Centre project, and the associated budget of \$25.6M, as part of the 2019 Capital Planning process.
3. That the approved 2018 Capital Budget for Project #000633, Fisher Auditorium Redevelopment, be increased from \$250,000 to \$550,000 funded fully from the Council Strategic Priority Reserve (1304-0410).
4. That the allocated funds in Capital Project #000633, Fisher Auditorium Redevelopment, be used to provide power to the site as well as properly secure, seal and maintain the existing structure until construction commences or until demolition occurs, subject to the land acquisition by the City.
5. That a Fisher Auditorium Implementation Capital project be created with an allocated 2018 budget of \$200,000 funded from the Council Strategic Priority Reserve (1304-0410) to act as seed funding to initiate the capital fundraising component of the project that includes the recruitment of a Fundraiser/Fundraising organization, which would be self-funded as part of the capital fundraising model.
6. That staff encourage the cultural and business community stakeholders to create a Not for Profit (NFP) Corporation that would commit to engaging a professional staff including an Executive Director to lead the operational functions of the facility, including professional staffing and programming, in addition to pursuing grant funding opportunities.
7. That the recommended Governance and Operating model as outlined in Staff Report CE001-18 be approved, with the intent that an independent Not for Profit corporation would enter into an operating agreement with the City, subject to approval of Council.
8. That the funding equivalent to a temporary full time position of a professional Executive Director be included in 2019 and 2020 budget planning, with the understanding that the position would be

transitioned to the Not for Profit Corporation once the operations of the facility are transferred from the City to the Not for Profit organization.

**PURPOSE & BACKGROUND**

Purpose

9. The purpose of this Staff Report is to seek Council authorization to proceed with a 2019 Capital Project for the proposed design Option A for Fisher Auditorium and Events Centre design and the associated capital funds required to secure the building. The report also seeks Council approval to secure seed funding of \$200,000 in 2018 to allow for initiation of a capital campaign, approval of the governance and operation models as well as staffing or equivalent funds to be included in the 2019 and 2020 operating budget.
10. This report addresses five separate topics related to the recommended motion, namely::

Design Options	Cost/benefit analysis created from an extended cut line, and the associated facility design options related to the increased footprint;	Sections 20-39	Pages 4-10
Governance & Operating Model	Recommended structure and decision making and staffing	Sections 41-58	Pages 11-12
Business Plan & Budget	Business Plan and Potential Three-Year Operating Budget	Sections 59-71	Pages 13-18
Conference and Events Centre	Market scan and key amenities identified for successful commercial operations	Sections 72-79	Pages 18-19
Fundraising	Community capacity for fundraising, options for professional fundraiser, and grant funding opportunities	Sections 80-98	Pages 19-22
Q & A (attached as Appendix "A")	Benchmarking, Parking, Proximity to Firehall, Competitive Considerations for Events Centre, Market Data on Cultural Spending Patterns in Barrie, Demolition cost and Catering vs. Full Kitchen Analysis		Appendix 'A'

Background

11. The sale of the Barrie Central Collegiate facility to HIP Developments, and the subsequent discussions regarding the potential of retaining the W.A. Fisher Auditorium as a large downtown cultural hub, generated interested in investigating the viability of this option. Key reasons for pursuing this investigation, based on an initial assessment, included the following:
  - a) The opportunity for the City to retain and significantly enhance a large capacity performance space in the downtown core – a space that has long been featured in the City's Cultural Master Plan (2006). The City of Barrie does not currently have a large capacity theatre or events centre in the downtown core, relying on the lease of the Georgian Theatre to support large audience performances. The Georgian Theatre location is not connected to the downtown core, and does not deliver opportunities for economic benefits from associated retail and restaurant spending by audiences. Further, the aging

infrastructure and lack of strategic need for the facility by Georgian College, results in a facility that is compromised in its ability to attract a broader range performances and deliver quality audience experiences.

- b) A large capacity theatre space in the downtown would enable the vision of a “Creative Corridor” in the downtown – a vision that included the W. A. Fisher Auditorium and Events Centre acting as a western anchor of the corridor, with the Five Points Theatre and Meridian Square in between, and the MacLaren Arts Centre as the cultural node on the eastern end of downtown. With the additions of the Sandbox Entrepreneurship Centre and Georgian College’s Digital Art and Design campus downtown, the cultural corridor concept has the necessary elements to be a strong economic driver in the future development of the downtown area.
  - c) The location of the W.A. Fisher Auditorium in the western end of Dunlop Street would represent a significant investment in cultural and tourism amenities contributing to the revitalization of that section of downtown, which has not had the same scale of investment as in the eastern end.
  - d) The audiences for current productions at the Georgian and Five Points Theatres are 90% drawn from Barrie and the immediate area, as the current facilities are not considered “destinations” for attracting tourists. Having a high quality venue with the necessary technology infrastructure and high quality programming, directly integrated into the downtown commercial areas, was identified as a core economic driver in the Cobalt Report presented to General Committee on September 25, 2017. Applying the Ontario Tourism Regional Economic Impact Model (TREIM) analysis to the projected programming potential for the Fisher Auditorium and Events Centre, the economic benefits for the City of Barrie are validated.
  - e) The lack of a conference and events venue in the downtown has been a recognized need for several years, as noted in the City of Barrie’s Cultural Master Plan, where it was identified as a critical factor in creating a vibrant downtown that attracts visitors and tourists to the City, and to attracting a broad range of conference events requiring high capacity venues.
  - f) There is a strong commitment from Barrie Central Collegiate Alumni and residents to preserving the history and role of the W. A. Fisher Auditorium in the community.
12. For these reasons, Council supported additional investigation by staff into the possibility of acquiring the land and building in order to preserve and further develop the W. A. Fisher Auditorium and Events Centre as approved by Motion 17-G-183 in June, 2017.
13. Working with Lett Architects and Cobalt Connects, staff investigated the business case for the facility, the development options for the existing structure, and a high level operating model. Through that work, the opportunity to include a conference and events centre in the conceptual design was identified. The work was preliminary in terms of design, functionality and cost implications, but represented a significant opportunity that would align with strategic priorities for the downtown and creative corridor developments. The Ontario Tourism Regional Economic Impact Model (TREIM) analysis showed the economic benefits from the proposed facility would be a 38% increase in overall attendance, an annual increase of 790 overnight stays (from the current 375 stays) and over 32,000 hours of net new food service employment. The outcomes of this initial investigation were presented in Staff Report CE008-17.
14. On October 2, 2017 City Council approved the following motion:
- 17-G-225 W.A. FISHER AUDITORIUM - October 2, 2017

1. That Staff Report CE008-17 regarding the potential development of a 650 seat multi-purpose cultural and events centre (Option A in the Lett report) in the W.A. Fisher Auditorium, be received.
2. That staff be directed to review seed funding options available to the municipality for the proposed Fisher project, with the intent of attracting sponsorship, investment and grant funding, subject to an agreement with HIP Developments regarding the subject lands on which the theatre is to be developed.
3. That staff in the Creative Economy and Legal Services Departments be authorized to explore an operating model for the W.A. Fisher Auditorium and Events Centre, based on a collaborative structure between City staff and not-for-profit arts organizations, subject to an agreement with HIP Developments regarding the subject lands on which the theatre is to be developed, and report back to General Committee.
4. That staff in the Creative Economy Department be authorized to investigate the potential to engage a professional fundraiser to create a sponsorship program for a portion of the capital project and the potential alignment with the existing sponsorship pilot program, subject to an agreement with HIP Developments regarding the subject lands on which the theatre is to be developed. (CE008-17) (File: R05-FIS)
15. After the presentation and during discussion at General Committee, there were many questions and inquiries from Members of Committee regarding the proposed concept. In particular, suggestions were made regarding facility design options, operational and governance models, the competitive landscape for the conference and events centre, and items related to the location of the facility.
16. After compiling all of the questions and inquiries, staff prepared a Memo for Council on October 2, 2017, summarizing the areas of inquiry and information that Council requested regarding the proposed Fisher Auditorium and Events Centre. A copy of the Memo is included in Appendix "B".
17. Cobalt Connects was engaged to continue the research around the governance model for the performing arts space, further explore the level of community support for the initiative, update the three year operational business plan and provide a benchmarking analysis for similar venues. The report is included in Appendix "C", W.A Fisher Auditorium and Event Centre, Phase Three Report.
18. Lett Architects were retained to refine the conceptual design for the facility, incorporating feedback from Council and the stakeholder community.
19. Tourism Barrie and Ferrell & Partners Marketing Inc., were engaged to conduct a Conference and Meeting Market Scan for the City of Barrie, and to provide input to the conceptual design process to ensure that the needs of the conference and events market were incorporated. Their findings are included in Appendix "D", Conference and Meeting Market Scan.

