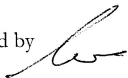


Halifax Regional Council
August 3, 2010
August 10, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed by



SUBMITTED BY:

Wayne Anstey, Acting Chief Administrative Officer

Original Signed by


Mike Labrecque, Deputy Chief Administrative Officer

DATE: June 21, 2010

SUBJECT: 1588 Barrington Street as an Arts & Culture Incubator

ORIGIN

September, 2008	Regional Council authorizes a business/strategic plan for HRM-owned property located at 1588 Barrington Street
February, 2009	HRM, in collaboration with Khyber Arts Society (KAS), issues a request for proposals for 1588 Barrington Street as an artist-run-centre
May, 2009	HRM retains TCI Management Consultants form to complete the feasibility study
March, 2010	HRM receives the consultants' final report
June, 2010	Peninsula Community Council passed a motion endorsing KAS preferred Option C as identified in the consultants' report.

RECOMMENDATION

It is recommended that Halifax Regional Council approve the 3-year Operating Strategy and direct staff to commence interim programming of 1588 Barrington Street as an arts and cultural incubator, as outlined in this report.

EXECUTIVE SUMMARY

HRM policies, cultural planning principles and the consultants' report highlight the importance and potential of 1588 Barrington Street as an iconic arts and cultural facility. This municipally-owned building is ideally positioned to address the lack of space needed to foster emerging and professional artists alike. Advancing the building as an arts and cultural incubator can significantly strengthen HRM's creative capital and potential to develop its creative economy.

Staff are proposing a 3-year operating strategy, evolving from HRM managing tenancy and programming, to management by an organization as a cultural facility through a management agreement. The strategy consists of two phases; phase one: Capacity Building & Programming (years 1 & 2); and phase two: Implementation & Management (year 3). This progressive approach will enable HRM and its cultural partners (including KAS) to build the necessary capacity for effective operation and utilization of the centre.

BACKGROUND

The intent of this review was to provide HRM staff with the background to make an informed recommendation to Council on the future operation of 1588 Barrington Street as an artists-run-centre. Research took into consideration cultural planning principles and policies adopted by Council, including:

1.0 The Cultural Plan

The Cultural Plan was adopted by Regional Council in 2006. The Plan established a clear focus and renewed sense of purpose for cultural development in HRM. In respect to cultural facility development, the Plan states that: *"HRM will work with the arts sector, heritage sector, non-profit agencies and community groups to showcase and interpret local art and culture in high profile, accessible community buildings and spaces."*

The Plan also recognizes the significance of iconic buildings, such as 1588 Barrington Street, in fostering cultural development: *"HRM will develop signature architectural public facilities that promote an environment of creativity and innovation for arts and culture development."*

2.0 The Cultural Operating Strategy

The 2008 Cultural Operating Strategy was developed to implement the 2006 Cultural Plan. The Strategy focuses on four priorities, one of which is cultural spaces and places. This priority addresses the need for a range of accessible and affordable spaces for the development of emerging and professional artists and arts organisations. The Strategy's operating framework suggests the types of spaces required and how HRM will focus resources to acquire and/or enhance them. See **Attachment A: List and Types of Civic Cultural Facilities in HRM.**

3.0 Gap Analysis

Access to cultural facilities is a significant barrier for the arts and cultural community. The *Creative Spaces and Places Survey*¹ found that access to space was the number one challenge for individuals and organizations. The survey highlighted the need for centrally located, affordable and flexible spaces for production and presentation. The survey also found that existing municipally-owned spaces do not meet or marginally meet space needs. Demand for these spaces is also likely to increase in the near future.

Attachment A illustrates the gaps in HRM's existing spaces. Specifically, HRM provides a host of opportunities for recreational arts and cultural activities through its community centres and libraries, but does not offer space for the development of emerging and professional artists and arts organisations. These cultural incubation spaces support arts and culture production and networking among like-minded groups and with the public. They are key to creating a climate of creativity, innovation and excellence.

4.0 Feasibility Study

1588 Barrington Street was purchased by the City of Halifax in 1986. The building has experienced multiple identities in Halifax's landscape including: a theology residence, a restaurant, a lesbian, gay, bisexual and transgender (LGBT) headquarters, an independent theater, and an artist-run-centre. The consultants' report provides a comprehensive history of the building. See **Attachment F: Feasibility Study**.

In 2009, the Municipality, in partnership with KAS, retained consultants to provide an independent assessment of 1588 Barrington Street as an artists-run-centre.² Five potential operating scenarios were assessed:

- Scenario A: KAS as Owner and Operator of the Property
- Scenario B: HRM Owns; KAS Operates under a Facility Management Agreement
- Scenario C: HRM Owns and Operates; KAS has Head Lease With Right to Sub-Let
- Scenario D: HRM Owns and Operates; KAS is one of Several Tenants
- Scenario E: HRM Owns; Other Organization as Facility Manager

Operation and management of the building has been problematic. In 2003, HRM entered into a facility management agreement with KAS. This agreement was revoked in 2005 due to concerns over unpaid rent and taxes, neglect of the building, and public safety. Fault was acknowledged on the part of both HRM and KAS. It was recognized that clear direction was needed regarding potential long term use and strategic management of the building.

The study was premised on the foundation that KAS was important to the identity of the building and that there was value in HRM retaining this asset. As such, Scenario A was the only scenario which entertained the sale of the building, proposing a transfer to KAS. The consultants examined the benefits and possible risks of each scenario for the general public, for HRM (as administrative unit), for KAS, and for the cultural community. The consultants were also required to determine the revenues and costs to HRM for each scenario in terms of operating costs, rent, taxes, subsidization and opportunity costs.

¹ See information report "*Creative Space and Places Survey*" presented to Council on October 20, 2009.

DISCUSSION

“The building is an exciting and iconic feature of our community and ideally located to play a leading role in the revitalization of Halifax's downtown, drawing people into the city from the surrounding communities for arts and culture events.”

Feasibility Study Survey Respondent, 2010

The consultants' report substantiates the value of 1588 Barrington Street as a hub for arts and cultural activity, and demonstrates the urgent need for access to creation and presentation spaces. It affirmed significant community support for the building's quality as an arts and cultural venue for emerging and contemporary arts.

Additionally, the value of 1588 Barrington Street as a cultural space has been clearly established by multiple documents. HRM's Cultural Plan and Operating Strategy, the Capital District Public Facility Needs and Opportunities Strategy, the Economic Strategy, and most recently the Barrington Street Heritage Conservation District, all lend support for this building as an important component of HRM's vitality and cultural identity. See **Attachment B: HRM Policies Relating to Cultural Spaces and Places**.

It is staff's opinion that investment in this building would also illustrate HRM's ongoing commitment to the redevelopment trend occurring along Barrington Street and in the Barrington Street Heritage Conservation District. See **Attachment C: Development Activity on Barrington Street**.

“It (HRM) understands the linkages between investment in artistic and cultural facilities and activities, and economic development- that this can be an economic development strategy by increasing quality of life and thus its desirability as a location to live, work and invest.”

Feasibility Assessment of an Artist-Run Centre (Consultants Report), 2010

Recognizing that 1588 Barrington Street is without question an important cultural asset to HRM that can address the shortage of cultural spaces, this discussion aims to assist Council in deliberating the following question:

What type of cultural facility makes the most sense at 1588 Barrington Street, and how can HRM best realize this facility?

1.0 Funding Artists-Run-Centres/Incubators

In addition to enhancing citizens well-being and quality of life, on par with investment in recreational and sports facilities, investment in cultural facilities offers artists and creators a place to meet, share, collaborate, brainstorm, explore, take risks and develop new creative outputs that enhance our creative economy. These centres often signify a progressive city, showing its creative potential to the world, providing inspiration and attracting new talents, and the

businesses that will follow them. This is an attractive position for a city competing on the world market and participating in the creativity-based economy.

The consultants' study illustrates that many municipal governments support artist-run-centres and arts incubators. While HRM's policies support the development of cultural facilities, this is not yet reflected in the provision and support of arts and cultural incubation spaces. Supplying and subsidizing these facilities is an effective way for governments to foster growth in this sector and boost its creative potential.

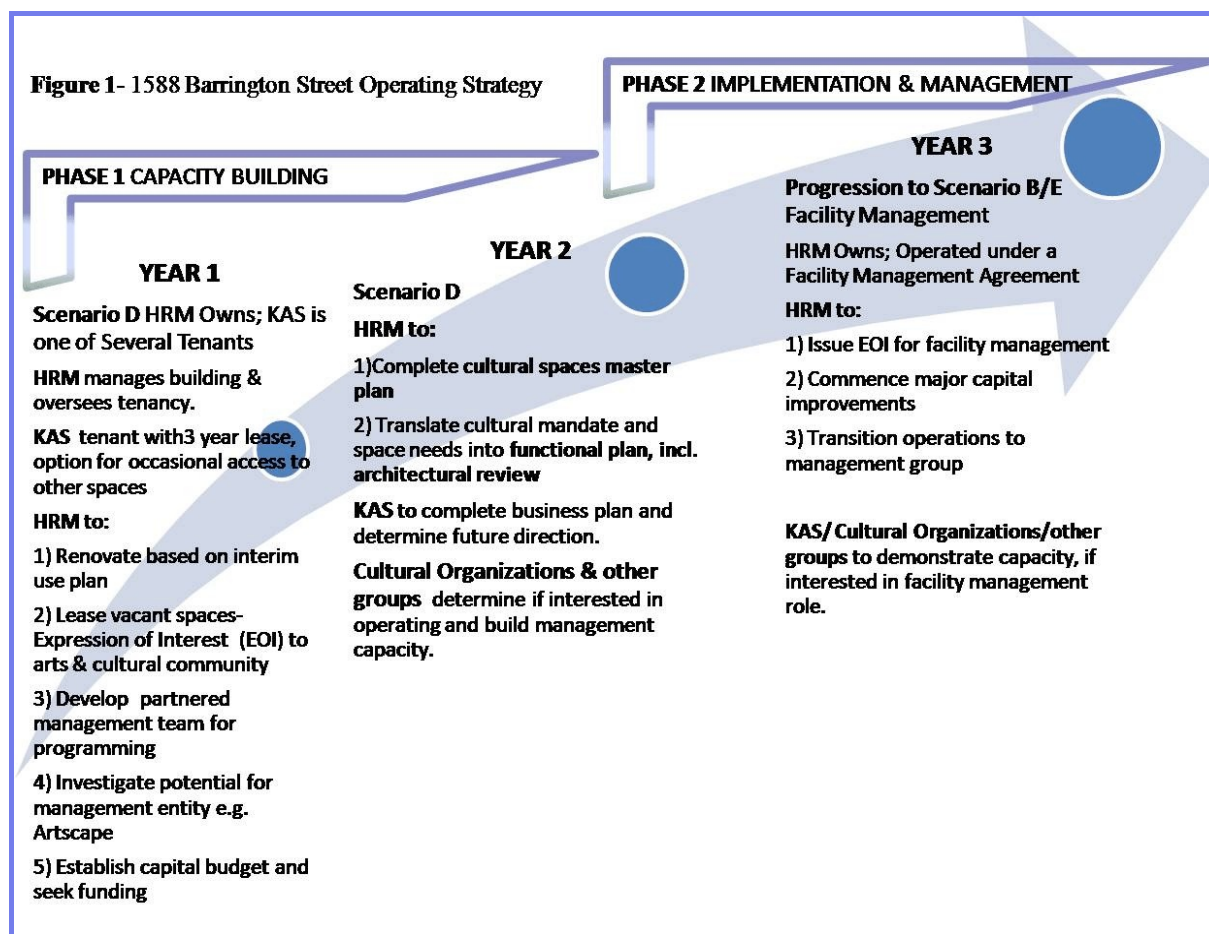
Artist-run-centres, and arts incubators in general, are intended to foster creativity. As they focus on development of creativity and innovation, their activities do not generate revenue at the scale of a commercial enterprise. Commercial galleries tend to focus on "mainstream" art with more marketable qualities. Contemporary art forms are more risky and are usually presented in a not-for-profit setting with a focus on creative expression. For this reason, these cultural incubators must be subsidized by the governments and communities benefiting from their services.

As a not-for-profit contemporary arts organisation, KAS has struggled over the years to generate sufficient funds to support their programming and are not alone in this situation. Many cultural groups have a difficult time balancing their books, despite receiving funding from support agencies and ongoing fundraising efforts. Regardless of the occupants or the operating model, 1588 Barrington Street will not generate sufficient funds to pay for itself as a cultural incubator. Support for this type of facility requires acceptance as an investment in creative capital, and that its benefits extend beyond financial self-sufficiency.

