

DATE OF MEETING JUNE 17, 2020

AUTHORED BY RICHARD HARDING, GENERAL MANAGER OF PARKS,
RECREATION & CULTURE

SUBJECT SUPPORTING ARTS & CULTURE: IMPLEMENTATION OF
NANAIMO ART GALLERY PHASED DEVELOPMENT PLAN

OVERVIEW

Purpose of Report

To provide Council with options regarding support for Nanaimo Art Gallery's plan for phased development at the Arts Centre at 150 Commercial Street.

Recommendation

That the Finance and Audit Committee recommend that Council include the following items in their review process of the 2021-2025 Budget considerations:

- a) Allocation of \$50,000 per year in additional operating funding of the Nanaimo Art Gallery in the 2021-2025 Financial Plan;
- b) Allocation of \$10,000 per year in funding to the Nanaimo Art Gallery in the 2021-2025 Financial Plan for capital expenditures at the Arts Centre at 150 Commercial Street; and amend the 2014-2023 Co-Management Agreement with an execution date after the Provisional 2021-2025 Financial Plan has been adopted by Council; and
- c) Allocation of \$25,000 in the 2021 budget for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project.

BACKGROUND

In August 2019, Nanaimo Art Gallery submitted a proposal to Staff that outlined strategic issues and challenges the organization was facing, both with regard to operations and the City-owned facility the Society co-manages (Attachment A).

At the regular Council meeting held 2020-FEB-03, Art Gallery representatives provided a presentation that highlighted how the impact and reach of their program has grown since entering into a Co-Management Agreement with the City in 2014. They also addressed a need for more resources to meet increased demand for services and community expectations, and mitigate issues related to an aging facility with finite space.

At the Finance and Audit Committee meeting held 2020-FEB-19, Staff followed up with a report titled *Next Phase for Art Gallery Development and Implementation*. Subsequently, at the regular Council meeting held 2020-FEB-24, the following motion was adopted under "Consent Items":

That Council:

1. *direct Staff to work with the Nanaimo Art Gallery on moving forward with the next phase of the Nanaimo Art Gallery development process and return with options that may include an updated co-management agreement; and,*

2. *direct Staff to include funding options that address the next phase of Art Gallery Development and Operations for Council's consideration in the 2021-2025 budget deliberations.*

Since, Staff and Gallery personnel have met three times to examine options, review operating issues as well as review the of existing Co-Management Agreement (Attachment B).

DISCUSSION

The following factors were used for review and recommendation for increases in the Operational and Capital allocation for the Art Gallery as well as recommendation to proceed with a feasibility study for next phase of Gallery and the Arts Centre Concept:

Meeting Community Cultural Needs and Exploring Sustainable Models for the Future

The City's *Cultural Plan for a Creative Nanaimo (2014-2020)* (Attachment C), was developed between 2012 and 2014 with significant stakeholder input, and identifies specific priorities and calls on the City to "support the Nanaimo Art Gallery phased development plan that starts with consolidation of their operations to 150 Commercial Street and ends with an expansion, including a "Class A" public art gallery".

To date, the Art Gallery has successfully completed Phases 1, 2 and 2.5 of their development plan; built organizational capacity and resources; and has gradually renovated the building at 150 Commercial with outside investment. Consequently, the Art Gallery is well-positioned to explore Phase 3 expansion by undertaking more in-depth research into building requirements, the existing building and site, and prospective business models.

On 2020-MAY-29, the Art Gallery announced the appointment of their next Executive Director, Carolyn Holmes, who will take up the role in July 2020. With new leadership and an active Board of Directors, and with demonstrated ability to steward and develop a City-owned building, a track record of attracting investment from other levels of government and private donors, and an existing vision to provide more space for artists, the Nanaimo Art Gallery Society is at a point and capable to advance the development plan.

Art Centre Concept

At the same time, recreational and professional artists, independent of any society or organization, have made Council aware of their desire for increased access to space for creation, exhibition and education beyond the venues that are currently available, in the form of a community arts centre. The Art Gallery's 2008 vision and 2013 phased development plan, previously endorsed by Council, includes these types of expanded services and amenities for the arts community, including classroom/workshop space, studio space and enhanced exhibition space. The Art Gallery has effectively been operating the Nanaimo's Arts Centre.