## **ANALYSIS**

### Facility Design and Options

20. From the initial schematic design presented in October, members of Council identified several areas for potential design improvements, and requested that staff identify all opportunities to make the W. A. Fisher Auditorium a multi-functional facility that has the technology and infrastructure to effectively operate and compete at industry standard levels. City Council suggested maximizing the potential event space, requesting that staff investigate an increase the area of the facility and accommodate more functionality by improving back-of-house program spaces including a catering kitchen to support the events space.

21. Lett Architects updated the conceptual design to accommodate all of those elements as well as to incorporate insights gained from the business events and conferences market scan conducted, which identified essential operational amenities that would be required in order to successfully build a strong offering and business in the conference and events markets.
22. As a result of the unanticipated demolition of the section of the building contemplated for the conference and events centre, Lett Architects provided a new conceptual design. The cost implication of the new build as identified by Marshall & Murray, Quantity Surveyors and Development Consultants, is an additional \$92,000 per the revised the Class D estimate provided. Please see Appendix 'E' for conceptual floor plan and façade rendering.
23. Key updates to the conceptual design include:

#### **Expanded Area to Enhance Utilization**

- a) After unanticipated portions of the building were demolished, the revised design includes approximately 4,000 sq ft of space for the conference and events centre, and the associated amenities identified by Council and stakeholder groups.
- b) The conceptual design incorporates the necessary back of house spaces to include dressing rooms, rehearsal space, and green rooms, thereby providing sufficient accommodations for large professional performances.
- c) The design of the rehearsal space allows for a 1:1 scale of the theatre stage (a rehearsal stage of equal size to the primary stage), making the facility attractive for large productions, dance competitions, and as a separate breakout room for conferences and events.

#### **Events Centre Space**

City staff and Lett Architects looked at maximizing the events centre space on the current footprint of the property, in addition to consulting with business stakeholders regarding the operational amenities needed to build a competitive offering in the conference and events space.

Through these consultations, it was identified that storage space, large catering kitchen and side loading docks were important features to include. Further, the desire to have the Theatre and the Event space able to operate independently of one another required the addition of a larger lobby and concession area. The design incorporated these elements, but with the result of the overall space accommodating less people than had originally been envisioned. Therefore the approximate 4,000 square foot conference centre will accommodate over 400 people seated or over 800 people standing (as compared to the original estimates of 1,000 people standing and 600+ seated). However, there is a new lower lobby space that can generate revenue, with a capacity of 100 people.

The event space is proposed to have a retractable wall that would provide flexibility to accommodate multiple users and to react to various styles of events. This has the ability to allow for a more intimate experience and attract multiple users to the centre.

The proposed kitchen facility would provide catering preparation space to accommodate large and small groups for a variety of events. This kitchen design will allow for side loading which is a preferred method of loading as determined by Barrie catering companies. A small concession stand was also added to provide flexibility for theatre performances to utilize the lobby area.

The lower lobby area allows for a capacity of 100 people. This area can be separated and secured from the rest of the building and can provide an accessible and inviting space for smaller events. This space can also provide a comfortable vestibule for members of the audience to enjoy during intermission or pre-show.

### **Fly Gallery over Theatre Stage**

A fly gallery was added to the theatre to better position the facility as a viable and attractive location for large scale musicals and touring performances. Although not a requirement for base theatre productions, a fly gallery is frequently included on many technical riders of large scale productions, and is necessary for some programming that is not currently offered in the Simcoe/York region area, such as professional ballet performances.

The fly gallery at Georgian Theatre is currently being used by many of the facility's users, including the not-for-profit Kempenfelt Community Players and many local dance companies.

The fly gallery provides the theatre with more flexibility to transform from one style of production to another, and to decrease turnaround time for set up and tear down of productions, allowing the theatre to maximize the number of rentals that occur annually in the space.

### **Site Considerations - Operational**

A loading bay, with a hydraulic lift for a 53' trailer, is proposed to be added to the south side of the building to meet the loading and unloading requirements of potential users and touring productions.

24. Council tasked staff to ensure that the model being presented would be properly equipped with the appropriate technologies and infrastructure that will facilitate use by a variety of user groups and touring shows, and would serve the City now and into the future. The proposed floor plan for Option A provided by Lett has maximized the user potential and commercial viability of the facility by maximizing programming opportunities while providing essential amenities to support business operations.
25. Staff support the recommendation from Lett Architects and Cobalt Connects that the proposed facility design under Option A be selected by Council for the project, as it will give the City of Barrie the best opportunity to redevelop the site for maximum impact beyond just the theatre. As stated in the Cobalt report, the proposed facility design will allow the City to:
  - Host large catered events (conferences, weddings, e-sports, corporate functions, and tradeshow) in the downtown;
  - Provide rehearsal space for local not-for-profit arts organizations;
  - Make available meeting rooms for local clubs, not-for-profits, businesses;
  - Incorporate key amenities that make the facility an attractive and cost-effective venue for large scale performances (e.g. Jann Arden, Comedy Festival, professional speakers); and,
  - Have access to a broader range of revenue opportunities that can assist in offset operating costs.

### **RECOMMENDED OPTION:**

**Option A – Proceed with all recommended modifications, including amenities for business operations and include a fly gallery.**

26. The updated conceptual design:
  - a) Allows the facility to attract large scale events and accommodate more than 800 people standing and 400 people sitting, maximizing opportunities for revenue and economic benefits. There is currently no event space within the City of Barrie that accommodates this number of people, and certainly not in the downtown.
  - b) Allows the facility to completely separate the event space from theatre space enabling the opportunity to support simultaneous programming and therefore increased revenue