2.0 3-Year Operating Strategy

Staff are recommending the building be advanced as an arts and cultural incubator. This will help address the gap in creation and presentation spaces and promote the arts through emerging and innovative programming. Staff are of the opinion that evolving the operation of the building and developing capacity is the most effective means of achieving this vision.

Staff are proposing a 3-year evolving operating strategy to enable HRM, KAS and cultural organizations to build the necessary capacity to effectively manage, operate and utilize the building. The proposed strategy is comprised of two phases, including phase one: Capacity Building (years 1 and 2), and phase two: Implementation & Management (year 3). The consultant's report encouraged HRM to consider an evolutionary path for operation of the building.



PHASE ONE: CAPACITY BUILDING

This phase most closely resembles Scenario D of the consultant's report, where HRM owns the building and KAS remains as one of several tenants. The intent of this phase is to give HRM, KAS and local cultural organizations time to build capacity and have the financial growth necessary for successful facility management in Phase two.

HRM would offer KAS a 3-year lease agreement and an opportunity to demonstrate capacity for facility management. As a current and long-term tenant, KAS identity is strongly tied to the stewardship of 1588 Barrington Street. They were an active participant in this review, and have demonstrated significant public support for their organization (e.g. 89% of survey respondents supported an operating scenario that included KAS). KAS has worked to develop their Board of Directors and has developed strong leadership and programming. In addition to the space guaranteed under the lease, KAS will have the opportunity to negotiate access to other spaces for short-term programming. KAS may also wish to be considered for a Partnered Programming Model.²

2

The Partnered Programming Model proposes that HRM work in collaboration with the tenants and facility users to deliver basic building management services (i.e.: staffing of reception area; daily opening/closing of building; delivery of public programming) in order for HRM to reduce operational costs and translate this saving into reduced rental rates and increased affordability for

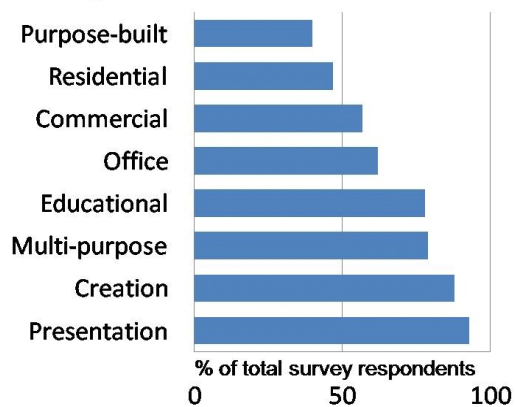
Heritage Trust has been a long term tenant in the building and would be given the option to express interest in continued tenancy. Further leasing to Heritage Trust would be dependant on demonstration that their activities further HRM's cultural incubation mandate and will contribute to the animation and public use of the building.

The Strategy proposes full use of the building, mid-way into year 1. Basic renovations would be completed to enable full occupancy, with improved function and safety. The renovations will address the current building code violations as identified in the 2007 Building Conditions Report (Sperry & Partners). Once the basic renovations are completed, a call for interest would be issued to local artists, arts organizations and interest groups seeking short- to medium-term space. Until then, immediate short-term programming should be allowed, using the needs identified in the consultants public survey and the recent *Cultural Spaces & Places Survey*.

Preliminary thoughts are to renovate the first floor for multi-purpose uses, including presentation and creation spaces. These proposed uses are supported by the consultants' survey, which highlights that 93% of respondents selected presentation spaces as important for the building, followed by 88% supporting the need for creation spaces. See Figure 2 below.

These findings are echoed by the *Creative Spaces & Places Survey*, where the need for presentation space ranked first for organizations, while the need for studio space ranked first for individuals. The renovations could involve the development of studio space and use of the building for HRM's Emerging Artist Studio Program³. A reception area and increased public visibility are also a priority.

Figure 2: Important types of spaces for 1588 Barrington Street



Source: Feasibility Study Survey Results, 2010

users.

3 See information report "*Emerging Artist Studios Pilot Project*" presented to Council on March 2, 2010.

During year 1, programming of the public spaces would be managed by HRM with the intent to move towards a partnered model of programming in year 2. HRM's Facility Booking Services have been consulted and already have this facility as part of their booking services.

The following initiatives will be completed during the capacity building stage and will help inform the decisions in year 3:

- *Investigate the viability of developing a management entity* to oversee municipally-owned arts and cultural facilities and possibly heritage buildings. A number of HRM-owned cultural facilities have struggled with similar management issues. The development of an Artscape⁴ model to manage these assets could help resolve these issues across HRM.
- *Establish a capital program for the major building renovations.* This would include external funding sources, such as grants and corporate sponsorship.
- *Develop the organizational capacity of KAS and organizations interested in managing a sustainable cultural facility.* Specifically, staff would work with KAS to develop an application to the Community Grants program for completion of the business plan. This plan will assist KAS in determining future direction. Staff will also explore options for training programs and capacity building in this sector.
- *Complete a Cultural Spaces & Places Masterplan.* The recent *Cultural Spaces & Places Inventory* provided a glimpse into the space needs of the arts and cultural community. Staff will complete a more comprehensive inventory to determine needs, identify gaps, and direct future investment. This plan will also include a decision-making framework prioritizing spaces based on the inventory findings
- *Translate cultural mandate and space needs into a Functional Use Plan.* Staff would develop a functional use plan, using the experience from year one and the new *Cultural Spaces & Places Masterplan*. This plan will outline the necessary building renovations for the proposed uses, based on the tenant "form follows function." This was a common concern cited during the consultations (i.e. the suggested location of the elevator may work in theory, but could have a negative impact on function and aesthetics). It would also suggest suitable infrastructure to improve function. Access to technical equipment and climate control were cited as two important features for the building, following retention of heritage character.

4 Artscape is a Toronto-based group working as an intermediary to develop projects that match the needs of the creative community with those of "city builders." www.torontoartscape.on.ca

PHASE TWO: IMPLEMENTATION & MANAGEMENT

This phase most closely resembles Scenarios B and E, where HRM owns the building, but it is operated by a not-for-profit through a facility management agreement.

Using the terms of the *Functional Use Plan*, HRM would initiate an Expression of Interest (EOI) process to retain a suitable facility management entity for the long term operation of the building. The EOI could explore the potential of transfer of title, should the interest and capacity exist at this point. Major capital renovations will begin to transform the building to suit the proposed operation and uses.

A new management agreement would be negotiated with the selected management entity, clearly defining the terms of occupancy and programming direction. The agreement would contain criteria for public accessibility, affordability, and use as an arts incubator. The agreement will also include a series of benchmarks and indicators to ensure effective management and adherence to these terms.

3.0 KAS Preferred Scenario

KAS has indicated that their preferred option is Scenario C: *HRM Owns and Operates; KAS has Head Lease With Right to Sub-Let*. Although Staff agree that KAS should have a strong presence in the building, there are concerns that giving KAS the head-lease with no facility management responsibilities is not in keeping with HRM's leasing policy and practices. Enabling KAS to leverage funding through leasing spaces to other arts and cultural organizations, is contrary to HRM's mandate of supporting the arts and cultural community as a whole. Furthermore, Staff is of the opinion that the proposed 3-year Operating Strategy provides KAS an opportunity to build their facility management capacity in order to undertake the full responsibility of operating the building while gaining the privilege of collecting leasing revenue.

Conclusion

Staff are recommending evolving over a three-year period from HRM management to a facility management agreement. Initial retention of title will enable HRM to safeguard public trust and directly influence programming as a cultural facility. Further, retention of the building demonstrates a strong commitment to the revitalisation of Barrington Street. The proposed operating plan will give organizations the opportunity to be involved in the building as a tenant and make their case for operation during Year 3. Successful operation could naturally lead into a transfer of title, upon demonstration of capacity and furthering of HRM's cultural mandate.

1588 Barrington Street is a critical asset to HRM's development as a "creative city." The building can act as a springboard, a place to experiment and advance, where emerging and professional artists alike meet and collaborate. For HRM, it represents a tremendous opportunity to generate inspiration and vitality, to create a sense of place and pride, to retain educated youth, to attract more talent and knowledge-based enterprises, and to nurture the creative industries. This huge potential can be maximized through strategic planning and capacity building. Investments in this new type of civic cultural facility will significantly benefit both the creative community and HRM as a whole.

BUDGET IMPLICATIONS

Approval of the proposed operating strategy will have the following immediate budget implications. See **Attachment D: Costs Analysis** for a detailed description of projected operating costs.

Year 1

The 2010-2011 Proposed Operating Strategy budget is estimated as follows:

Facility Operations (W200/W212/W213)	\$ 52,364
Programming Management (C764-6919)	\$ 30,000
Basic Renovations (CBX01273)	<u>\$ 50,000</u>
Total Proposed Operating Strategy budget	\$132,364

The strategy budget (included in the 10/11 approved budget) will be funded as follows:

Facility Operations of \$52,364 will be partially offset by \$36,000 of revenues (W202-5102) from facility leases. The anticipated shortfall of \$16,364 will be covered as Transportation and Public Works (W200/W212/W213) has agreed to continue the interim operating subsidy⁵ up to \$20,000.

Programming Management of \$30,000 from Cultural Affairs (C764-6919); \$10,000 for interim programming and \$20,000 for capacity building in operating cultural facilities and exploration by Cultural Affairs of potential management entity.

Basic Renovations of \$50,000 from Project Acct.(CBX01273 Res.1914.1)-Architecture-Interior (Category 5)

Budget Summary : Project Acct. CBX01273 -Architecture-Interior (Category 5) Res. 1914.1

Cumulative Unspent Budget	\$60,000.00
Less:	<u>50,000.00</u>
Balance of Res. 1914.1	\$10,000.00

The budget availability has been confirmed by Financial Services.

Year 2

The 2011-2012 Proposed Operating Strategy budget (to be included in the 2011/2012 budget approval process) is estimated to be \$62,364, which includes Facility Operations of \$52,364 and Programming Management of \$10,000.

⁵ TPW has been carrying the interim, unfunded operating subsidy costs since the management agreement dissolved in 2005, at an average value of \$30,000/year (operating costs minus rental revenues). Budget projections estimate a \$20,000 operating subsidy will be necessary for Years 1 and 2 of the proposed operating strategy (Attachment D). TPW 's interim subsidy will cease in Year 3, when an operating budget can be developed in line with the new operating/management model.

Year 3

A more defined capital program⁶ will need to be established and tabled with Council for approval. Staff are anticipating the total cost of capital repairs in the range of \$800,000 to 1 million. There are potential external funding sources available, therefore it is not anticipated that HRM will have to bear this full cost. An operating budget will be developed that will be in line with the new operating/management model.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The community engagement process aligned with HRM's Principles of Community Engagement and the public consultation strategy met the test of the Community Engagement Checklist. The proposed recommendations will potentially impact HRM residents, arts and cultural organizations and other HRM business units.

Public engagement was fundamental to the feasibility study and helped inform the consultants final report. Individual interviews, workshops, and information sessions were led by the consultants from June 2009 through to January 2010. An on-line survey was launched in December 2009, providing an opportunity for public comment on the consultants draft report. Participants were asked to comment on the report assumptions, to select a preferred operating scenario, and to suggest suitable building uses, programming, and amenities.

The public consultation confirmed and suggested the recommended actions by demonstrating significant public support for the use of the building as an arts and cultural venue, the importance of KAS to the arts and cultural community and as stewards of the building, the retention of the building by HRM, and investment in the building to improve its functionality and impact. See **Attachment E: Consultation Process**.

ALTERNATIVES

1. Council could choose to modify the proposed Operating Strategy and budget;
2. Council could choose to not approve the recommendations. This is not recommended, for the reasons outlined above.
3. Council could chose to pursue immediate transfer of building title to an arts and cultural organization. The terms of the transfer could ensure that the building is operated as an arts and cultural incubator and that its programming furthers this mandate. While this alternative

6 The consultants' report also established that significant renovations are needed. The major elements are an elevator with access to all floors, repairs to walls, and washroom upgrades. These improvements were estimated at \$626,000. This does not include heating, ventilation, and air conditioning systems upgrading, interior finishing, architectural plans/review, or other necessary improvements to meet programming needs.

has the benefit of transferring the operating costs and management pressures from HRM to an outside organization, these benefits may be outweighed by further delaying occupation. An RFP could result in a 4-6 month delay with the uncertainty that there may be an organization with the desire and capacity to operate the building under HRM's terms. This alternative is not recommended, for these reasons.

