

DATE OF MEETING JULY 8, 2019

AUTHORED BY BILL CORSAN, DIRECTOR OF COMMUNITY DEVELOPMENT

SUBJECT **25 VICTORIA ROAD – CO-MANAGEMENT AGREEMENT
DISPOSITION**

OVERVIEW

Purpose of Report

To obtain Council approval to issue a ten-year co-management agreement to the Harbour City Theatre Alliance Society for the continued operation of the Harbour City Theatre at 25 Victoria Road.

Recommendation

That Council:

1. approve a ten-year co-management agreement with the Harbour City Theatre Alliance Society at 25 Victoria Road; and
2. authorize the Mayor and Corporate Officer to execute the agreement.

BACKGROUND

At the 2014-JUN-16 Committee of the Whole meeting, Council directed Staff to enter into a licence of use agreement with the Harbour City Theatre Alliance Society (HCTAS) to manage the Harbour City Theatre (the "Theatre") at the City-owned facility at 25 Victoria Road (the "Property") with the assistance of an \$11,350 per year operating grant.

That agreement has now expired and HCTAS has now requested that the City enter into a new co-management agreement.

At the 2019-APR-29, In Camera Council meeting, Council moved and seconded that:

"Council support Harbour City Theatre Alliance Society's continued operation of the Harbour City Theatre at 25 Victoria Road by approving:

- a. the creation of a co-management agreement that specifies a ten-year occupancy period (2019-JUL-01 to 2029-JUN-30), with an option to renew this occupancy period for a further ten years at the discretion of the City; and*
- b. an annual operating grant of \$11,350 for 2019/2020 with an increase to \$12,783 for 2020/2021, and an additional 2% yearly increase thereafter for the remaining period of the co-management agreement (2021-2029)."*

As outlined in the information provided to the Finance and Audit Committee on 2019-MAR-20, the City's investment in the facility to date is \$857,804 (purchase and maintenance), and the estimated capital costs related to upkeep of the theatre building over the next 20 years are anticipated to be approximately \$684,000.

DISCUSSION

Staff are requesting Council enter into a new co-management agreement based on the following terms:

- Address of Property: 25 Victoria Road
- Lessee: Harbour City Theatre Alliance Society
- Form of Lease: Unregistered
- Use: For the purpose of a performing arts center ,including arts and community events, productions, rehearsal, set construction, offices, and storage.
- Term: Ten years with an option to renew for an additional ten years
- Commencement Date of First Term: 2019-JUL-01
- Termination Date: 2029-JUN-30
- Rent for Term: \$1.00 plus GST
- City's Financial Contribution: The City will include in its budget an operating grant to HCTAS to be paid in equal quarterly amounts at the beginning of each quarter. HCTAS shall participate in the City budget preparation process through the City Community and Cultural Planning Section. For the purpose of the agreement, the following payment schedule shall apply:

Harbour City Theater Operational Payment Schedule (2019-2029)

Time Period	Payment Total	Quarterly Payment
July 1, 2019 – June 30, 2020	\$11,350.00	\$2,837.50
July 1, 2020 – June 30, 2021	\$12,783.00	\$3,195.75
July 1, 2021 – June 30, 2022	\$13,039.00	\$3,259.75
July 1, 2022 – June 30, 2023	\$13,300.00	\$3,325.00
July 1, 2023 – June 30, 2024	\$13,566.00	\$3,391.50
July 1, 2024 – June 30, 2025	\$13,837.00	\$3,459.25
July 1, 2025 – June 30, 2026	\$14,114.00	\$3,528.50
July 1, 2026 – June 30, 2027	\$14,396.00	\$3,599.00
July 1, 2027 – June 30, 2028	\$14,684.00	\$3,671.00
July 1, 2028 – June 30, 2029	\$14,978.00	\$3,744.50

- Revenues: All revenue obtained from operations at 25 Victoria Road shall be retained by the Society. HCTAS covenants and agrees that all revenue shall be used exclusively for operations at 25 Victoria Road.

OPTIONS

- Option 1 – That Council:
 1. approve a ten-year co-management agreement with the Harbour City Theatre Alliance Society at 25 Victoria Road; and
 2. authorize the Mayor and Corporate Officer to execute the agreement.
 - Advantages:
 - **Legal Implication:** Staff have published a Notice of Disposition as required by Sections 24 and 26 of the *Community Charter*.

- **Operational Implication:** Approving an extended occupancy term within the agreement increases the ability of HCTAS to be eligible for funding opportunities to support their operations.
- **Policy Implication:** Approving to the terms of the co-management agreement would be consistent with the new term of occupancy policy (ten-year term of occupancy + ten-year extension at the discretion of Council) adopted by Council on 2019-APR-01.
- **Strategic Priorities Implication:** By approving the co-management agreement, HCTAS will be able to continue the operation of the Harbour City Theatre, which furthers the Livability action within the 2019-2022 Strategic Plan of supporting arts, culture, and recreation as an integral part of everyday life.
- Disadvantages:
 - **Budget Implication:** Will require a long-term operating grant commitment of \$303,300 over a 20-year period. The 2019-2023 Financial Plan will need to be amended to include an operating budget of approximately \$62,930 for the period of 2019 to 2023.
- Option 2 – That Council:
 1. Deny the ten-year co-management agreement with the Harbour City Theatre Alliance Society at 25 Victoria Road.
 - Advantages:
 - **Budget Implication:** The City will save \$303,300 over a 20-year period on an operating grant that would have been given to HCTAS.
 - **Political Implication:** Denying the co-management agreement will allow Council to use the building for another municipal purpose should Council want to.
 - Disadvantages:
 - **Strategic Priorities Implication:** Denying the co-management agreement would be inconsistent with the Livability action within the 2019-2022 Strategic Plan of supporting arts, culture, and recreation as an integral part of everyday life.
 - **Political Implication:** Denying approval to the co-management agreement would be inconsistent with Council's past decisions. There may be concerns raised by patrons and performers who would prefer ongoing operations by HCTAS.

SUMMARY POINTS

- The Harbour City Theatre Alliance Society has formally requested a new co-management agreement with respect to the operation of the Harbour City Theatre at 25 Victoria Road.

- At the 2019-APR-29, In Camera Council meeting, Council moved and seconded that Council support Harbour City Theatre Alliance Society's continued operation of the Harbour City Theatre at 25 Victoria Road.
- Council is being asked to provide approval to a co-management agreement based on an agreement that specifies a ten-year occupancy period (2019-JUL-01 to 2029-JUN-30) with an option to renew this occupancy period for a further ten years at the discretion of the City, and to provide an annual operating grant of \$11,350 for 2019/2020 with an increase to \$12,783 for 2020/2021 and an additional 2% yearly increase thereafter for the remaining period of the co-management agreement (2021-2029).
- The agreement requires a long-term operating grant commitment of \$303,300 over a 20-year period. The 2019-2023 Financial Plan will need to be amended to include an operating budget of approximately \$62,930 for the period of 2019 to 2023.

ATTACHMENT:

ATTACHMENT A: Co-Management Agreement |

Submitted by:

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Director of Community Development

Concurrence by:

Dale Lindsay
General Manager of Development Services

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