- generation. The event space will have retractable walls and allow for multiple users in the space at any one time.
- c) Expands and optimizes the type of the theatre programming that the City can offer, as it will allow for backstage cross over space, green rooms, change rooms and storage space to properly support touring productions.
  - d) Creates a multi-purpose rehearsal space that can be rented out separately from the theatre. There is a high demand for affordable rehearsal space from local not-for-profit arts organizations.
  - e) Includes office spaces that may be used by City staff, cultural and business stakeholder groups and/or the governing body.
  - f) The lounge area provides adequate space for pre and post show audiences and a fully equipped concession bar.
  - g) A fully functioning catering kitchen to support the event centre, and opens up opportunities for increased revenue generation.
27. The building will be required by current Building Code standards to provide larger washrooms than was included in the original concept, to accommodate the anticipated numbers of people.
28. A fly gallery, or theatrical rigging system, is a system of rope lines, blocks (pulleys), counterweights and related devices that enables a stage crew to fly (hoist) quickly, quietly and safely components such as curtains, lights, scenery, and stage effects.
29. Currently, Georgian Theatre has a fully operational fly gallery and a large number of renters use it on a regular basis. The advantage of having an operational fly gallery is that larger organizations that book touring shows, such as Paguin and LiveNation, have indicated that having a fly gallery is preferable for attracting large scale productions. While they regularly alter productions for non-fly venues, there are significant cost savings for producing those shows in venues with fly galleries. Large scale productions are important not just for the diversity of programming, but also to generate commercial revenues that enable local arts organizations to rent the facilities at an affordable cost.
30. Production companies have confirmed that not having a fly gallery increases the set up and tear down time significantly, thereby increasing their costs for technicians and staffing. By not incorporating a fly gallery, the number of programmable days in the theatre will be reduced by a minimum of twenty days per year, which would be taken up with technical turnaround times.
31. The closest comparable performing arts venue with an industry-standard fly gallery is in Brampton. There are no comparable facilities in terms of venue capacity and industry standard fly gallery infrastructure in the York or Muskoka Regions. The Orillia Opera House is the closest comparator in Simcoe County. Therefore the inclusion of the fly gallery provides a competitive advantage in attracting large scale performances as well as specialized performances that require a fly gallery, such as the Winnipeg Ballet.
32. Inclusion of a fly gallery creates the potential for 20 weeks of programming a year to be heavily booked with multiple events, instead of losing time to technical turnover between shows during peak seasons. By reducing the technical turnover time, the venue is more attractive and cost efficient for large scale productions, who will save on their technician time for set up and tear down.
33. This 20-week period of concentrated activity could result in potentially more than 60 additional performance/presentations per year that could generate \$99,325 in additional revenue:

\$48,000	additional rental income
\$25,000	additional concession net revenue
\$26,325	additional CIF (Capital Improvement Fee) fees earned through ticket sales
<b>\$99,325</b>	<b>Total (potential additional revenue)</b>

34. The construction costs for the fly gallery are \$1 M, and there would be a savings in budgeted equipment costs for specialized tracks and lighting required when there isn't a fly gallery, of \$500,000. The net cost increase to incorporate a fly gallery is therefore \$500,000, with an estimated payback period of the asset of approximately 5 years based on increased programming time associated with reduced technical turnover time.

**Option B – Proceed with recommended modifications including amenities for business operations, but without a fly gallery.**

35. This option maintains all the elements described in Option A, but without building a Fly Gallery.
36. The specialized track systems and lighting required if a fly gallery is not installed would add \$500,000 in cost.

**Option C – Original conceptual design (smaller footprint)**

37. There are several important items for consideration in reverting back to the original design with a reduced footprint:
- a) The smaller footprint will accommodate a smaller conference centre, which will be more limited in its revenue generation capability, particularly since a smaller facility will not be able to operate independently of the theatre and would not provide some of the amenities identified by stakeholder cultural and business groups. The overall commercial attractiveness of the venue for conferences and professional productions will be less than it would be if the facility included the amenities identified by these user groups as being important. The analysis that has been performed in this subsequent stage has clearly shown that a smaller conference space will add value to the downtown, but will not maximize the economic benefits available with larger conferences.
  - b) The original conceptual design did not include logistical supports subsequently identified as being crucial for effective and efficient business operations of the facility, including storage space, side loading dock, a rehearsal space and capacity for heating and cooling systems.
  - c) The original design did not account for whether a fly gallery would be part of the overall facility. Without the fly gallery, additional equipment costs of \$500,000 above the base equipment budget for reverse track systems (curtains, lighting and sets) and specialized lighting would be required.
38. While the original conceptual design provides a conference space, the design did not enable it to operate separately from the theater or have the flexibility to have more than one user in the space at any given time. The original conference room was not equipped with the technology to service a wide array of users as it is in the new conceptualization. In addition, the original concept did not provide storage space for tables, chairs and equipment/instruments, nor was the catering facility in the original design optimized for the space.



Summary of Options

Options	Total Cost	Pros	Cons
<p>A. Optimized design for business operations, and a fly gallery included (All from Option B plus fly gallery)</p>	<p>\$25.6 M</p>	<ul style="list-style-type: none"> <li>• Optimized design for maximum revenue generation, attractiveness to wide variety of professional productions</li> <li>• Additional 20 weeks of programming has the potential to deliver an additional 60 presentations annually, potentially generating \$99,000 in additional revenues each year</li> <li>• A complete large scale theatre at a less than new build cost.</li> <li>• Includes essential amenities required for efficient operations of the facility, and increased attractiveness of venue for commercial client organizations (properly sized catering kitchen, side loading dock, storage facilities, increased lobby area for concessions).</li> <li>• Fully operational event centre that accommodates large numbers of guests and can be operated simultaneously to the theatre.</li> <li>• Events centre could generate revenue that will assist with overall sustainability of the entire facility.</li> <li>• Events centre could attract multiple users including commercial.</li> <li>• Modern technologies in the theatre that could attract multiple users types, from film to dance to theatre to music and comedy.</li> <li>• Includes large, at-scale rehearsal space – a needed resource in the community, with opportunities for increased revenue generation; the rehearsal space can be operated independently of the theatre and the Events Centre.</li> </ul>	<ul style="list-style-type: none"> <li>• Larger financial investment for municipality</li> <li>• Large fundraising initiative required</li> <li>• Parking may be an issue for the larger size and volume of anticipated users (although Planning has some solutions)</li> </ul>
<p>B: Optimized design for business operations, but no fly gallery included.</p>	<p>\$25 M</p>	<ul style="list-style-type: none"> <li>• All the benefits of Option A, removing the 20 weeks of potential additional programming and associated revenue (no Fly Gallery)</li> <li>• Lower cost</li> </ul>	<ul style="list-style-type: none"> <li>• All the concerns of Option A, but without the added cost for the Fly Gallery</li> <li>• Fewer large scale shows or professional production companies will use the facility as there isn't a fly gallery.</li> <li>• Lack of a fly gallery results in longer turnaround time between shows, requiring increased technical staffing costs and decreasing the number of available days for programming and revenue generation.</li> </ul>

<p>C: Original design</p>	<p>\$16.8 M</p>	<ul style="list-style-type: none"> <li>• A large scale theatre at a cost that is less than the cost of a new build</li> <li>• Smaller investment</li> <li>• Satisfies the theatre needs of the local community</li> <li>• Brings an event space into the downtown</li> </ul>	<ul style="list-style-type: none"> <li>• Does not provide infrastructure for future growth in programming for attracting large scale outside productions</li> <li>• Smaller event space can't operate independently from the theater because of layout.</li> <li>• Less opportunity for revenue generation with the smaller event space and lack of operational amenities for the theatre.</li> <li>• Does not provide for storage facilities, a key requirement identified by the community and commercial user groups.</li> <li>• No separate rehearsals space, an identified need in the community.</li> <li>• Smaller size of the kitchen amenities will make it less attractive for clients of the conference and events centre, and could be more expensive for hosting events</li> <li>• Does not support proper loading and unloading for the theatre or the kitchen.</li> <li>• Projected 18 weeks of local programming with more limited opportunity to grow.</li> </ul>
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39. Based on the analysis, Option A provides the maximum revenue generation opportunities, with the most attractive amenities for building a strong commercial client base for the venue. It provides a robust infrastructure with storage, technology, operational features and support for simultaneous uses that will provide maximum benefit for local cultural producers as well as for community groups in dance, music, theatre and film. The investment would provide a strong foundation for these groups to grow and develop their audience and programming.