ATTACHMENTS

Attachment A:	List and Types of Civic Cultural Facilities in HRM
Attachment B :	HRM Policies Relating to Cultural Spaces & Places
Attachment C:	Development Activity on Barrington Street
Attachment D:	Cost Analysis
Attachment E:	Consultation Process
Attachment F:	Feasibility Study

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Financial Approval by:

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Attachment A
List and Types of Civic Cultural Facilities in HRM

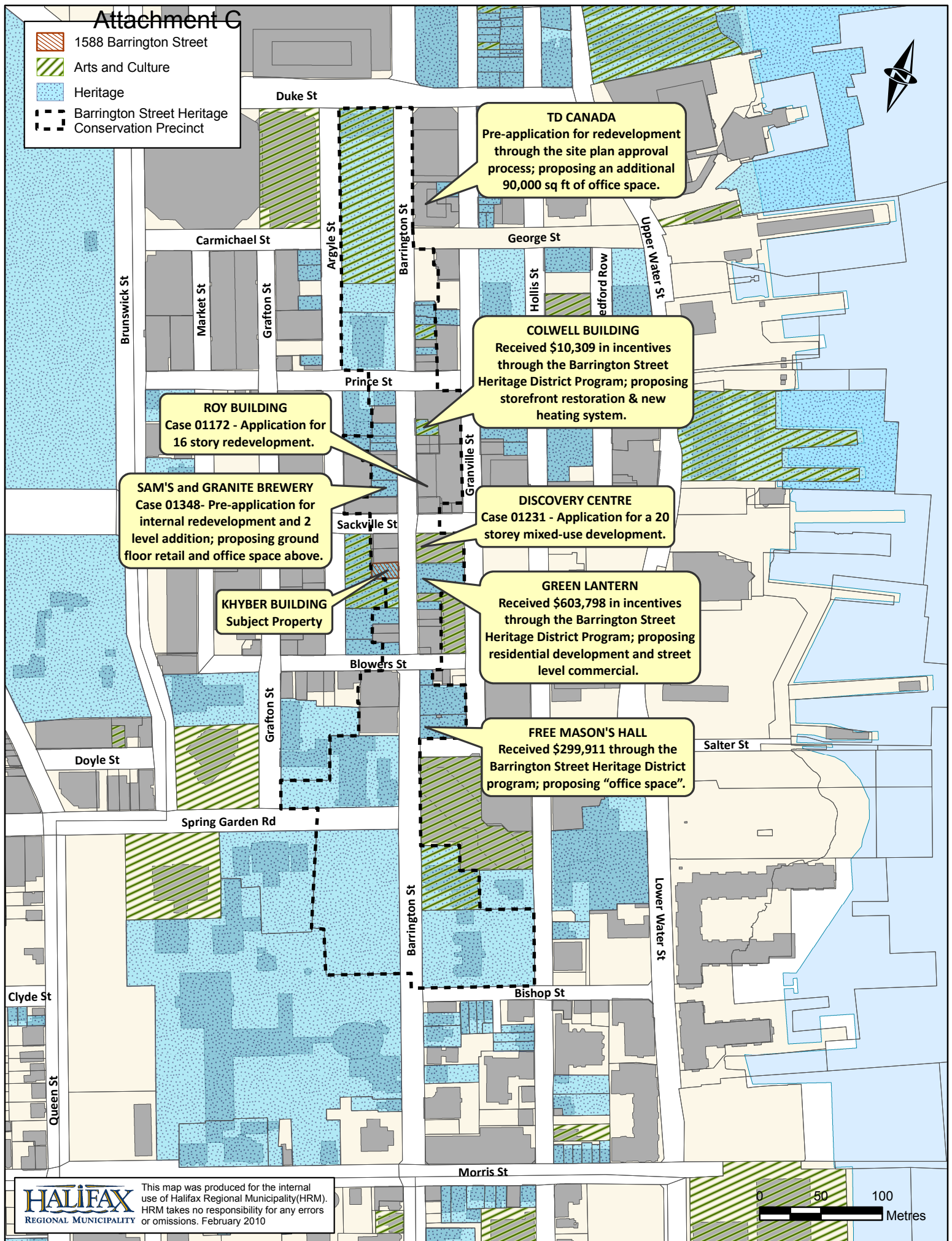
Types of Cultural Spaces	Current/<i>Proposed</i> HRM-owned Cultural Spaces
Neighbourhood or Community Centres cultural activities are integrated with other services (i.e.: a community centre housing sports facilities, performance venue, workshop spaces, library, and a daycare)	<ul style="list-style-type: none"> • 21 HRM Community Recreation Centres operated by HRM • 40+ HRM Community Facilities operated by Community Boards • 14 Halifax Regional Libraries
Single-Purpose Arts Facilities building design and programming focussed on a single purpose (e.g.: archives, gallery, theatre, or museum)	<ul style="list-style-type: none"> • Alderney Landing Theatre • Bicentennial Theatre • Quaker House Museum • Evergreen House Museum • Scott Manor House Museum
Multi-Purpose Arts Facilities arts or cultural centre serving the activities of a number of art disciplines (e.g.: a venue that provides space for dance, music and visual arts, or a facility with space for video, film, and music production)	<ul style="list-style-type: none"> • <i>Bloomfield (proposed)</i> • <i>Dartmouth City Hall (proposed)</i>
Mixed-Use Facilities centre for a number of activities, including cultural activities (e.g: building with offices, a restaurant, retail stores, and a performance venue)	<ul style="list-style-type: none"> • <i>Bloomfield (proposed)</i>
Arts and Cultural Incubators a facility focussed on new or emerging art disciplines, artists and arts organisations, with an emphasis on creativity and innovation (e.g.: rehearsal studios, creation and presentation spaces, offices, meeting rooms, design studios)	<ul style="list-style-type: none"> • <i>1588 Barrington Street (proposed)</i>
Convergence Centres a grouping of cultural activities and supporting industries (e.g.: education, research and development, technology, marketing, etc.) resulting in mutual support (i.e.: literary group with copyright agency and web design)	<ul style="list-style-type: none"> • <i>Bloomfield (proposed)</i>
Cultural Districts or Clusters a site with a concentration of cultural production and/or consumption (e.g: a heritage district, a fashion district, an ethno-cultural neighbourhood, or a new media campus)	<ul style="list-style-type: none"> • Barrington Street Heritage District • Halifax and Dartmouth Waterfront Districts • <i>Granville Mall (proposed)</i>

Attachment B
HRM's Policies Relating to Cultural Spaces & Places

Title and Date of Adoption	Relevant Excerpts
HRM Capital District Public Facility Needs and Opportunities Strategy, 2004	<p><i>“ HRM should continue to support the Khyber Arts Society on Barrington Street. This group plays a valuable role in creating a profile for the alternative art scene withing the Capital District. By continuing to lease this space, HRM will profit from any future increase in property values.”</i></p> <p><i>“It is important for HRM to protect and conserve its stock of heritage buildings, for both cultural and economic reasons”</i></p>
Economic Development Strategy, 2005	<p><i>“HRM’s investments in social and cultural infrastructure will enhance the city’s persona as one of the most vibrant and unique communities on the continent.”</i></p> <p><i>“Investment in social and cultural infrastructure has not kept pace with other Canadian communities. Existing infrastructure needs renewal.”</i></p>
Regional Plan, 2006	<p><i>“protect those historical and cultural assets that residents of HRM value.”</i></p> <p><i>“Heritage structures require recognition, special status and regulations to protect, maintain and restore or rehabilitate them for continued use.</i></p>
Cultural Plan, 2006	<p><i>Inherent in the policies is an assumption that HRM will ensure existing facilities are used to their full potential,</i></p> <p><i>“HRM will work with the arts sector, heritage sector, non-profit agencies and community groups to showcase and interpret local art and culture in high profile, accessible community buildings and spaces.”</i></p> <p><i>“HRM will continue to develop and promote the Capital District (“CD”) as the Cultural and civic centre of HRM</i></p> <ul style="list-style-type: none"> • <i>develop signature architectural public facilities</i> • <i>promote an environment of creativity and innovation for arts and culture</i> • <i>develop and support programs and planning mechanisms that identify and protect the rich concentration of heritage assets in the CD</i> • <i>support the development of a critical mass of government, public service, finance, health and education, arts culture and entertainment activities in the CD.”</i>
Downtown Halifax Secondary MPS, 2008	<p><i>“this precinct will transform into one of the downtown’s key destinations for shopping, dining, galleries, entertainment and cultural attractions. Sensitive adaptive re-use, additions and infill will help to revitalize the corridor while reinforcing its historic character.”</i></p> <p><i>“Culture: with increased prosperity comes opportunity for cultural undertakings such as art, theatre, music, and heritage preservation. The more these are funded and supported, the more liveable the downtown.”</i></p>
Barrington Street Heritage Conservation District, 2009	<p><i>“Overall Objectives:</i></p> <p><i>(a) To revitalize Barrington Street as a focus of retail, commercial, and cultural activity;</i></p> <p><i>(b) To encourage restoration of heritage buildings and storefronts;</i></p> <p><i>(c) To attract upmarket specialty retail, cultural, and entertainment uses at street level.”</i></p>

Attachment C

-  1588 Barrington Street
-  Arts and Culture
-  Heritage
-  Barrington Street Heritage Conservation Precinct



Attachment D
Cost Analysis

Projected Operating Cost

During Years 1 and 2, Staff are estimating **operating costs** in the range of **\$50,000 a year**. This value was derived from adjusting the average costs for 2005-2008 (Exhibit 12, consultants' report) to reflect additional costs from increased occupancy and savings from increased efficiency. The following table illustrates how cost components were adjusted to reflect the proposed changes.

Cost Category	Factored Increase/Decrease	Current Average Costs	Estimated Costs
Contract Services	/ 2	\$23,221.00	\$11,610.00
Electrical	none	\$2,185.00	\$2,185.00
Electricity	* 2	\$3,250.00	\$6,500.00
Heating fuel	none	\$7,482.00	\$7,482.00
Janitorial Services	* 1.5	\$5,148.00	\$7,772.00
Safety systems	none	\$1,364.00	\$1,364.00
Refuse collection	* 2	\$1,002.00	\$2,004.00
Wages/benefits	none	\$3,135.00	\$3,135.00
Water	* 2	\$1,640.00	\$3,280.00
Miscellaneous	none	\$7,032.00	\$7,032.00
	TOTAL	\$55,459.00	\$52,364.00

Gross Leasable Area Adjustment

The total square footage of the building is 8,034 ft². The consultants' reported a gross leasable area of 90% of total square footage or 7,200 ft², based on an assumption that the non-leasable area (ventilation, staircase, washrooms, etc.) would be less than industry standards (typically 70-80%). However, Staff determined that the **gross leasable square footage** is actually 67% or **5,383ft²** based on existing floor plans. This value is conservative as non-leasable areas are likely to increase following renovations with addition of features such as reception area, washrooms, elevator, etc.

This overestimate inflates the potential leasing revenues and opportunity costs contained in the consultants cost review of scenarios (pages 58-66 of report). In a market leasing situation, the non-leasable areas (common-use spaces) are typically pro-rated amongst tenants. This has not been the practice for this building, to date.

HRM Uses

The proposed Operating Strategy recommends retaining a third of the leasable space, or about 1,776 ft², for HRM's own cultural programs, such as artists studios, exhibit space and a reception desk. Therefore, the **net leasable area** would be 5,383 ft² - 1,776 ft² = **3,607 ft²**.

Leasing Revenues

Non-profit cultural organizations are the most appropriate tenant for an arts and cultural incubator and leasing rates would reflect this. KAS is currently leasing the space at a non-profit rate of \$10/ft²/year. If this rate is extended to other eligible tenants, this would translate into **\$36,000 of leasing revenues** for HRM. However, revenues could be greater or lesser depending on factors such as level of subsidization, accommodations for renovations, allocation of common space costs, or alternative service delivery negotiations.

Taxation

Non-profit cultural organizations are eligible for an annual tax subsidy, or portion of a subsidy, under the auspices of *By-law T-200: Tax Exemption for Non-Profit Organizations*. Through this subsidy program, KAS was approved for a conversion from a commercial to a residential tax rate, and approved a further discount of 75% (therefore paid 25% of the residential rate). This subsidy was subsequently increased to 100% to help stabilize their operations during this review.