Purchased by City from CIBC twenty years ago, and run by Centre for the Arts Nanaimo until the end of 2013, the building at 150 Commercial Street has housed cornerstone professional arts and culture organizations including Vancouver Island Symphony, TheatreOne, Nanaimo Archives, and Crimson Coast Dance. The feasibility study recommended in this report will explore possibilities for additional multi-use space and sustainable, viable ways to expand the arts centre model, prioritizing possibilities for interdisciplinary collaboration between

organizations, and collaboration outside the sector to serve the arts community and broad publics.

With the recent news that The Port Theatre's community performing arts centre expansion project was not successful with funding from the federal-provincial *Investing in Community Infrastructure Program*, that project is on hold. The proposed improvements the Art Gallery and feasibility report review the Arts Centre and Phase 3 options of the Gallery support resurgence goals to the downtown area as well.

Increasing Facility Costs at the Arts Centre

Costs to operate the Arts Centre building have risen sharply since the City and the Art Gallery entered into a Co-Management Agreement in 2014. Whereas in 2014, the Nanaimo Art Gallery Society was able to use revenue from tenant rent to pay costs associated with utilities and services (hydro, water, etc.), in 2020, costs exceed building revenue. These issues are now increased with COVID-19 and the physical modifications required to keep building users safe at 150 Commercial, including increased custodial requirements throughout the building and plexi-glass partitions, have compounded building costs further.

In April, the Vancouver Island Symphony provided notice of termination of their licence agreement at the Arts Centre, effective 2020-OCT-31 (Attachment D). This change presents both an opportunity for the Art Gallery to potentially re-purpose space to accommodate their staff and allow for physical distancing—currently their staff share small offices. However, it is an additional financial pressure for the Art Gallery and represents a \$13,104 decrease in annual revenue.

The Nanaimo Art Gallery Society has worked collaboratively with City Staff to identify specific facility issues related to increased use by the public and the age of the building that need to be addressed. Increased investment on the part of the City will allow the Society to manage minor capital improvements independently. At the same time, Staff are in the process of reviewing the schedule of responsibilities in the Co-Management Agreement to identify what the City may reasonably take on as building owners.

Sector Research – Comparing Municipal Partnerships in Like-Size Communities

A review of professional public museums in other like-size communities reveals that the City's investment in the Art Gallery is below average. Examples for comparison, based on size and the nature of the organization, include public art museums in like-size municipalities such as Two Rivers Gallery (Prince George), where municipal investment accounts for 35% of their annual operating budget; and Kamloops Art Gallery (Kamloops), where municipal investment accounts for 38% of their annual operating budget. Currently, City of Nanaimo investment in Nanaimo Art Gallery accounts for 20% of their annual operating budget. Based on 2018/19, that equates to a cost of \$1.79 per citizen for this public, admission-free cultural amenity (according to population stats for Nanaimo from the City's 2018 Community Profile).

The following data reflects the growth of the Art Gallery since the initiation of the Co-Management Agreement in 2014. Increases in service levels reflect the evolving partnership between the City and the Art Gallery.

Nanaimo Art Gallery: Growth Comparison – 2013/14 vs. 2018/19

REVENUE STREAM	2013-14		2018-19	
Earned revenue (registration, membership, sales, building income)	\$105,376	26%	\$154,550	20%
Public Sector (Provincial, Federal, VIU, SD 68)	\$160,417	40%	\$341,227	43%
Private (fundraising, sponsorships)	\$64,801	16%	\$139,149	18%
Municipal	\$70,230	18%	\$162,048	20%
Total Operating Revenue	\$400,824		\$796,974	

**provided by Nanaimo Art Gallery based 2013/14 Review Engagement Report & 2018/19 Audited Financial Report*

Impact on Downtown and Local Economy

The local arts and culture economy has been severely impacted by COVID-19 with facility closures and program cancellations, and related decreases in revenue (ticket sales, registration, donations, sales and services). Whereas the Art Gallery identified a need for increased investment in 2019 before COVID-19, additional support, like in other facilities, is required to cultural organizations and by extension, contribute to the resiliency of the sector.