Securing the Facility

40. The 2018 Capital Plan currently includes \$250,000 for the redevelopment of the Fisher Auditorium and Event Centre. The amount included within the capital plan was based on an estimate of the cost to ensure that the building would be properly secured and reduce further deterioration of the building while a fundraising campaign was undertaken. After site visits, it became apparent that the building would require additional funding to provide power to the site and properly secure it. The revised estimate is \$550,000.

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### Governance and Operating Model

41. In November 2017, Cobalt convened 22 members of the stakeholder cultural and business community, including City staff. The group represented a wide range of disciplines, organizations and level of participation in the cultural sector. The group reviewed the conceptual design of the facility as provide by Lett and provided feedback, and also went through the results of a benchmarking analysis that compared various governance and operating models. An over-arching mission statement for the facility was developed by the group, with the intention that subsequent discussions on governance and operating models would be guided by this statement. The mission statement was agreed to by the stakeholders in a subsequent session on December 2<sup>nd</sup>, 2017.
42. Mission Statement: The W.A. Fisher Auditorium and Event Centre facility and programming will:
  - a) Spur growth in the cultural sector by being affordable, by increasing the capacity of local cultural organizations, and by attracting talent to Barrie.
  - b) Provide a high quality cultural experience for residents and visitors, enriching our quality of life.
  - c) Be professionally staffed and resourced based on best practice standards, in order to be financially sustainable through municipal, provincial and federal support, strong earned revenue and private and business contributions.
  - d) Foster collaboration between local cultural producers, and act as a hub for collaboration between the arts, business, hospitality, health and education sectors.
  - e) Develop Barrie's sense of pride, place and identity.
  - f) Spur commercial growth throughout the City of Barrie, especially the downtown core.
  - g) Become a gateway to the City, achieving landmark status for residents and visitors.
43. Cobalt researched best practices and reviewed five models to consider for the governance and operations of cultural facilities. Across Ontario, a variety of governance models are used, with the majority being City-run. A few, such as the Burlington Centre for the Arts, are run by a not-for-profit organization, which leases the facility from the City. A smaller few are run by outside, for-profit organizations.
44. A key benefit of having a not-for-profit organization operate the facility is that there are significantly more operating grant funding options available to them, which are not available to a municipally-led and operated facility. Funding options for not-for-profit organizations exist at the provincial and federal level, with support for capital and multi-year operational costs.
45. The not-for-profit board would have representation from the cultural and business community stakeholders, with the necessary skillsets needed to operate a facility such as the Fisher Auditorium and Events Centre. Member organizations would include the City of Barrie, and allow for representation from Council on the Board.
46. This not-for-profit board will take into consideration the needs of the City, both in terms of generating economic benefit and implementing strong management/financial/legal controls, as well as the needs of the cultural stakeholders that are committed to delivering on the over-arching mission defined above.
47. The not-for-profit corporation model would be established once Council has determined that the project will proceed. However, specific governance and decision-making processes will still need to be established. Recognizing that there would be a minimum of two years before the facility opens, there is adequate time to finalize the governance questions.

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48. A key benefit of creating the not-for-profit Corporation is that the Board could begin fundraising and pursuing available grant opportunities immediately. This would be a primary role of the board in initial stages of the project.
  49. The secondary mandate of the Board will be to develop the operating model and associated agreements with the City. Such agreements would be subject to Council approval prior to any transition of the operations of the W.A. Fisher Auditorium and Event Centre.
  50. An Executive Director would be hired by the City to professionally manage and operate the facility, until such time as the not-for-profit Board is in a position to assume operations of the facility.
  51. Based on the benchmarking analysis of operating models, Cobalt has recommended an operating structure which engages professional expertise for the management and operations of the Fisher Auditorium, as well as the Five Points Theatre.
  52. The operating model would include an Executive Director, along with dedicated marketing resources, to support the promotion of both the facilities and build the commercial business clientele. The Executive Director would be accountable to the Board for delivering on key objectives that support the overall Mission as defined by the stakeholders, while ensuring target revenues are achieved.
  53. There would be a professional, dedicated and highly effective operating team retained by the not for profit entity to operate the facility – similar to what was established in the Burlington model. This operating team would ensure that the facility is professionally managed, with strong financial and legal controls to minimize risk.
  54. Cobalt Connects researched 6 performing arts venues of similar size in other Ontario cities, reviewing job titles, descriptions and the overall number of staff. The average staffing in other comparable facilities is 9.9 full time staff. Technicians and box office staff are not considered in this calculation, as these positions are variable in response to utilization rates of the venue. In comparison, the City of Barrie staffing levels fall below best practices, with 2.5 positions (1 FTE and 1.5 FTE equivalents) allocated to the Five Points and Georgian Theatres. The details of the benchmarking are shown in Appendix B, Cobalt Report, pages 37 & 38.
  55. The small staffing complement reflects the acknowledged gaps in marketing and promotions, business development, and service infrastructure.
  56. In order to ensure both facilities have the needed resources for the maximum opportunity for success, Cobalt recommends nine full time staff that would be hired and managed by the not for profit corporation to operate the Fisher and Five Points theatres. The operating model is described in the Cobalt Report, Appendix C. The staffing complement would have specific expertise in programming, marketing, business development and customer service. The marketing activities would support the facility as well as the stakeholder user groups, and would also be tasked with building the conference and events business.
  57. The key positions include: An Executive Director, 2 Marketing Specialists, a Production Manager, Sales/Box Office, Client Services (Events and Patrons), Technical Director, Administration and Facilities. The staffing complement would support both the Fisher and the Five Points facilities.
  58. The not-for-profit Board would validate the positions as recommended the Cobalt report as part of their development of the operating model and associated agreement with the City to be approved by Council.

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Potential Three year Operating Budget

59. A proposed detailed three year operating budget has been prepared for the Fisher Auditorium and Event Centre, below, which is based on the one developed by Cobalt, included in Appendix C. It builds on current programming levels with cultural stakeholders for the theatre component, and projects conservative growth of 5% over each of the three years, resulting in a utilization rate of over 80%. The multi-purpose Event space and Rehearsal hall rental model is based on utilization rates from the market scan conducted by Ferrel + Partners. The model is conservative in nature, due to the lack of visibility into market conditions two years in the future. Based on market guidance, Year 1 revenues are conservative, ramping up 50% in Years 2 & 3, as the business builds and demand is created.
60. The business model is based on an average rental rate that is slightly below market, when compared with other facilities in Ontario. This was set in response to concerns from stakeholder groups regarding affordability. Cobalt recommends the rental rate not go lower than the one used in the model, but has included a line item for Local Artist Fee Waiver Program, which will enable the facility to offset costs of local productions.
61. Rental revenues cover not only the Theatre, but the Rehearsal and Event space as well, in the larger footprint.
62. Non-rental revenues include a catering surcharge, CIF ticket charge, concession sales, and bill backs for technical and box office staff.
63. Ticket Sales estimates are based on current levels for the existing theatres and stakeholder groups, with a modest annual growth rate of 10%. These estimates are conservative and are considered by Cobalt to be achievable.
64. The operating budget anticipates funding from Trillium, Ontario Arts Council and Culture Canada, with the largest funding occurring in Year 1, decreasing annually after that.
65. Contributions from stakeholder groups are listed as Membership in the budget, reflecting the investment that cultural and business groups that could make to the facility their home base of operations.
66. For marketing and box office operations, Cobalt recommends establishing a core marketing and box office infrastructure that would be jointly managed by Tourism Barrie and the not-for-profit organization. This would allow for direct tie-ins to external marketing and audience development initiatives, while centralizing inventory control, data management and consolidating financial transaction information. There are technical solutions that would allow for integration with existing ticketing systems that some cultural stakeholders have already invested in.
67. There is a two year phase-in period for staff to ramp up, to meet projected demands for the theatre usage.
68. The budget allows for a strong investment in marketing across a variety of channels, both print and digital, and traditional paid advertising. This is considered critical to achieving the overall revenue and utilization targets for the facility, because theatre operations compete with the private sector for recreational dollars. As such, not only is high quality programming required to achieve targeted sales numbers, but the promotion and marketing must be performed at a level that can effectively match alternative entertainment options being provided by private sector offerings.
69. The budget accounts for 75% of CIF charge on ticket sales to be directed to a City-managed capital maintenance fund.