In 2009-2010, the value of tax assistance was \$7,003. If fully occupied (non-HRM use space), the tax bill would be in the range of \$14,000 to \$17,000 should the assessed value remain unchanged. However, the account is an income-based assessment and as such the cost to HRM will increase should tenancy increase above the current 30% occupancy level. In the alternative, non-recurring room rentals will have no tax impact. It should be noted, however, that significant capital investment in the building would impact the market value and thereby tax payable.

The **projected taxation revenue** based on the proposed Operating Strategy with non-profit tenancy/ownership and a proportion of non-taxed public spaces is **\$8,357/year**. This includes one floor tax exempted for HRM's uses, and the two other floors discounted at residential rate or 2/3 of the commercial rate for uses aligned with HRM's mandate (arts programming).

Total Operating Costs

Netting the \$36,000 leasing revenue against approx. \$52,000 operating cost projection results in a \$16,000 shortfall. TPW's interim contribution will be used to address this temporary operating shortfall (up to \$20,000), until transition to a facility management agreement, or transfer of title, is completed.

PHASE 1	Net Operating Costs*	Capital	Programming Management	Tax Revenue ***
Year 1	\$16,364	\$50,000	\$30,000	(\$8,357)
Year 2	\$16,364		\$10,000	(\$8,357)
PHASE 2				
Year 3	\$0	\$800,000** major renovations (potential for outside funding)	\$20,000	(\$8,357)

* Net Operating costs anticipated to be covered by Transportation & Public Works for Years 1 & 2 up to \$20,000

**The major capital repairs slated for Year 3 will be possible through a capital campaign anticipated to be heavily funded by outside sources

***Tax revenues and/or costs will vary with occupancy

Attachment E
Consultation Process

Public comment and engagement was fundamental to the feasibility study and informed the recommendations. The following table summarizes the consultation opportunities.

Participation Opportunity	Format	Number of Participants
June 19 and July 9, 2009 Individual Interviews	One-on-one interviews with Khyber Board members, stakeholders from the cultural community, and government representatives - as identified by KAS and Cultural Affairs	approx. 30
July 9, 2009 Public Workshops	Presentation and discussion of proposed operating scenarios	approx. 12
Nov. 26 to Jan. 8, 2010 Public Review of Draft Report	Report available online and in hard copy at 1588 Barrington St and Bloomfield Centre	unknown
December 9, 2009 Public Information Sessions	Consultants' information session on draft report and underlying assumptions prior to survey opening	52
December 9, 2009 to January, 8, 2010 Public Survey	Online and hard copy survey on draft report and assumptions of study	170
	Total Participants	260


Attachment E

Summary of Responses to 1588 Barrington Street "The Khyber" Feasibility Study Survey

February 2010

HRM Cultural Affairs



1. District

		Response Total	Response Percent
Please choose a District		9	5%
District 1		2	1%
District 2		2	1%
District 3		2	1%
District 4		3	2%
District 5		7	4%
District 6		2	1%
District 7		1	1%
District 8		0	0%
District 9		9	5%
District 10		2	1%
District 11		32	19%
District 12		38	23%
District 13		17	10%
District 14		30	18%
District 15		2	1%
District 16		2	1%
District 17		2	1%
District 18		2	1%
District 19		1	1%
District 20		0	0%
District 21		1	1%
District 22		1	1%
District 23		1	1%
Total Respondents		168	
(skipped this question)		71	

2. Please identify your primary role in the arts & cultural community

		Response Total	Response Percent
Artist, Creator, Craftsperson		69	41%
Conservator, Archivist, Cultural Worker		7	4%
Cultural Administrator		23	14%
General Public		38	23%
Instructor, Teacher		3	2%
Supporter, Volunteer		17	10%
Other, please specify		11	7%
Total Respondents		168	
(skipped this question)		71	

3. Operating Scenario

		Response Total	Response Percent
Scenario A: Khyber Arts Society (KAS) as Owner and Operator		26	24%
Scenario B: HRM owns, KAS operates under a Facility Management Agreement with HRM		21	20%
Scenario C: HRM owns, KAS as sole tenant with right to sub-let		36	34%
Scenario D: HRM owns, KAS one of several tenants		12	11%
Scenario E: HRM owns, other organization as Facility Manager (KAS may or may not remain)		8	7%
None of the Above		4	4%
		Total Respondents	107
		(skipped this question)	132

4. Explain your selection and/or provide examples

Total Respondents	81
(skipped this question)	158

Individual Responses:

- Scenario B- HRM would be responsible for maintenance and repairs for the building, for which the Khyber Arts Society doesn't have the funding, but the Khyber Arts Society would have the freedom of being sure that the other tenants of the building share their values and can work together to form a true community arts centre.
- Scenario B- This is the best balance of responsibility, as long as HRM honour their commitments and do what they are good at and let KAS do what they are good at.
- Scenario E- The scenarios are heavily favouring KAS. It is not fair. also, KAS is not organized well enough, is not professional, and lacks the necessary resources to make the building work as a centre for creation and admin.
- Scenario A- I heard rumours that Just Us was hoping to be able to move their Barrington St. location into the Khyber building, and I am very much in support of that idea. The Khyber has been an important landmark for arts and music events in the past, and it would be tragic to see that come to an end. If the Khyber had complete control of the building and could partner with other businesses, such as Just Us to host events and re-vamp the space, I think the surrounding community could very much benefit from that.
- Scenario E- There are a number of arts organizations outside of the Kyber Arts Society in the city that have the infrastructure to maintain the art spaces in 1588 Barrington 12 months a year.
- Scenario E- KAS has shown it cannot manage the space successfully. There are a number of other cultural organizations with the ability (staff, funding) to make better use of the space.

7. Scenario A- I think the location of the Khyber is a built-in insurance mechanism that it should succeed. The downtown arts scene could really use a space like the Khyber, and having the society run it ensures that there is no breakdown of communication between management and artists since they are essentially one in the same.
8. Scenario A- I attempted to book the Khyber Space for a province wide Drama and Art Teacher conference social function last year for this past October. I have great memories of the pub, the turret room, and other space from fringe festivals, hip hop nights, dance nights and others and the space has been left unused by HRM for a year or more. Use it, it is a great community space.
9. Scenario E- I believe that there are better run arts organizations capable of filling this role. Cultural industries are a viable selection as there are many organizations that have the staff and funding currently available to fill the role and build a viable and self sustaining arts based center.
10. Scenario C- this scenario seems to find the right middle ground, with KAS able to focus on what they know best (and not needing to learn to be effective building managers) and the HRM having a degree of control and security.
11. Scenario D- I like the idea of an arts centre. I respect KAS as an arts organization; not sure they really benefit from taking on property management responsibilities.
12. Scenario D- This scenario would allow the Khyber to focus on arts programming in partnership with other arts and culture organizations who also rent the space. I think facilities management and upkeep of the building are best handled by the city to take advantage of their existing infrastructure, staff and expertise in this area. It would be important, however, that the city as landlord agree to a minimum turnaround for building upkeep so that there is not a lag time between when a maintenance problem arises and when it is addressed. Also, decisions regarding who rents space in the building should be made in consultation with the KAS.
13. Scenario C- Through this scenario the Khyber will be able to focus more on their programming. The HRM will be doing it's part as the facilitator of the building, housing and keeping the Khyber clean and safe for the public.
14. Scenario A- KAS will likely retain more control over its future if it owns the building. They would not be vulnerable to the city selling it out from under them, possibly to a developer who would probably raze the building.
15. Scenario E- I would love to see the KAS focus on art exhibition (and maybe creation or education) rather than facility management. It would be great to have a dedicated organization (or a larger arts organization with more resources) managing the space and advocating for artist space in the HRM.
16. None of the Above- KAS is not capable of running the building and has meager financial capacity. HRM should not be making such a major investment of public funds only to devote it to one group with a questionable track record. The property should be devoted to its highest and best use in order to obtain maximum value for taxpayers.
17. Scenario C- I believe that this scenario will give the KAS the most autonomy. It will allow the KAS to keep the artist's needs fully in the HRM's mind when the HRM has to make decisions regarding the property.
18. Scenario B- The KAS could benefit from having HRM as a financial supporter.
19. Scenario E- KAS lacks adequate governance and resources.
20. Scenario D- While I have little doubt that KAS could put in place the people and tools needed to be an effective landlord AND cultural organization, I think the energy and efforts of the team at KAS would be best directed to their exhibition programming, events, and other community-building initiatives within the arts community that will bring people to the building.
21. Scenario D- I don't feel the building has been run well enough by the KAS to give them much free reign or to justify them as a sole tenant.

22. Scenario D- I support KAS remaining in 1588 Barrington as one of several arts-related tenants. I believe that the City should be responsible for facilities management.
23. None of the Above- the city should not be on the hook for the benefit of a small percentage of residents.
24. Scenario A- Seems like both parties would benefit, Khyber would have its space, and HRM would have a cultural institution remain downtown.
25. Scenario E- KAS has never shown itself to be competent at organizing much of anything. Not that HRM is much better.
26. Scenario D- I believe HRM should continue to own and control the building to best preserve it. KAS may be a wonderful tenant but should earn exclusivity in terms of being successful in their endeavors otherwise other tenants should be considered.
27. Scenario C- This option gives The Khyber Arts Society the freedom to operate arts programming, and the freedom to collaborate with other arts organizations in the space, with out ALL the burdens of owning property.
28. None of the Above- I don't understand the options well enough to make an informed choice.
29. Scenario A- The Khyber is a very important part of halifax's art community, and the KAS is a great organization in the community.
30. Scenario A- I think that it will allow for a more creative environment, and that as owners they will have more invested in the building. I don't think they should have the right to sell the building or alter the exterior too much though.
31. Scenario C- KAS should focus on providing the arts program and leave the building management to someone else.
32. Scenario B- the khyber arts society gives this building it's heart and soul.
33. Scenario D- The property should remain a public building. Allowing KAS as one of several tenants will allow for a variety of cultural and arts organizations in the downtown.
34. Scenario B- I think that Scenario B would reveal HRM's support for KAS
35. Scenario C- While I believe the Khyber should not be responsible for renting the whole building, I do think they should have a say in what else goes in there. Scenario C is the closest option available, but I think something in between C and D would be ideal.
36. Scenario C- The Khyber has been a steward for this space for many years now, always looking for ways to best utilize the building and make it an arts centre in downtown Halifax. I would like to see them continue this work and I think option C allows their vision to guide the space.
37. Scenario A- I believe, as a cultural administrator and events coordinator, that the primary problem the Khyber Arts Society has in developing successful, sustained programming in that space is the micromanagement and red tape they encounter from the HRM; being locked out of the reasonable conference/meeting space, kitchen facilities, etc. Without the autonomy to make facilities decisions that best serve their events and programming, the Khyber has it's hands tied in serving it's membership and the community.
38. Scenario B- This provides for the input from cultural experts while ensuring that HRM supports the operations of the building
39. Scenario C- As an arts centre the Khyber should be left under the control of the KAS. This is the best and perhaps the only way to ensure that what comes to exist in the space is beneficial to the art. What ever commercial ventures exist in the space inherently affect the art shown and produced there, that is why, if and when a cafe or bar opens there it should be the decision of the KAS as to how that business looks and operates.

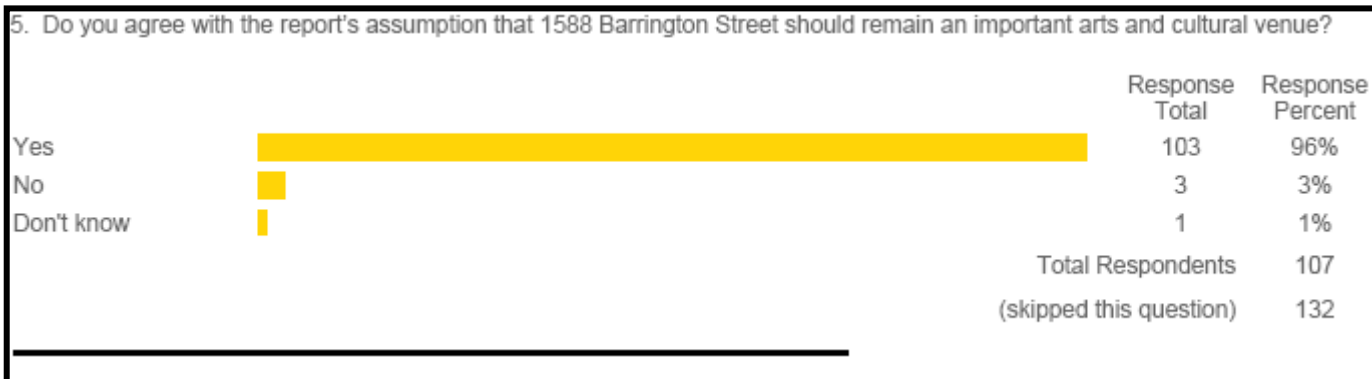
(ie. don't open a starbucks) It also affords the KAS room to grow as a organization offering more to the community.