Currently, the Art Gallery operates the Arts Centre which houses four key professional arts and culture organizations. The Art Gallery employs full-time (6) and part-time staff (5), pays artists for exhibitions, talks, workshops and other work, provides regular contract employment for 15-20 local artists, pays cultural knowledge keepers and Elders, and regularly hires creative professionals like designers, photographers and other service providers. In addition to costs related to the building, they have identified three operational issues that will be addressed via increased operational and capital funding:

- extended open hours to serve the public,
- communications including online infrastructure, and
- human resources (Attachment A).

In addition to contributing to liveability, tourism, and downtown vibrancy, the Art Gallery and the arts and culture sector as a whole is an important local economic driver, and supports the livelihood of many. Based on the Nanaimo Arts and Culture Economic Impact Study (2013) (Attachment E), the most recent local study of its kind:

“The total direct gross output attributed to the arts and culture sector in Nanaimo was estimated at \$94 million in 2012. This is equivalent to \$55 million worth of contributions to the provincial GDP, 880 jobs created, and \$7 million in tax revenue to all levels of governments. In addition to direct economic impacts, the input-output model estimates that when indirect and induced impacts are included, total gross output impacts in the province are \$154 million, total GDP impacts are \$83 million, 1,330 jobs are supported, and \$12.8 million in tax revenue is generated. The arts and culture sector in Nanaimo has a large economic footprint that creates an indelible mark in the region.”

OPTIONS

1. That the Finance and Audit Committee recommend that Council include the following items in their review process of the 2021-2025 Budget considerations:
 - a) Allocation of \$50,000 per year in additional operating funding of the Nanaimo Art Gallery in the 2021-2025 Financial Plan;
 - b) Allocation of \$10,000 per year in funding to the Nanaimo Art Gallery in the 2021-2025 Financial Plan for capital expenditures at the Arts Centre at 150 Commercial Street; and amend the 2014-2023 Co-Management Agreement with an execution date after the Provisional 2021-2025 Financial Plan has been adopted by Council; and
 - c) Allocation of \$25,000 in the 2021 budget for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project.
 - Advantages: The City would honour a commitment to a 2012 plan to support the Nanaimo Art Gallery realize its long-term vision; it would address a community priority identified in "*A Cultural Plan for a Creative Nanaimo (2014-2020)*," and support Council's strategic theme of Liveability by enabling the sustainability of a valued, downtown cultural amenity. A feasibility study would explore options for collaborative models that could address the needs of community user groups and stakeholders in the creative community.
 - Disadvantages: Increased operational costs
 - Financial Implications: Financial implications include \$60,000 of annual increase in 2021-2025 Financial Plan; \$25,000 one-time cost for the feasibility report in 2021. These costs would be funded from General Taxation.

2. That the Finance and Audit Committee recommend that Council not proceed with the next phase of the Nanaimo Art Gallery development process at this time and maintain status quo.
 - Advantages: Staff resources and funding not required.
 - Disadvantages: The City would not fulfill a commitment to a plan established in 2012, a priority identified in the City's *A Cultural Plan for a Creative Nanaimo (2014-2020)*, and would not advance an opportunity to support a key community organization's long-term vision, and enhance a valued City-owned asset. This could have a potential negative impact on the sustainability of Art Gallery and its ability to secure outside investment from other levels of government.
 - Financial Implications: None.

3. That the Finance and Audit Committee provide alternate direction.

SUMMARY POINTS

- A phased development plan for the Nanaimo Art Gallery was approved by Council in 2013. Phases 1, 2 and 2.5 of the plan have been implemented as of 2019.
- The Art Gallery requested City support for research and capacity building while working towards implementation of Phase 3.
- Given changing circumstances, identified community need, and new opportunities there are strategic advantages to investing in Nanaimo Art Gallery at a higher service level.

ATTACHMENTS:

- ATTACHMENT A: Nanaimo Art Gallery Proposal (2019)
ATTACHMENT B: Existing Co-Management Agreement (2014-2023) City of Nanaimo and Nanaimo Art Gallery Society for 150 Commercial Street
ATTACHMENT C: A Cultural Plan for a Creative Nanaimo (2014-2020)
ATTACHMENT D: Vancouver Island Symphony – Notice of Termination of Licence Agreement at 150 Commercial Street (effective 2020-OCT-31)
ATTACHMENT E: Nanaimo Economic Development Arts & Culture Impact Study (2013)

Submitted by:

Richard Harding
General Manager of Parks, Recreation &
Culture

Concurrence by:

Laura Mercer
Director of Finance