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70. There is a potential for additional revenues to be generated through expansion of equipment rental services, with the enhanced technology infrastructure available at the facility.
  
  71. The business model projects an annual contribution by the Board to a reserve for the Auditorium and Event Centre as well as the Five Points Theatre in the first three years, primarily driven by the annual municipal contribution and grant funding. It is designed to allow for the growth and development of business and to offset contingencies as grant funding begins to taper off in subsequent years. The reserve could be deployed to support non-traditional programming, to add to the capital maintenance fund, and/or reduce the annual municipal subsidy.



Multi-Year Operating Budget				
REVENUE				
Rental		YEAR ONE	YEAR TWO	YEAR THREE
<b>W.A. Fisher Auditorium &amp; Event Centre</b>				
Main Space	Local – Arts	\$120,000.00	\$126,000.00	\$132,300.00
	Non-Local - Arts	\$16,000.00	\$19,200.00	\$23,040.00
	Local Business	\$3,840.00	\$5,760.00	\$7,680.00
	Local Social	\$	\$	\$
Rehearsal Hall	Local – Arts	\$18,000.00	\$18,900.00	\$19,845.00
	Non-Local - Arts	\$3,200.00	\$3,520.00	\$3,872.00
	Local Business	\$	\$	\$
	Local Social	\$960.00	\$1,600.00	\$1,920.00
Multi-Purpose Space	Local – Arts	\$18,000.00	\$36,000.00	\$45,000.00
	Non-Local - Arts	\$3,200.00	\$4,800.00	\$6,400.00
	Local Business	\$16,000.00	\$32,000.00	\$40,000.00
	Local Social	\$18,000.00	\$36,000.00	\$45,000.00
<b>W.A. Fisher Rental Total</b>		<b>\$217,200.00</b>	<b>\$283,780.00</b>	<b>\$325,057.00</b>
<b>Five Points Theatre</b>				
Rental Revenue	Local – Arts	\$45,000.00	\$47,250.00	\$49,612.50
	Non-Local - Arts	\$10,000.00	\$10,500.00	\$11,025.00
	Local Business	\$10,000.00	\$10,500.00	\$ 11,025.00
	Local Social	\$5,000.00	\$5,250.00	\$5,512.50
<b>Five Points Theatre Rental Total</b>		<b>\$70,000.00</b>	<b>\$73,500.00</b>	<b>\$77,175.00</b>
<b>TOTAL RENTAL REVENUE</b>		<b>\$287,200.00</b>	<b>\$357,280.00</b>	<b>\$402,232.00</b>
<b>Fees and Charge Backs</b>				
Catering Surcharge	\$1.00 per person on conference and meeting events	\$10,500.00	\$14,000.00	\$17,500.00
CIF Ticket Charge	\$0.50 - \$1.50 per	\$82,500.00	\$90,750.00	\$95,287.50
Technical Staff bill back	As per client usage	\$232,500.00	\$232,500.00	\$232,500.00
Box Office Staff Bill Back	As per client usage	\$50,000.00	\$50,000.00	\$50,000.00
Net Concession Sales	Net of service/supply	\$141,000.00	\$155,100.00	\$162,855.00
<b>TOTAL FEES</b>		<b>\$516,500.00</b>	<b>\$542,350.00</b>	<b>\$558,142.50</b>
<b>Ticket Sales</b>				
Over \$10	50000	\$1,750,000.00	\$1,925,000.00	\$2,021,250.00
\$10/ Under	15000	\$120,000.00	\$132,000.00	\$138,600.00
<b>TOTAL TICKET SALES</b>		<b>\$1,870,000.00</b>	<b>\$2,057,000.00</b>	<b>\$2,159,850.00</b>



<b>Sponsorship &amp; Grants</b>				
Collaborative Grants	Trillium, OAC, CC	\$175,000.00	\$75,000.00	\$50,000.00
Membership		\$81,250.00	\$82,062.50	\$82,883.13
Ministry of Canadian Heritage	CAPF	\$50,000.00	\$50,000.00	\$50,000.00
Municipal Contribution	Annual contribution	\$890,000.00	\$800,000.00	\$725,000.00
Operational Sponsors / Advertising	On-screen, Sponsors	\$75,000.00	\$75,000.00	\$75,000.00
<b>TOTAL GRANTS AND SPONSORS</b>		<b>\$1,271,250.00</b>	<b>\$1,082,062.50</b>	<b>\$982,883.13</b>
<b>TOTAL REVENUE</b>		<b>\$3,944,950.00</b>	<b>\$4,038,692.50</b>	<b>\$4,103,107.63</b>

<b>EXPENSES</b>	<b>Projected Expenses for Y1 to Y3 for Fisher and the Five Points</b>			
<b>Administrative</b>				
Office Supplies	General office supplies	\$25,000.00	\$28,750.00	\$31,625.00
Phone	Office & Cell Phone Coverage	\$10,000.00	\$10,000.00	\$10,000.00
Internet	Commercial Wi-Fi	\$10,000.00	\$10,000.00	\$10,000.00
Administrative Capital Replacement	Start-up IT + annual upgrades	\$50,000.00	\$10,000.00	\$10,000.00
Insurance	\$5M Commercial Liability, D&O	\$35,000.00	\$35,000.00	\$35,000.00
<b>TOTAL ADMINISTRATIVE</b>		<b>\$130,000.00</b>	<b>\$93,750.00</b>	<b>\$96,625.00</b>
<b>Staffing</b>				
Executive Director	FT position	\$125,000.00	\$125,000.00	\$125,000.00
Production Manager	FT position	\$80,000.00	\$80,000.00	\$80,000.00
Technical Director	FT position	\$72,500.00	\$72,500.00	\$72,500.00
PT Technical Staff	Casual positions (5 FTE)	\$160,000.00	\$160,000.00	\$160,000.00
Marketing Manager	1 FTE + phased in second FTE	\$120,000.00	\$130,000.00	\$130,000.00
Administration	FT Position	\$50,000.00	\$50,000.00	\$50,000.00
Facility Manager	FT position	\$60,000.00	\$60,000.00	\$60,000.00
PT Hospitality Staff	Via Food Provider	\$	\$	\$
Box Office Manager	FT position	\$50,000.00	\$50,000.00	\$50,000.00
PT Box Office Staff	Part-time + Volunteers	\$40,000.00	\$40,000.00	\$40,000.00
Patron Services	FT position	\$50,000.00	\$50,000.00	\$50,000.00