40. Scenario C- eventually KAS might move into ownership of the property but only with some type of endowment fund involved.
41. Scenario C- This gives KAS the flexibility it needs to have interdisciplinary and multifunction programming without taking on a lion's share of the facility management.
42. Scenario A- An artist's run centre should BE an artist's run centre!
43. Scenario B- The Khyber currently does not have the capacity to run an art centre and also function as property managers. I think if the Khyber were involved in the selection of other tenants and involved in the process of figuring out who else is a good fit, this would work best. That said, it is also important that HRM gives the Khyber and other tenants breathing space so that programming and artistic activity is not burdened by bureaucracy.
44. Scenario C- I believe it is important for the building to be utilized in the way it has been envisioned by the KAS, as a social and cultural centre. With adequate support from HRM in regards to facility management and development the KAS could focus on programming and working with other groups.
45. Scenario C- It is important to take note of the hundreds of public events that have taken place in the Khyber over the years. This is due to how the Khyber Arts Society has always tried to operate as a multipurpose arts centre that supports spontaneous programming which allows people from the public to hold music/book release parties, fundraising events, and art/theatre/cinema events. The Khyber offers an outlet to emerging artists in the city in many disciplines. The Khyber has now reformed with a strong Board of directors and is the best organization to run the building in partnership with HRM in order to revitalize Barrington Street and turn it into an artists district.
46. Scenario C- HRM as owner confirms the municipality's commitment to an arts agenda and presence in the city. KAS as sole tenant with right to sublet allows the arms length operational scenario critical to the integrity of an artist run centre. A non-profit on its own could not maintain the building nor burden the tax load. This scenario would lead to unrealistic pressure on the society and would ultimately lead to the demise of the enterprise. The other scenarios would fail to support the activity of a vital artist run centre.
47. Scenario C- The Khyber building has been existing with very low occupancy for too long. I believe that the Khyber Arts Society has the ability to fill the space with like minded organizations that will make the whole building a thriving arts centre. The city does not have enough of a cultural track record to know what is best for the cultural community in Halifax.
48. Scenario C- I believe it is important for the Khyber to remain in it's current Barrington street location. It serves as a sign that the art's community is a major part of our cities identity and removing it would only further Barrington street into decay. The provincial government should recognize the importance of institutions such as the Kyber, Eye Level Gallery, CFAT, AFSCOOP and NSCAD, for the rich cultural experience they bring to our city. Other cities have learned the value of a highly creative society and embraced artist run centers rather than treating them as a necessary crutch. Toronto's Richmond Building is a successful example Halifax should look towards. I would urge the ones in charge to think what the Khyber can bring to a better Halifax.
49. Scenario D- I have been involved with the local arts community, and previously a former board chair for another artist-run centre, for the past seven years and my concern is that, given the current structure of KAS, it would be better-suited as a tenant where they could focus on art programming and not have to worry about being a landlord. Generally ARC directors do not stay for very long--it's just the nature of the position--and I think to be an owner/operator would require a long-term and experienced management commitment. In addition, I think that having other like-minded organizations in that space could potentially lead to interesting partnerships and a more lively space.
50. Scenario A- I feel that the HRM does not fully understand the importance of having an artist-run center like the KAS in Halifax. I have decided on scenario A after seeing how HRM has dealt with this situation; by freezing

usage of the space, spending tax-payer money on outside consultants as opposed to working with the KAS, and failing to acknowledge the larger community picture.

51. Scenario C- By giving the KAS preference, a more cohesive, collaborative, prosperous and productive community can be formed within the building. Additionally, rather than visiting one organization within the Khyber building, it is an exciting prospect to visit the Building itself for ALL that it has to offer.
52. Scenario A- With owner ship and operation the Khyber will be able to perform maintenance and restorations that will benefit themselves as well as accept responsibility of the building and work toward sustainability, using the tremendous potential the building has to offer. In a community like halifax there should be no shortage of creative ideas and volunteers to make a richer arts community within the organization as well as through out the community.
53. Scenario A- I believe the KAS is best suited, with regards to their particular knowledge of the industry, to run the Khyber.
54. Scenario C- HRM takes care of the building which frees up KAS to focus on their presentations, etc. they are also able to sub-let which will bring additional people into the building. ideal sub-lets would be a cafe on the first floor and a rep cinema on the 3rd floor.
55. Scenario B- This would allow the Khyber Arts Society to maintain their own agenda while being able to cater to the public and artists alike.
56. Scenario B- I feel as though the Khyber ICA would function at a higher level of success if given a helping hand from the HRM. The club would be allowed to operate not only as a venue for various events but could also use the unoccupied space for many different things - Khyber Gallery, Khyber Cafe, Khyber library, etc.
57. Scenario D- Has to make economic sense whatever the choice
58. Scenario B- The khyber is an important artist resource. They should be able to program the building in the most efficient and productive way to maximize arts related events.
59. Scenario B- HRM has a vested interest in preserving & protecting the integrity of the building as a heritage property. Khyber Arts Society, like most non-profit cultural organizations, should be freed from the pains and perils of building maintenance to concentrate on what it does best: providing a lively cultural space in the heart of our historic downtown.
60. Scenario B- Consistent with what has been done in other Canadian cities.
61. Scenario B- I feel that the Khyber Arts Society changes too frequently to provide a stable and accessible operating Structure for the building
62. Scenario C- Scenario C would be the best option for the Khyber as it would allow the KAS to sublet to other organizations, thus maintaining the building's status as a vibrant cultural entity that can only lead to a revitalization of Halifax's downtown core. Artists - either in the visual, performing, cinematic or literary arts - have shown time and time again, and in many cases (Toronto's Queen St, New York City's Soho district, to name two) to be the main energetic force drawing visitors into an area that is either economically depressed or suffering the effects of a fiscal downturn. Organizations such as the KAS have as a their main resource the kind of outside-the-box, creative thinking that is instrumental in bringing people together for a plethora events, such as festivals, performance, screening and readings. Events such as these not only bring communities together not only in the HRM and throughout the Atlantic region, but also have the potential to attract visitors on an international level.
63. Scenario D- I am not sure if the KAS is in the position to be a landlord/building manager; I think it is important that HRM & KAS clarify what their vision is 1588 Barrington Street if their mandates run parallel. I strongly encourage HRM to look at examples of sites that were facilitated by ArtsScape such as 401 Richmond in Toronto.

64. Scenario E- I am not sure that KAS will continue in that space. Part of the charm of the old Khyber was the opportunity to make it an 'art' space. Once it is made into an 'art' space (cleaned, sanitized), the clientele will change and those wanting a space of their own will start looking elsewhere for a building. If HRM continues to own and have a working relationship with a facilities management team, any changes will be easier.
65. Scenario B- HRM retains title, KAS leases building paying tax only on spaces KAS uses/sublets to other arts and culture; tax assistance.
66. Scenario A- The Khyber Arts Society has made that building the locally loved and nationally recognized arts centre that it is. The HRM must allow the Society to flourish once again. Artists are extraordinarily resourceful, hardworking, and they will do much more for the building and neighborhood than what city employees will do, if only given half the chance.
67. Scenario B- KAS has neither means nor expertise to own and operate the building, but it does have the means to operate it as an arts and culture centre. However, the terms of the FMA with HRM should be very clear as to what is expected of KAS. Specifically, the kinds of activities that will take place in the building should be clearly specified up front, and these should include multiple disciplines - visual arts, music, dance, theatre, etc. It should allow for a cafe/bar in the building. It should present professional work with strong outreach to a wide audience.
68. Scenario C- I would prefer to see a hybrid of C and D for the Khyber in which the KAS is one of several tenants, but with a decisive role on the other tenants who would be leasing.
69. Scenario C- Flexibility for KAS growth or retraction when needs arise.
70. Scenario C- best balance of risk, responsibilities and skill sets
71. Scenario C- currently the khyber could not afford to manage the building seeing as there isn't enough funding to adequately pay staff to keep in running. (thanks to lack of provincial/municipal funding)
72. Scenario C- Scenario C with some stipulations would be ideal. So the KAS has the choice of tenants, but is not responsible if the sub-tenants fail to pay their rent, for example.
73. Scenario C- i do not believe in the khyber's ability to own the building or maintain it as well as the city could. however, the khyber being the sole tenant gives it the control it needs for effective art programming in the city. the KAS needs a great deal of autonomy, but also needs the city's support.
74. Scenario C- I feel this option allows staff to focus on mission and grow organization. The evolution of scenarios also feels possible.
75. Scenario B- I believe KAS has the necessary experience to continue to operate the facility, but I don't believe they have been very successful in maintaining the structure. I feel the building is an important part of Barrington St. and should be preserved as heritage city property
76. Scenario B- khyber does have a following and is making a small amount of money, taking more places of business away from this area will be detrimental to the downtown cores economy
77. Scenario A- Further enhances and supports arts development in the city
78. Scenario B- Start with B and move to Scenario A. The KAS has a long history of providing valuable programs & opportunities for local artists & the building lends itself well to this use
79. Scenario C- Allows KAS to breath and the city to monitor KAS artistic and commercial success
80. Scenario C- KAS would prefer option "C" though it would depend on rental costs arranged with HRM
81. Scenario C- Khyber can form a programme and choose renters who will fit the multi-arts programme expected of KAS



6. Comments:

Total Respondents	53
(skipped this question)	186

Individual Responses:

1. Yes- The historical usage of the space has been arts and culture for as long as I have been a part of this community, and I would like to see that maintained.
2. Yes- The word remain is a bit of a stretch as it has not been important for years. Important cultural and arts venues are run by professional arts organizations.
3. Yes- If the space is leased out to a number of arts organizations, they can work together and learn from each other. The arts culture is strong on Barrington and 1588 has a long standing history as an arts building, so the space should be reserved for financially sound arts and culture organizations.
4. Yes- It should remain an arts and cultural venue for both office and performance (multi purpose) space which requires professional arts organizations with real year round programming to run it. KAS does not possess this.
5. Yes- The building is an exciting and iconic feature of our community and ideally located to play a leading role in the revitalization of Halifax's downtown "drawing people into the city from the surrounding communities for arts and culture events.
6. Yes- I even think it is unfortunate that the Khyber is being referred to as 1588 Barrington St. The public re-naming of the building itself is a part of our cultural heritage.
7. Yes- It's a beautiful building in an ideal location.
8. Yes- I think it is very important to have multi-use cultural venues in downtown Halifax, and 1588 Barrington Street has hosted a wide variety of cultural and artistic events. Preserving the space as an art venue also honors the tremendous selfless volunteer efforts that generations of artists have made to maintain that building.
9. No- It is not an important arts and cultural venue for the vast majority of citizens. It essentially acts as a clubhouse for a tiny group of people at taxpayer expense.
10. Yes- I have been to many events in this space since the 80's and have loved it every time. It's a wonderful setting for the artist's work.