Cleaning	Contract service	\$65,000.00	\$65,000.00	\$65,000.00
Benefits		\$75,600.00	\$75,600.00	\$75,600.00
<b>TOTAL STAFFING</b>		<b>\$948,100.00</b>	<b>\$958,100.00</b>	<b>\$958,100.00</b>
<b>Marketing</b>				
Website	Maintenance, upgrades, hosting, design	\$15,000.00	\$15,000.00	\$15,000.00
Social Media	Boosted posts, content creation, etc.	\$20,000.00	\$20,000.00	\$20,000.00
Paid Advertising	Radio, TV, Print	\$125,000.00	\$125,000.00	\$125,000.00
Digital Content	Digital marketing campaigns	\$35,000.00	\$35,000.00	\$35,000.00
Print Materials	Posters, brochures, etc.	\$50,000.00	\$50,000.00	\$50,000.00
Mailing	Direct mailer	\$25,000.00	\$25,000.00	\$25,000.00
<b>TOTAL MARKETING</b>		<b>\$270,000.00</b>	<b>\$270,000.00</b>	<b>\$270,000.00</b>
<b>Technical</b>				
Expendibles		\$15,000.00	\$15,000.00	\$15,000.00
Equipment Maintenance		\$10,000.00	\$15,000.00	\$20,000.00
Equipment Replacement		\$10,000.00	\$10,000.00	\$10,000.00
Equipment Rental		\$10,000.00	\$10,000.00	\$10,000.00
<b>TOTAL TECHNICAL</b>		<b>\$45,000.00</b>	<b>\$50,000.00</b>	<b>\$55,000.00</b>
<b>Fees &amp; Pay Outs</b>				
Municipal Capital Maintenance Fund	75% of CIF to City of Barrie	\$61,875.00	\$ 68,062.50	\$71,465.63
Operator Capital Maintenance Fund (for small building maintenance and equipment)	25% of CIF to BFT Fund	\$20,625.00	\$22,687.50	\$23,821.88
Local Artist Fee Waiver Program	Fund to support local use	\$50,000.00	\$50,000.00	\$50,000.00
Programming Fees	Funds to support net new programming development	\$50,000.00	\$50,000.00	\$50,000.00
Box Office Fees	4.5% of sales	\$84,150.00	\$92,565.00	\$97,193.25
Box Office Payout	Sales back to Presenter	\$1,785,850.00	\$1,964,435.00	\$2,062,656.75
Financial Services	Banking, Audit, etc.	\$15,000.00	\$15,000.00	\$15,000.00
<b>TOTAL FEES</b>		<b>\$2,067,500.00</b>	<b>\$2,262,750.00</b>	<b>\$2,370,137.50</b>

<b>Operating</b>	TMI (\$6/SF)	\$234,000.00	\$234,000.00	\$234,000.00
<b>TOTAL EXPENSES</b>		<b>\$3,694,600.00</b>	<b>\$3,868,600.00</b>	<b>\$3,983,862.50</b>
	Contribution to Reserve	\$250,350.00	\$170,093.50	\$119,245.13
	Cumulative	\$250,350.00	\$420,443.50	\$539,68.63
	Operator Capital Maintenance Fund	\$20,625.00	\$43,312.50	\$67,134.38

Conference and Events Centre - Competitive Analysis

72. In order to properly plan for the Events Centre part of the Fisher project, staff undertook a competitive analysis of the event centre opportunity. The Creative Economy Department worked with Tourism Barrie and Ferrell + Partners (F + P) to conduct a market scan to review the potential market for an events centre and to provide input into the conceptual design. These reports are included in Appendix D.
73. The closing of the Kempenfelt Conference Centre presents an opportunity for the small-medium sized conferences and for hosting training sessions. The Centre had built a strong base of repeat business, although F+P estimated that the 200,000 sq feet of meeting space currently available in the Barrie market may be able to absorb some of that business, particularly for small scale training rooms.
74. To properly service the conference and events market, a facility would require multiple breakout rooms, along with onsite catering services and either proximity to nearby hotels or a transit service between area hotels and the meeting centre. While the catering component of the Fisher facility has been accommodated along with the ability to configure breakout rooms, there remains a concern regarding proximity to business-quality hotels that deliver a consistent experience. This situation may change in the two years before the facility opens, depending on planned developments in the downtown. In the event that this does not occur, transit links and/or dedicated shuttle services will need to be implemented.
75. It is important to note that while Friday Harbour is no longer pursuing building a theatre or an indoor space for the performing arts, there may be plans for a hotel and conference centre. No details are available as the concept is at a preliminary stage. Additional analysis will be required at a future date when Friday Harbour has more concrete plans in place.
76. Highlights of the F+P report indicate that many of the local hotels rent out their meeting spaces, and in some cases, provide the meeting rooms for free as an incentive to organizations that book large blocks of hotel rooms. The facilities can typically host small conferences and meetings up to 180 people. They noted that many of the hotels frequently get requests for large venues with multiple flexible meeting rooms.
77. Many industry members have pointed out that space options are needed to support large weddings, social events and meetings of 400 people. One local caterer indicated that she turns down more than 100 requests for weddings annually due to lack of appropriate venues (page 23 of the F+P report). One Barrie-based events centre is initiating expansion plans that will address some of this need, with the potential to launch in late 2018. This would need to be accommodated in the greater business plan for the conference centre.

78. It is important to note that it is not sufficient to have a large meeting space to accommodate several hundred people if the facility does not have the capacity to cater for the same number. The kitchen design has been developed with this in mind.
79. Given some of the changes (both those that are known and those that remain uncertain) to the City of Barrie's conferences and events landscape, F+P recommended that a detailed business plan be prepared later in 2019 that would take these changes into account, so as to ensure appropriate market positioning and outreach for an offering at the Fisher Auditorium and Events Centre. This would include details on plans related to Friday Harbour, a potential hotel in the downtown core, planned updates to existing facilities, and unknown changes that may arise over the next few years as the project goes through fundraising and eventual construction. Once the market positioning for the conference and events centre is finalized, staffing should be put in place prior to the facility opening, to allow for the required time to effectively market and promote the availability of the venue, and to begin building a funnel of clients and business opportunities.

#### Community Capacity for Fundraising, Professional Fundraising and Funding Options

80. Cobalt Connects created a 15 question survey to gather information on the support for the project within the community, the potential for fundraising and to determine preferences for cultural programming. The survey garnered 635 responses from the community, which was refined to 588 valid responses - a number that is considered a highly reflective sample of the community. The responses were received from a wide geographic area within the City of Barrie. The survey results are detailed in Appendix C, W.A. Fisher Phase Three Report from Cobalt Connects.
81. The survey made use of standard questions, which Cobalt Connects has used with other municipalities regarding cultural programming. The results generated by the survey closely resemble the results received from other communities.
82. The data from the survey showed that respondents had a keen interest in participating in a fundraising campaign by making personal donations, and local businesses were interested in becoming sponsors. In fact, 48% of the respondents indicated they would contribute financially to a fundraising campaign for this facility.
83. A recent consultation with the primary arts organizations in the community confirmed that these organizations did not view a Fisher capital campaign as competition for their organizations, but that they could envision a situation where the City of Barrie would be competing with them for operating dollars. In order to mitigate this concern, the engagement of the stakeholder groups in the capital campaign would reinforce that the development of this asset will support their own initiatives, and that common functions such as marketing, communications, facilities and production infrastructure would provide direct benefits to each of their organizations. The business model also provides for subsidized rates for local cultural producers, as well as access to a local artist fund provided for in the operating budget.
84. Interviews with the Executive Director of the FirstOntario Centre for Performing Arts in St. Catharines, which was completed in 2015, provided insight into considerations for community fundraising for a municipal cultural hub and performing arts centre. A total of \$8M was raised from the community over a period of 3 years. A professional fundraiser was engaged on a monthly retainer in order to lead the campaign. The campaign was executed in phases, with the first phase raising \$3M from ten philanthropic donors. The second phase engaged the community more broadly at smaller donation levels. The cost to raise \$8M was \$1M, which included \$600k for the fundraising consultant, and \$400k on events and marketing.
85. In consultation with City of Barrie staff responsible for the sponsorship pilot program, it was noted that the Sponsorship Pilot project is currently underway with a specific list of assets for sponsorship as identified and approved by Council. The pilot project is expected to last 18 months from the award of the RFP in the Fall of 2017. The consultant, Cosmos Sports and Entertainment, was

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- selected via an RFP process, and the addition of sponsorship related to the Fisher Auditorium facility would be considered to be out of scope and separate and distinct from this pilot project. It was recommended that a separate procurement process occur to secure an external consultant to assist with the fundraising and/or sponsorship of this new facility.
86. Barrie Central Collegiate has a strong group of alumni and set of followers who would likely support a new and vibrant re-imagination of the site and surrounding area. The alumni are located across Canada and the US, providing the potential of the campaign to reach beyond the borders of the City of Barrie. As just two examples, one alumnus is on the Board of the Burlington Performing Arts Centre; another is the CEO of Cinematronix, a BC-based leading industry provider of advanced technology solutions for cinema productions in North America. Given their expertise, Cinematronix was consulted regarding technical specifications that were needed to make it feasible for the Barrie Film Festival to operate in the Fisher facility.
  87. Notwithstanding the support for the project, it should be noted that competing sponsorship initiatives, including the Sponsorship Pilot, external campaigns such as the YMCA and RVH, and others (Sandbox, MacLaren, etc) may have a negative impact on the ability to secure target levels of fundraising and/or sponsorship dollars for the Fisher campaign.
  88. As Council had not approved proceeding with the Fisher Auditorium and Event Centre, the only funds included in the Capital Plan were to allow for the building to be maintained until such time as Council made a decision on whether it wished to proceed with the redevelopment of the structure.
  89. The City of Barrie would be responsible and have full control of the facility build project. In order to raise capital funds retaining the services of a professional fundraiser is recommended as part of the Fisher Auditorium Implementation Capital project. In order to initiate the capital project, it is recommended that a new capital project be added with an approved budget of \$200,000. The \$200,000 would provide initial seed funding would be required for the City to retain a professional fundraiser, and to design the high level campaign framework. The seed funding in anticipated to be re-paid through the funds secured in the overall fundraising campaign.
  90. Cobalt stressed that in order to meet an opening date of 2021, City staff would need to engage with the community now, to build capacity and support for the building/capital project. The City will need this time to engage community partners, such as the YMCA, Tourism Barrie, Downtown Barrie – BIA, Georgian College etc. as well as the many arts organizations. Funding agencies such as Cultural Spaces, Trillium Foundation and Infrastructure Ontario would also need to be contacted soon after Council has made a decision, in order to develop the proposals for the various funding sources.
  91. It should be noted that some funding sources, particularly Ontario Arts Council and Trillium Foundation, are not available to municipalities, only to a not-for-profit organization. This is an important consideration with respect to the eventual governance model selected, as these programs offer significant support for both capital and operations, and early stage, capacity-building seed funding. In seeking seed funding the City of Barrie would need to commit to initial matching contributions to demonstrate municipal support for the project, as the show of support would encourage other levels of government to follow suit.
  92. As a not-for-profit structure is required to pursue funding from targeted programs. Some programs require two years of financial statements prior to accepting submissions from a not-for-profit organization.
  93. Trillium seed funding is from \$5,000 to a maximum of \$75,000 for a term of one year. This funding could be leveraged to undertake the full governance model that would align with City resources and stakeholders. Other organizations that allocate funding to developing new projects and building arts capacity are the Ontario Arts Council and the Canada Council for the Arts, both of which are only available to not-for-profit organizations.

94. If the not for profit entity was successful in a Trillium Grow Grant application it would provide a collaborative base budget to ready the venue for operations and do the following:
- Implement an effective ticketing system that collects and reports appropriate data for each stakeholder group and also in aggregate to enable the tracking and growth of audiences within and beyond Barrie, and allows for “bundling” of experiences, such as hotel and a performance.
  - Development of a detailed marketing program for the facility, programming and the events centre business.
  - Prepare a transition plan with stakeholders for moving operations into the new facility.
  - Develop a volunteer program and train them accordingly.
  - Cover the costs of some capital purchases and contribute towards operational costs in the first year of operations, which would reduce the initial risk.
  - The outcome of this stage would be the finalization of governance and staffing models and a five year strategic plan could then be created.
  - Applications could be made to foundations to support the ongoing operations of the theatre, such as the Metcalfe Foundation. The role of the Board and Executive Director would include tracking and pursuing strategic funding opportunities on an on-going basis.
95. A potential source of large capital funding for consideration is Infrastructure Ontario (IO), a program that provides for 1/3 matching funding from the federal and provincial governments, with the municipality providing the other third share. An application would need to be led by the City of Barrie through its professional fundraiser. The St. Catharines Centre for Performing Arts was a \$60M project, which leveraged the IO program. There was strong engagement with their provincial MPP and federal MP in order to secure the funding. The project was positioned as a renaissance for their downtown core, and was directly linked to their Arts Cluster Master Plan.
96. If the Infrastructure Ontario program was successful, the potential funding sources for the full build of the Fisher Auditorium and Event Centre would be:
- |                             |     |         |
|-----------------------------|-----|---------|
| Sponsorship and Fundraising | 25% | \$6.6 M |
| Municipal Contribution      | 25% | \$6.6 M |
| Provincial Contribution     | 25% | \$6.6 M |
| Federal Contribution        | 25% | \$6.6 M |
- Additional funding from Cultural Spaces Canada if available, could help offset specific capital requirements such as equipment infrastructure on a 50-50 match basis, reducing the overall capital investment required. Applications to Cultural Spaces Canada would need to be led by the owner of the facility, and therefore by the City of Barrie.
97. Should Infrastructure Ontario funding not be available, the potential funding sources would change, increasing the required municipal capital funds:
- |                             |       |
|-----------------------------|-------|
| Sponsorship and Fundraising | \$7M  |
| Cultural Spaces Canada      | \$5M  |
| Municipal contribution      | \$14M |
98. The potential new hotel and tourism tax could be an additional option for consideration by Council. If implemented, the municipal portion hotel tax could provide recurring, annual funding that could

contribute capital and operating revenue for the Fisher facility, particularly as it relates to audience development in support of tourism.

### Risks

99. The risks related to the Fisher Auditorium and Events Centre are identified as:

#### Capital

- I) Not securing the targets sponsorship level – which could introduce delays in the construction and potentially increase the contribution required from the City of Barrie.
- II) Not successfully securing the capital grant funding for the development – which would increase the capital contribution required from the City of Barrie and/or require additional funds to be approved to demolish the building if a decision was made not to proceed.
- III) Cost escalation – unforeseen costs related to the renovation of the existing structure, which would increase the capital contribution required from the City of Barrie. Delays in the construction timeline could result in cost escalations that would require increased capital contribution from the City.

#### Operating

- I) If seed stage funding is not secured, the Executive Director may not be hired by the not for profit in advance of the construction being completed. This would introduce delays in the development of the business pipeline for the facility, which could negatively impact the proposed business plan. The impact of this risk is that revenue generation may not meet target levels, resulting in either scaled back operations, or an increased contribution from stakeholders and the municipality.
- II) Conservative estimates were used for rental revenues in the main space, aligned to current levels at the Georgian Theatre, as well as the Rehearsal Hall and Lounge. However because these elements are net new additions to the City's cultural inventory, there is a risk that the targeted rental revenues would not be achieved. The impact would be increased operating costs for the operating entity, proposed to be the not for profit corporation. This may result in the annual operating contribution from the City to be maintained at current levels rather than be decreased, or potentially, increased.
- III) The operating model assumes TMI to the City of \$6/SF. This basis may not be accurate, pending final designs and assessment from Facilities. The impact would be an overall increase in the operational costs, which would require additional funding from the City.
- IV) The business model assumes successfully securing operational grants from Trillium and OAC. There is strong alignment with the targeted grants and the proposed operating model, however, there is a risk that the funding would not be secured. If no other grants were secured in the first two years, there would be a deficit of approximately \$200,000, which would be required to be funded by the City. The overall risk could be mitigated by pursuing other grant funding options available that are uniquely offered by the Federal Government to Arts Services Organizations.
- V) The business model estimates usage levels that will drive revenues from rentals, box office fees, staff bill-backs and concession sales. If the targeted usage levels were not achieved, the revenues from these assets will be lower, potentially requiring additional funding from the City.