11. Yes- Barrington Street is in need of a major facelift and revitalization; the most effective way to do that is to develop spaces for the artistic/cultural communities to come together. The critical mass that can be created by attracting arts organizations to the area is crucial to attracting the broader community to the area, and generating foot traffic and interest in the area. The Khyber is ideally located for just such a venture, and has the history & reputation as an arts building to support new plans and ideas.
12. Yes- I think that it could be a place that draws people other than the art college crowd I've always found there. It could be an inspiration and resource for others.
13. Yes- Khyber loss would be a travesty to the already slipping Barrington Street area.
14. Yes- The building has a rich history that is literally mapped out on the Khyber's walls. The building is legendary amongst now successful musicians and artists. The city shut down the Khyber and Barrington died a slow and painful death.
15. Yes- In cities throughout the world downtown is a place for culture. Halifax has a strong culture in built form on Barrington and that should be extended to activities on the street as well.
16. Yes- ABSOLUTELY! I feel that what ever decision is made, that it should be made with the success of the arts community in mind. Option C seems to me to hold a lot of potential for that space.
17. Yes- I'm a left brain type but I think that the arts and culture are fundamental to Halifax as an interesting vibrant place to live. I appreciate opportunities to be exposed to art in many forms around the city. HRM should (perhaps does) support a culture and art in Halifax to improve the quality of life for residents and bring economic development. It sounds like this building could be a focal point for this.
18. Yes- absolutely!
19. Yes- The Khyber Building has a history has a cultural and arts venue. Furthermore, maintaining the building will help re-enforce the heritage streetscape of Barrington Street. The renovation of this building could be an example for other buildings and potential developers on Barrington Street.
20. Yes- I believe that this would provide an excellent centre for the cultural vitality of the city centre, Barrington street and surrounding environs.
21. Yes- It would be embarrassing for a city with an important art school to not also have a venue like this in its downtown.
22. Yes- NSCAD University, The Anna Leonowens Gallery, Gallery Page and Strange, Argyle Fine Art, the Mary E. Black Gallery, The Halifax Public Library, Halifax's tourism hub at the waterfront, the Neptune Theatre, The Dalhousie School of Architecture and the Art Gallery of Nova Scotia are all within a 3 minutes walk. An enormous swath of Barrington street has been privately purchased and awaits re-development, removing cultural assets like the Khyber will mean there'll not much reason for locals and visitors alike to stop Barrington St.
23. Yes- It is imperative to the community to have a venue like the Khyber, it is a shame that they are not able to do more with the space currently. The building itself is also a beautiful architectural
24. Yes- There aren't near enough opportunities for exhibiting the work of the artists who reside on the region losing the Khyber would be detrimental whereas if properly funded it would be providing more visible opportunities for youth to see what sort of creative opportunities exist in the world and they might not be so inclined -as they are in HRM- to choose to engage in criminal activities including drugs and violence.

25. Yes- This space has brought life to downtown Halifax. Arts and culture is an important way to keep up the positive energy in our city.
26. Yes- Does Barrington Street have much of an identity at all?
27. Yes- I think it is most important to consider the fact that true creative and artistic spaces develop organically over time. If there is going to be a plan put in place, it should aim to provide a kind framework that sustainably supports arts activities in the downtown core. I think the space needs to have a combination of what had originally made the Khyber a vital and creative space for the city of Halifax: the Khyber art gallery, studio and collective space (that are affordable), affordable office spaces for small businesses (ie sound recording) and a cafe or bar to stimulate social connections and create a destination in an otherwise depressing downtown.
28. Yes- If it isn't evident already, this venue is important to the city and the creative community within the city, in a historic sense. The accumulated history of the building should be preserved and celebrated. Any non-profit working in this building is going to need a stronger commitment on the part of HRM in handling the facilities. This issue has made it difficult for the KAS to develop its programming; instead they are deadlocked in issues regarding the facilities, maintenance and begging for support from the municipality. HRM needs to address the limited resources available to non-profits in the cultural sector and issue support for these ventures.
29. Yes- It has a historic importance in the development of many of the city's arts groups and is the heart of the arts community
30. Yes- I have lived here through many of its incarnations and it excelled when it was an arts centre with multiple activities - for the audience/public and for those of us in the sector who used the space. We desperately need alternative arts space and presence in the downtown core. Without a champion such as HRM could be in this case - it probably can't happen given capital costs, tax rates etc.
31. Yes- I feel that the KAS has come a long way over the past 8 years, and has had to deal with some major challenges. I believe that it is important to have an artist-run center in Halifax, and that the KAS has the history, experience, and now the plan to maintain a successful facility.
32. Yes- The nature of the building serves the arts very well, and although its dated design restrict class A gallery standing the role the Khyber plays in the community is to bridge the gap between the great smaller artist run galleries, such as Eye Level and the wonderful facility that is the AGNS. The arts community in Halifax is lacking the major role the Khyber is only partially able to fill in the space provided to them now. With control over the whole building members of the community will be able to facilitate these missing programs and opportunities whether it be more exhibition/curatorial experience for students and emerging artist/curators, or performative and workshop spaces to enhance one practice and education.
33. Yes- arts and culture bring and maintain life in downtown Halifax. a vibrant downtown is a great attraction to a city
34. Yes- I believe that our arts and culture are what makes Halifax stand out from the crowd. There are hundreds of city's that have significant cultural backgrounds and people still hear about and talk about Halifax more often than not. Buildings like this are part of the reason why.
35. Yes- Barrington St. especially is lacking any sort of visual or cultural stimuli and it would be a major blow to the arts community of the downtown core if the Khyber were to change it's main objective.

36. Don't Know- Personally view its importance as highly overrated, and limited to a select but vocal crowd within the arts community.
37. Yes- KAS is certainly my preferred choice for managing the facility in accordance with its mandate, with HRM providing as much logistical support as possible. My concern is that KAS and HRM should both recognize the historic importance of the site to Nova Scotia's (and indeed the country's) Lesbian, Gay, Bisexual, & Transgender Community.
38. Yes- We need to create a vibrant downtown arts presence for the city
39. Yes- Keep it CULTURAL!!! (See above)
40. Yes- The building is actually not that appropriate for many uses. But we need to keep the profile of the arts on Barrington St. As an apartment residence for visiting performing artists, it could work, with yearly artist-in residence projects, and probably offices for arts organizations.
41. Yes- The Khyber Arts Society at 1588 Barrington stands public example of heritage property accessible as a central arts and culture space. This space does not exist in HRM; the physical building and it's location are of equal importance. HRM should recognize their opportunity; KAS should realize it's potential, and strengthen the relationship between HRM and arts organization.
42. Yes- The HRM has no idea what would be lost to the local community and the national arts scene if it had any part in putting an end to the Khyber as an arts venue.
43. Yes- This is a prime location in the downtown core where a strong arts and culture presence is essential. This is important both for the arts community and emerging artists (in all disciplines) as well as the general public.
44. Yes- It is a much-loved and well-established cultural venue in the city.
45. Yes- Please change the name. The Khyber name stuck but was only a small store for a short period of time. It does not reflect the arts history of the building nor its connection to halifax history and culture.
46. Yes- halifax is dying. and if town hall is going to try and use the image of the turret to rejuvenate dying barrington street they sure as hell better help support it. downtown needs to no longer be JUST for drunk and rowdy students intimidating everyone not just like them. critical thinking! creative outlets!
47. Yes- it is a vital part of halifax's vibrant cultural community, which is why I remain living here.
48. Yes- it has long been the center for art and especially contemporary art, and its failings and successes have gone hand in hand with the city's own failings and successes at integrating art in the city.
49. Yes- Always has been, always should be....it's one building in all of HRM (not affiliated with a university, and therefore important to those non-studying artists...)
50. Yes- We need to maintain a relationship between contemporary and historic arts and culture in the downtown.
51. Yes- There are too few currently in Halifax
52. Yes- The revival of Barrington Street needs cultural venues to create excitement and stimulation for the public as well as creating a climate of acceptance and support for the creative community
53. Yes- A vibrant arts centre in downtown Halifax is key to the full development (or re-development) of the area.

7. Please rate the spaces that would be important to provide at 1588 Barrington Street.

	Very Important	Important	Don't Know	Slightly Important	Not Important	Response Total
Commercial space (café, retail, etc.)	24.3% (26)	32.71% (35)	11.21% (12)	19.63% (21)	12.15% (13)	107
Creation space (art-making, rehearsing, etc.)	53.27% (57)	34.58% (37)	3.74% (4)	5.61% (6)	2.8% (3)	107
Educational space	42.99% (46)	42.06% (45)	3.74% (4)	8.41% (9)	2.8% (3)	107
Multi-purpose space	51.4% (55)	27.1% (29)	8.41% (9)	11.21% (12)	1.87% (2)	107
Office space (non-profit cultural groups, cultural support services, etc.)	25.23% (27)	36.45% (39)	8.41% (9)	18.69% (20)	11.21% (12)	107
Presentation space (exhibit, screening, etc.)	74.77% (80)	18.69% (20)	0.93% (1)	4.67% (5)	0.93% (1)	107
Purpose-built space (discipline specific)	12.15% (13)	28.04% (30)	29.91% (32)	14.95% (16)	14.95% (16)	107
Residential space (artist-in-residence, live/work studio, etc.)	19.63% (21)	27.1% (29)	9.35% (10)	12.15% (13)	31.78% (34)	107
				Total Respondents		107
				(skipped this question)		132

8. Other types of space:

Total Respondents 39
(skipped this question) 200

Individual Responses:

1. Performing arts space
2. Considering the lack of venues throughout Halifax, and especially within the downtown core, I think that it is important for the Khyber to remain a space where shows can be hosted/ dance parties can be had.

3. recording studio
4. Board and meeting space.
5. It seems to me that having a space that could be rented for events would be very helpful to defraying operating costs.
6. An arts library and resource space for young artists with information on residencies, grants, and schools would be amazing, as well as equipment or studio space that could be rented out to artists out-of-school.
7. I think it is important to have Music being represented again in the Khyber. It would be great to have the famous recording studio brought back to life.
8. It should also serve as a licensed music venue.
9. It is important to have room that could be used as a safe space for youth artists, as well as child care space for adults using the building.
10. Gallery!
11. Cultural Industries.
12. Finding open studio life drawing is always a problem in Hfx, and is something the space could provide.
13. music/live entertainment
14. the bar for events
15. Performance space for music. A cafe with liquor licence for special events. Returning the third floor to small independent cinema such as the Wormwoods on the third floor
16. I think that re-opening the Khyber Club would be an important step in allowing the KAS to generate funding for the rest of the space. It would invite the community in, service the incoming condo owners and breakup the monoculturalism that is ruining downtown.
17. Halifax needs to support artists and understand the need for affordable space that is required for not-for-profit artist studios, galleries and community spaces.
18. as a residential space it could offer a very interesting residency for a visiting artist program but it shouldn't be used for any permanent residence.
19. computer lab for educational use and youth opportunities.Cafe/presentation/screening spaceevent spaceexhibition spacescreening/theatre space
20. Film
21. What if the space also was home to other professionals (lawyers, accountants etc) so that you have a mix of people coming into the space for purposes of cross-pollination and support. Perhaps there could be a mix of retail, non-profit and professional businesses, studio spaces etc.
22. Multi-purpose in that it is not discipline specific - good for social dance, yoga, meetings etc.

23. A multi-purpose movie theater would be ideal. Something that is available for rent to local film makers and curators to show screenings.
24. I would love to see the street level (what used to be the Khyber bar) reopen as a commercial/noncommercial gallery space or returned to the performance space it once was. Right now, the Khyber looks uninviting to the public, in fact many people don't even know it is open to the public.
25. Children friendly space for many of the reasons listed. performance space, large open areas where artists and musicians can work, perform and interact with large audiences.
26. ideal thoughts for the building: cafe on 1st floor, galleries on 2nd, and a rep cinema on the third. and within those spaces there would be some office space and room for education and a number of possibilities
27. Independent Film Cinema.
28. Khyber LibraryKhybericycle - Khyber bicycle clubKhyber Mini Theater - (plays and film screenings)
29. bar/gathering space, music venue
30. While I feel strongly that HRM should be aggressively seeking provincial, federal, and private sector support for purpose-built performing arts venues, I do not think the Khyber is the place for that to happen.I do think it could provide a suitable venue for a repertory, art cinema, providing that KAS was supportive of the idea.
31. Music and/or theatre performance space.
32. Three main priorities: (1) Building MUST include a multi-purpose black box PERFORMANCE space with no fixed seating that could accomodate theatre, dance, music, etc. There is a crying need for such a flexible performance and rehearsal space in Halifax. It should be highly affordable for young, emerging, experimental artists. (2) Building should include a flexible gallery/exhibition space. (3) Building should include a cafe/bar where people can socialize before and after shows and where artists can meet, congregate, scheme and dream.
33. A bookstore/cafe would be ideal on the ground floor.
34. Cinema Short term live/work space for visiting artists and artists-in-residence might be worth considering as well as a caretaker residential space to employ a caretaker/artist.
35. space for anything/everything.the whole building.
36. a rep cinema or cinemateque
37. Recording Studio, Live music Venue
38. I belive there is a need for opportunities for youth (especially disaffected youth) to explore their creative side & engage in creative expression. The Khyber has demonstrated ability in this regard. Also like to see a theatre for performances and movies.
39. Performance -music, poetry, lectures, artist talks, video screening, film screening programs, sounds performances, interviews, workshops in all of the above subjects and more, etc, etc
40. In the context of exhibiting and educating there needs to be some sort of retail service (café, etc.) to provide a positive social atmosphere.