VI) Changing market conditions for conference and events centre resulting from new developments in the downtown area, may introduce competitive offerings in the market, potentially impacting overall operating revenues for the facility.

### Summary

100. The primary consultant organizations involved in the Fisher Auditorium and Events Centre project have provided their recommendations based on the direction provided to staff by Council on the project, and on their industry expertise.
101. Lett Architects recommends that the City of Barrie proceed with the build design that includes the conference centre, amenities for business operations and the fly gallery. This is Option A as described in sections 26-34 of this staff report.
102. Cobalt Connects recommends that the City of Barrie proceed with the build design that includes the optimized conference and events centre, as well as the fly gallery. This is Option A as described in sections 29-39 of this staff report. Cobalt also recommends that the City of Barrie pursue a governance model based on an independent, not for profit corporation that would oversee a professional management team. The Operating model recommended by Cobalt reflects the revenues and expenses for the Option A build, grant funding accessible by the not for profit corporation, and staffing levels needed for the business operations of both the Fisher Auditorium and the Five Points facilities. Based on the findings from the stakeholder engagement meetings, staff concur with the viability of the recommended governance model proposed by Cobalt.
103. Cobalt Connects also recommended that activities related to pursuing grant funding and the development of a sponsorship campaign begin as soon as possible after the approval of the project, in recognition of the long timelines associated with both activities, and to maintain the high level of engagement with the stakeholder organizations. Staff are in agreement with that recommendation and have included a recommended motion that would allow for these initial activities to take place.
104. Staff support the consultants' recommendations that Council elect to build the facility design with the Fly Gallery, Option A, which provides for maximum revenue generation, with the most attractive amenities for building a strong commercial client base for the venue. It provides a robust infrastructure with storage, technology, operational features and support for simultaneous uses that will provide maximum benefit for local cultural producers as well as for community groups in dance, music, theatre and film. The investment would provide a strong foundation for these groups to grow and develop their audience and programming.
105. Staff recommend seed funding be allocated by Council from the Council Strategic Priorities Reserve in order to secure a professional fundraiser to develop and lead the fundraising campaign.
106. In reviewing the six benchmark theatres, the annual municipal funding for theatres was \$7.00 per capita. The City of Barrie runs both the Five Points and the Georgian Theatres at a net cost of \$890,000, a per capita rate of \$6.13 per capita, not far from the provincial average.
107. Staff have modified the business model recommended by Cobalt to maintain the current City contribution level of \$890k in the first year of operations, being reduced in subsequent years as the business builds and stabilizes. The projected annual contribution from the municipality has the potential to be reduced to \$725,000 in Year 3, based on the Cobalt Report. This would result in a decrease of the per capita subsidy to \$5,00 per capita, a projected cost avoidance of \$165,000 annually, should the business model be realized.
108. Staffing costs are covered through the Not For Profit Corporation's operating model, grant funding and the current municipal budget that includes both the Fisher Auditorium and The Five Points Theatre. Offset by the increased revenues from the larger facility, the model includes the

appropriate number of staff to deliver successful outcomes while also taking the pressure off of the local not-for-profit arts organizations by offering them lower, more affordable rates.

109. The project timeline suggested by Cobalt Connects assumes a start date for the project of June 2020, assuming a long lead time for fundraising and securing grants. Staff will aim to pursue an earlier start date for the project through setting a threshold amount of funding required to trigger the start of the full project. The designated threshold would be set through consultation with Finance, and brought to Council for review and approval.

### **ENVIRONMENTAL MATTERS**

110. The following environmental matters have been considered in the development of the recommendation:

- a) Abatement for hazardous substances, including asbestos, will be included in the negotiations with HIP Developments as part of the land acquisition.

### **ALTERNATIVES**

111. The following alternatives are available for consideration by General Committee:

#### **Alternative #1**

General Committee could elect not to proceed with the Fisher Auditorium and Events Centre project.

This alternative is not recommended as the community has demonstrated a need in terms of less-than-ideal conditions for the current large capacity theatre at Georgian College, increasing demand for dance recital space for the growing number of schools and residents, and there is a strong community interest in pursuing the project. The proposed Performance and Conference Centre has been integral to long term cultural and downtown revitalization planning efforts, and aligns with the intent of creating both a creative industries hub in the downtown, and establishing a gateway to the City.



**Alternative #2**

General Committee could alter the proposed recommendation by electing to proceed with the Fisher Auditorium and Events Centre project, with the original design and lower build cost, Option C.

Although this alternative is available, there is a significant degree of uncertainty pertaining to the structural cost and design, given the location of the cut line. The smaller footprint is not optimized for delivering the services intended for the facility, compromising the revenue generation opportunities and reducing the overall attractiveness of the venue to larger and more diverse programming.

**Alternative #3**

General Committee could alter the proposed recommendation by electing to proceed with the Fisher Auditorium and Events Centre project, with the larger footprint but without the fly gallery, Option B, lowering the overall project cost.

Although this alternative is available, the incorporation of the fly gallery is an attractive capability that will reduce the cost for staging productions (in terms of technical staff time), increases the overall market of potential production companies for using the theatre venue, resulting in greater revenue generation opportunities, and allow for unique and high end cultural programming that would not be available without a fly gallery, such as ballet and immersive productions that integrate technology and sets. It is estimated that the fly gallery will cover the costs within five years of the facility being operational.

**FINANCIAL**

112. The construction costs provided are Class D estimates (+ or - 25%), the equivalent of + or - \$6.4 million dollars for Option A.
113. The approved 2018 Capital Plan includes \$250,000 in project #000633 Fisher Auditorium Redevelopment funded from the tax capital reserve. The recommended motion increases this budget to \$550,000 and changes the funding to Council Strategic Priority reserve.
114. The costs for the full development of the W. A. Fisher Auditorium are not currently included in the approved 2018 Capital Plan or 5 year forecast.
115. The recommended motion includes the creation of a capital implementation project for initial activities in support of pursuing grant funding, fundraising and market positioning are not included in the 2018 Business Plan. The required \$200,000 would be secured from Council Strategic Priority Reserves.
116. No additional staff resources will be required in 2018 to implement the recommendations. Fundraising expertise would be secured through a contractor.

**LINKAGE TO 2014-2018 STRATEGIC PLAN**

117. The recommendations included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:

- Vibrant Business Environment
- Responsible Spending
- Inclusive Community

118. The proposed facility would directly support the growth and development of the creative hub in the downtown core, transforming the western end of Dunlop Street and generating significantly more tourism and economic benefits than the current large capacity theatre operated by the City, which is not linked to retail, restaurants and new urban development. The proposed amenities would attract new corporate and commercial clients as well as professional production companies, who do not see the current infrastructure as cost effective or attractive.
119. The three year operating model is anticipated to reduce the annual subsidy from the municipality to the theatres, while generating increased revenues from CIF fees towards capital reserves and a net new income stream from TMI.
120. The proposed facility will provide the infrastructure and amenities to support a much broader segment of the Barrie arts, culture and business sectors, including dance, e-sports, conferences and events.

Appendices:

- Appendix A – Council Questions and Answers
- Appendix B - Memo to Council – October 2, 2017
- Appendix C – Cobalt Connects Phase III Report
- Appendix D – Tourism Barrie – Conference and Meeting Market Scan
- Appendix E – Proposed Floor Plan and Façade Rendering