9. Comments:

Total Respondents	28
(skipped this question)	211

Individual Responses:

1. Performing arts bring in lots of people all at once who might then return to enjoy other arts.
2. The thought of this building becoming a residence for artists is insane and completely outside of HRM's mandate for cultural spaces. To create a place where artists can improve their skills, showcase their work and learn the business skills needed to become a professional artist is of vital importance.
3. 1588 Barrington is a gorgeous building with huge potential to serve as a cultural hub for our region. The building should be full of activity as quickly as possible. I'd love if it felt like 401 Richmond in Toronto, with a diversity of arts, culture, and environmental organizations.
4. The Khyber is a space for whatever . Cultural events, music, theatre, art, etc... It is not an art gallery or a bar , it was and should continue to be a space for spontaneous things to happen for Halifax's community at large.
5. All floors of the building should be utilised.
6. I think that multi-purpose space is so important, even when the space is serving specific needs. For example, if you set aside space for motion picture exhibits, there are filmmakers in town who would love to have a black box screening space with fixed seats. However, there are also video artists who would like a white box space with moveable furniture to create custom environments for each of their art video screenings. If the building does end up with tenants it would be best to allow each tenant to shape each space to fit its needs.
7. The list of spaces is very limited and ill-defined. There are all sorts of uses for the property not listed.
8. In terms of Commercial Space, I was thinking less of a cafe, but more of a retail space for local artists to display and sell their work.
9. Keep the KHYBER!
10. Cultural Industries.
11. Spaces should be as adaptable as possible - that is, avoid things like fixed seating wherever possible, to increase versatility of the building as a whole. MUST be accessible to entire community! It would be fabulous to have a few live/work spaces in the building, or at least studio spaces, so that there is a combination of gallery/exhibition/event space and people living and working in the building. *this can assist in security, as people who live in the space have a greater vested interest in keeping the building secure and safe for everyone.
12. Multi purpose space is most important for the flexibility of the events held there, concerts, exhibitions, lectures etc.

13. residential space may preclude any loud entertainment from occurring in the space. Other venues in the downtown exist for living.
14. as a residential space it could offer a very interesting residency for a visiting artist program but it shouldn't be used for any permanent residence.
15. The city urgently needs an independent art-house film theatre. All commercial theatres are controlled by Empire theatres who have little interest in Canadian films. The third floor of the Khyber building is the best place to put a small art house digital cinema that could also be used for other cultural events because it is very central. It would also help to revitalize the street.
16. Commercial space should be specific to usage in rest of building - gallery, supplies, cafe.
17. Halifax has done enough to deter commercial enterprises from staying on Barrington St. (terrible roads, supporting suburban commercial developments over downtown etc.) We don't need more commercial or office space. We need things that will bring life to downtown and give people a reason to come downtown, other than to shop.
18. In terms of commercial space, I would love to see a cafe/multipurpose performance venue on the main floor again.
19. The more multifunctional a shared space is, the more creative the atmosphere and the more exciting things happen.
20. KAS should have the opportunity to run or lease a bar/cafe space as a fund-raising venture.
21. The space should be well built, and flexible; the building has good bones, but needs to be renovated.
22. Over the years I've watched bands play, artists exhibit. I've bought beer and had a laugh. I'd like to see the Khyber remain a space that is multi-purpose, a space that allows for Halifax's creative community to prosper.
23. Building should offer a wide range of activities to involve a wide range of artists and public. Activities should focus on professional artists, but the mandate should be for them to engage the general public, not just other artists.
24. Commercial space especially cafe/bar/restaurant serves as an important way to bring people in to the building who might otherwise not enter. Creates a convivial atmosphere. Residential spaces require a whole other level of zoning and management etc.
25. I would like to see a return to having some artist studios - This I think used to encourage arts community involvement while providing revenue and necessary space to artists. A bar/cafe is also crucial to the community centre nature of the Khyber. At it's peak it acted as an important meeting and gathering place with an unknown but dynamic impact on the arts and culture of Halifax
26. HRM needs medium audience spaces for innovative theatre and performance events as well as screenings to promote events such as the Halifax Independent Film Festival (HIFF)
27. Performance -music, poetry, lectures, artist talks, video screening, film screening programs, sounds performances, interviews, workshops in all of the above subjects and more, etc, etc
28. the mix of facilities at KAS must provide a welcoming environment where impromptu gathering can occur.

10. Please identify the programs and activities that would be important to provide at 1588 Barrington Street.

Total Respondents	107
(skipped this question)	132

Individual Responses:

1. Contemporary visual art, independent cinema, musical performances, art education
2. workshops, classes, performances, exhibits
3. Cutting edge art and music, not the things driven by industry models but based on creativity
4. Professional arts and cultural service organizations and cultural industries should be located here.
5. music shows, art exhibitions/openings, poetry readings, cafe services,
6. As said, I think it is important for the Khyber to remain a possible music venue and dance space. Also, I think it should remain an art gallery, but be more publicized and used as such.
7. Live music and art, educational workshops and learning space.
8. Educational resources for artists Multi-purpose performance/creation space Administrative offices for perhaps several cultural organizations
9. Music Venue, Film Screenings, Dance performance. In addition, It could possibly be set up to have some lodging so touring artists (not only from other provinces/countries, but also within NS) could play a venue without having to find a place to stay. It would also be important to set up the khyber for art exhibitions.
10. Hosting Art Exhibits, performances, events for the local arts communities, a solid performance space
11. Business education, performances, workshops, resource centers for artists/musicians, office infrastructure for arts organizations, computer access for artists, wide appeal public performances that encourage the people of HRM to attend.
12. classes, facilities and possibly equipment that could be rented to artists, educational programs for children, youth and adults.
13. exhibit space; creation space; arts organization office space
14. Gallery and studio space for artists. Artist-run cafe and retail space. Independent movie theatre. Multicultural and environmental non-profit organizations. Resources for artists.
15. Khyber Kids - Youth education. Space's for emerging NSCAD artist's to present. Lots of internships - Take advantage of the HRM's large student population. Artist in residence - Struts gallery in NB had 8 this last year. It is a great way to promote the city and province to people who might not necessarily. Grant writing seminars. Small group meeting place. Library. Art programs - Life drawing, photography contests, letterpress printing (printer needed, but not hard to find)

16. Generally, I would like to see the building used for live music, fundraising parties, film screenings and art exhibitions.
17. In 2003, the Khyber was one of the venues used by Ladyfest Halifax, a festival of art and activism by women for everyone. Within its three floors, the Khyber building provided space for visual art exhibits, film screenings, musical performances, information sessions hosted by community resource groups, skill-building workshops, as well as child care for parents attending the events. I'm not suggesting that HRM needs to provide these specific activities, but I do think the city needs to protect this space for others to affordably access it and plan programs that meet their needs.
18. Let the market decide via a call for proposals.
19. Not sure.
20. Art shows.
21. Cultural Industries
22. exhibitions, performances, concerts, film/video screening, special events (eg, fundraisers), artist(s) in residence, open studio events, meetings, artist talks, possibly art/art history classes, rehearsals for events/performances
23. art space rehearsal space performance space
24. I'm not qualified to make a statement on this.
25. Exhibition space, music/performance events, educational programming
26. if the city is paying for it, the space should be made easily available to any and all groups, not limited to arts and cultural groups.
27. This question would be better multiple choice. See also; the Khyber's current programming with a bigger budget, a long term commitment on facilities from hrM and more space.
28. It has several very nice galleries. Let various arts organizations (or just plain artists) lease them on a short term basis for exhibitions, etc. Require entertainment at the bar/cafe to be entirely acoustic (no amplification, period).
29. Fine art creation and gallery Possible music venue.
30. Art Exhibitions are obviously important. But also performances of sorts also. By this I mean for music that crosses into the realm of experimental, or that which deviates from traditional presentation formats. Also artistic performances of all kinds (this is broad, but I think need to be left broad!)
31. Art education opportunities for Children and adults. Maybe collaboration with Neptune, NSCC, NSCAD, HRM Rec?
32. Concerts, fashion shows, theatre,
33. art space and educational space, gallery space, archive space and residency space.

34. I think it would be important to have a place where artisans can share their craft, both in exhibitions and by teaching.
35. kids/teen/adult programs. A gallery to showcase local art and artists.
36. currently at the khyber there are art shows, music shows, and fundraising dance parties. these events build community and are key to the success of the building.
37. Performance space and rehearsal space.
38. Art exhibitions, artist presentations, live music.
39. Exhibition, special screening, art installations, curatorial projects, performances
40. Visual Art shows and exhibitions, live music, films/presentations, performances, other events related to the arts (fundraisers, dances, auctions)
41. ExhibitionsMusic/dance/art performancesScreeningsArts Education/workshopsResidency programs
42. art exhibits, concerts, preformances, fund raising events, artist talks, etc
43. contemporary artist run not for profit art gallery and artist studios
44. Exhibitins, education acriviries, lectures, screenings
45. programs and activities
46. Exhibitionsartist resource spaceMeeting spaceNGO space NPO spaceArtist in residency spacecafelive music
47. Art installations/exhibits, music performances, children's art education, dances, films, artist-in-residence/creative space.
48. First: Contemporary art exhibitions. (Gallery)Second: Performing arts space. Third: Non-profit cultural groups office space.Fourth: Educational and Community building programs. Fifth: Creative studio space.
49. contemporary art exhibition space, performances, independent film screening, theatre presentation, music presentation, lectures, poetry readings, video screenings, media arts education programs for youth, workshops
50. Various arts based events. Performance (musical and art) display of visual art. An artist in residence program for visiting artists would be interesting but NOT live/work condo living.
51. International cultural exchanges and touring art exhibitions.
52. Art Gallery with Exhibition ProgrammingArtist in Residence ProgramEducation Centre (can be used as a meeting room, for classes, lectures etc)
53. Already in place:Regular visual arts exhibitsMusical performancesSocial functionsConferences, open talks and meetingsIn need:artist in residence programeducation and outreach program
54. Art, Music Film theatre and dance.

55. To be a hive of multi-disciplinary arts organizations - dance, visual art, theatre, music - with creation/rehearsal and performance space, office and meeting space. Work/live space would be fantastic - but the building may not be big enough.
56. A Bar, Art classes for kids
57. The programming the Khyber Arts Society has been doing in 1588 Barrington is exactly what we need there. The only thing that is missing is more educational activities.
58. Community workshops, equipment rental, editing suits for media artists (much like AFSCOOP or CFAT) affordable studio space, a proper music venue (like the Khyber used to have), library, communal workspace, tool rental, darkroom
59. art exhibition space, place for artist talks & lectures (could be in gallery space), film screenings, fringe plays & small-scale theatre productions, multipurpose space for performance, a gathering place (cafe/bar)
60. I believe that the KAS should continue to provide the broad spectrum of activities it has offered in the past: educational workshops, youth programs & camps, independent cinema screenings, live music showcases, art installations & shows, as well as performance art, and community events (like zine fairs, and members' art shows).
61. Film and video screenings, art exhibiting, performance and music, lecture series and talks, collaborative and engaging workshops.
62. art exhibition, extended studies classes art workshops, shows ect.
63. Local music/art/writing venue. Artistic educational programs from the community at affordable rates. Workshops on sustainability and communal living.
64. Art & Music
65. Classes, evening courses
66. screenings, presentations, dances, parties, classes, workshops, festivals.. events that attract a large amount of the population on a regular basis. the building could be a great meeting place, and regular place to stop by for a drink, a show, an opening, a movie..
67. I believe it is important to continue to hold art viewings in the Khyber building, as well as artist meetings, work shops and community art drives. I also believe that a small Theater on one of the floors that would show independent, local films would be a great asset.
68. Khyber Library Khybericycle - Khyber bicycle club Khyber Mini Theater - (plays and film screenings)
69. a program teaching and helping artists to become more business adept would be helpful.
70. Emphasizing that KAS should be supportive of any and all uses of the space, i would wish to see the building available for the Halifax Fringe, as well as a strong commitment to recognising (and RE-ENGAGING!!) the building's historic importance to the LGBT Community.
71. Educational programs for the public. Exhibit space.
72. All forms of art and the performing arts

73. MAINLY an exhibition space for the visual, time based and performance arts- A screening facility for independent, unconventional films (much like the Wormwoods Dog & Monkey Cinema did in the 1990s. This would help offset the glaring dearth of rep theatre
74. Visual artsMedia artsDanceMusicCross disciplinary
75. As an apartment residence for visiting performing artists, it could work, with yearly artist-in residence projects, small presentation space, and probably offices for arts organizations.
76. Art exhibitions, film screenings, music venue, educational programming, youth activity, library, archive, and catalogue materials, creation and residence opportunity, arts and cultural organizing.
77. Art exhibitions, screenings, readings, panel discussions, lectures,
78. arts, crafts, music, theatre, archives
79. (1) Art exhibitions(2) Performances (multiple disciplines)(3) Social space
80. Visual and Performance Art
81. Exhibitions Filmscreenings Music, arts community socials
82. Exhibition space for contemporary art (installation, video, film, etc.); something like PS1 in New York City.
83. should be determined by the tenants. Rehearsal space is needed for all disciplines.
84. visual arts gallery, theatre performance, music showcases
85. Kids' education, recording studio, artist's studios and residencies, several galleries, bookstore/library, art's offices, Media Centre, theatre groups, concert venue, music/book release parties, fundraising events, and art/theatre/cinema events etc
86. anything getting the public involved. especially reaching out to the areas of the city that are forgotten about (unjacke square/africville descendants) and getting them involved in creative ways.
87. screenings, presentations, openings, festivals, a meeting space..
88. programs that involve artist and community discussion pertaining to art programming in the HRM.
89. Space for shows, non-partisan commercial space (gallery I guess), lectures/film (Dog and Monkey needs to come back!) There must be a liquor license - much schmoozing to be done...
90. Continued and enhanced exhibition. Collaboration with emerging theatre, dance and performance artists. Community (where I think of this is as artists, culture workers, other non-profits and innovation workers) gatherings and access.
91. ExhibitionsPerformances Public arts programming i.e workshops, lectures, artist talks
92. I feel there needs to be some commercially viable programs for this site, and I believe that retail space for promotion of local artwork is an essential need. I do not think there is any need for food service or bar service at the site, there's already an abundance available in the area and any events requiring food and drink can be catered by outside providers.

93. artist displays, (music, film, art, etc)
94. music lessons, live acts, shows, plays, displays,
95. Art exhibits, concerts with local artists
96. Note in a prioritized order: Performance- drama/dance Social- cafe/bar visual art displays arts programming for young people
97. An arts centre must be welcoming to the public and provide a warm atmosphere so that creative and commercial (cafe, art sales, craft sales) venue are accessible in a well managed space that everyone in HRM can enjoy
98. Performance -music, poetry, lectures, artist talks, video screening, film screening programs, sounds performances, interviews, workshops in all of the above subjects and more, etc, etc
99. visual art exhibition, performing arts venue (experimental and established) art(s) classes, movies, etc.

11. Please rate the features that would be important to provide at 1588 Barrington Street						
	Very Important	Important	Don't Know	Slightly Important	Not Important	Response Total
Bar (i.e. service & storage facilities, etc.)	34.58% (37)	28.97% (31)	16.82% (18)	13.08% (14)	6.54% (7)	107
Chemical disposal and storage	14.02% (15)	22.43% (24)	28.97% (31)	21.5% (23)	13.08% (14)	107
Equipment storage area	21.5% (23)	43.93% (47)	13.08% (14)	18.69% (20)	2.8% (3)	107
Improved physical accessibility (i.e. elevator, lift, ramps, railings, etc.)	44.86% (48)	30.84% (33)	7.48% (8)	13.08% (14)	3.74% (4)	107
Increased public appeal (i.e. street presence, reception area, public lobby, etc.)	43.93% (47)	25.23% (27)	5.61% (6)	15.89% (17)	9.35% (10)	107
Kitchen facilities (i.e. food preparation, catering, etc.)	16.82% (18)	28.04% (30)	19.63% (21)	24.3% (26)	11.21% (12)	107

Library/Archive Area	31.78% (34)	35.51% (38)	14.02% (15)	14.02% (15)	4.67% (5)	107
Meeting room (s)	25.23% (27)	42.99% (46)	5.61% (6)	17.76% (19)	8.41% (9)	107
Retention of heritage character and original architectural details (i.e. doors, light fixtures, moldings, etc.)	68.22% (73)	24.3% (26)	3.74% (4)	3.74% (4)	0% (0)	107
Seating (i.e. fixed and/or moveable)	29.91% (32)	40.19% (43)	12.15% (13)	14.02% (15)	3.74% (4)	107
Sprung Floor (permanent and/or moveable)	11.21% (12)	19.63% (21)	46.73% (50)	11.21% (12)	11.21% (12)	107
Technical Equipment (i.e. lights, system, computer with internet, hanging system, etc.)	53.27% (57)	37.38% (40)	2.8% (3)	4.67% (5)	1.87% (2)	107
Ventilation and climate control system	36.45% (39)	42.99% (46)	9.35% (10)	11.21% (12)	0% (0)	107
Washrooms (i.e. on each floor, additional stalls, etc.)	36.45% (39)	29.91% (32)	13.08% (14)	14.95% (16)	5.61% (6)	107
Total Respondents						107
(skipped this question)						132

12. Comments:

Total Respondents 25

(skipped this question) 214

Individual Responses:

1. As a person with a disability who frequents the Khyber, I think that it is important for the building to be made more accessible through the addition of an elevator, but more feasibly, the addition of bathrooms on each floor. That being said, I think the building is beautiful as it is, and I hope that these changes could be made while retaining the current character and feel of the space.
2. The space is best used as a place of business with opportunities available to those interested in expanding their art.

3. If there was proper temp/ventilation in place the Khyber could host touring exhibitions from places like the National Gallery, Art Gallery of Ontario etc...
4. Much of the building is perfectly operational in its current form.
5. Used to love going to the Khyber for a beer and shows.
6. It's vital to retain as much of the heritage character of the building as possible. It's beautiful, and is a real landmark on the street and in the city. Most artist studio spaces do NOT permit noxious chemicals to be stored or used, as very expensive ventilation systems have to be installed. I see the idea of chemical storage and disposal space to be an expensive addition that may not be necessary; it would depend on what (if any) purpose-built studio space was created.
7. Ensuring that the activities in the building culminate in public events is important to ultimately justify supporting the work taking place inside.
8. Its important to maintain the heritage and architecture of this building, but not at the expense of making it a functional modern space. There is a delicate balance here but to me part of heritage preservation should be improvments that allow the building to be an important funcational and aesthetic facility for modern use.
9. Comphrehensive renovation (ticking very inimportant in all of the above) would be ideal for developing an Institute of Contemporary Art space but these expesive renovations are not essential in the short term for the continued vialbility of KAS.
10. A majority of the above options already exist in the space as it stands. A number of these options - meeting room, kitchen facilities, equipment storage, archive areas - are simply off limits to the Khyber Arts Society. I'd like to clarify that by very important I don't mean to be added but rather, to be granted access to.
11. There are drinks served at openings and I don't see a need for a permanent bar. Chemical disposal/storage and good ventilation depend entirely on what kind of studio space is made available. Equipment storage area is crucial as is good technical equipment which operates in the gallery. Improved accessibility can never be a bad thing. The only thing wrong with the current entrance is accessibility, I think the architecture is appealing. Kitchen facilities are not very important gallery food is usually raw vegetables, crackers and dip anyway. Although a side door from the coat/fridge room and perhaps a sink and some counter space would be good. Libraries and meeting rooms are great for educational programming. The building itself is historically important and it should be conserved as much as possible. Seating and a sprung floor would both be effective ways to increase the use of the space for other cultural events. A small removable stage and/or risers could also be very useful for musical performances.
12. independent cinema screening equipment, fixed seating theatre space
13. Heritage can be maintained while bringing the building up to code.
14. Mostly, I think it is important to provide a very basic and stable multipurpose space. This is already the case with the exception of stability. (ie. issues with leaks, ventilation, maintenance)
15. The features will be dependent on the future tenants. HRM should be open to negotiations as to what they will provide to help attract the appropriate tenants for the building.

16. I believe that a bar is a crucial part of integrating the arts into Halifax's (otherwise mundane) nightlife. It is a beautiful venue from a wide array of musical performers and I know there is potential for overlap and exchange between the visual and aural arts in this type of setting.
17. Halifax has been lacking a rep cinema since 1998. Many people, including myself, would like to see a small cinema back on the Khyber's 3rd floor.
18. All of the above are desirable, however any and all alterations to the building should only be undertaken with KAS approval.
19. Must have elevator and certain other safety requirements, not really a choice. As a dance artist, we too are planning a facility to take care of our particular needs, ie the sprung floor and presentation areas, and hopefully will have that facility in the next 5-7 years (Legacy Centre). However, that being said, all floors should be wood and 'sprung' so that health of anyone working on them is considered.
20. Focus should be on the presentation of professional art to the general public across a range of arts disciplines.
21. The most important reason to retain original architectural details is to adaptively re-use everything so as little as possible goes to landfill. However, the design of the space should be determined by the use.
22. public lobby? shut up.maybe jazz things up a little bit. but don't waste any useful space on a fucking lobby. kitchen facilities - enough for people working there or volunteering or involved can store food for meals, and prepare things.. and maybe be able to prepare things for art openings/exhibits.library/archive a must.. and come to think of it.. the khyber USED to have a room for archive storage.. not just crammed in the office.meeting rooms are important for the board, volunteers, the communityseating is important for meetings, public forums, independent movie theatre.. maybe moveable and not fixed.i don't know what a sprung floor is.. oh wait.. maybe.. i don't really knowi don't know if washrooms will fit on the second floor anywhere.maybe upgrade the downstairs washroom and on the third floor have a non-gender specific single occupant washroom that's wheelchair accessible. hell... we have one on the first floor too that's currently locked.
23. See also #7.Sprung floor would have to be permanent.Sound proofing is very important if the Khyber is to be a fully functioning small performance venue - especially 2nd and 3rd floor main spaces.
24. A well run arts cntre is an organic space with equipment and staff so that all genres (music, theatrem visual arts, readings, media)can be presented and that none are reduced to second class options
25. The drinking and eating portion of the building could be run by a sub-lessor in a café type environment sensitive to the building's programming

13. Do you agree with the report's assumption that the building is in need of significant renovations?

		Response Total	Response Percent
Yes		75	70%
No		10	9%
Don't know		22	21%
		Total Respondents	107
		(skipped this question)	132

14. Comments:



Total Respondents	29
(skipped this question)	210

Individual Responses:

1. It should be made safe but doesn't need to be slick. We've used it well as a run down place!
2. As long as it is safe.
3. The building has become run down from years of neglect by the KAS and HRM. Without a professional arts organization at the helm this cycle will continue.
4. Yes the building has not been properly maintained. -The gutter on the front of the building pour water onto the middle of the street when it rains. -The inside walls are cracking. -The handi-washroom is unusable and locked, not to mention that the building isn't wheelchair accessible at all.-Floors are peeling.
5. I've always found the building's facilities satisfactory.
6. 1588 Barrington Street is in adequate shape. Significant renovations would be exciting, but not necessary. I fear that the city will place more emphasis on these renovations than on maximizing use of the current space.
7. This is a very unattractive building in a very poor state of repair. Visually it is not welcoming and is not a useful layout. Options including its removal should be considered.
8. The street level view has to be rehabilitated. There is significant aging in the building, due to not being properly maintained in the preceding decade or so.
9. If by significant, you mean the installation of an elevator, and ensuring that the electrical, plumbing, and heating are all up to par, and that additional washroom facilities be built ... then yes! Other than that, I see the need for a restoration/facelift: fresh paint, refinishing the gorgeous wood, etc to bring the building back to her former glory.
10. the report is definitely biased against the current state of the building. the proposed plans for an elevator are ridiculous, they cut through very important spaces, why not use the barely used fire escape stair shaft? stairs could be fit in there as well.
11. The exterior of the building shows significant deterioration, such as broken bricks, peeling paint etc.
12. Although the activities there are commendable and vital, It's not what you would call an inviting space.
13. There are renovations required, but the most extensive are for accessibility, which -especially considering the HRMs red tape regarding usage- should have been handled LONG ago as the building's landlord . It's unbelievable that the HRM is being so unreasonably territorial with how the Khyber uses the facilities, while using the excuse of expensive renovations necessary as a way to edge artists out of one of the most important cultural organizations out of the city. When the HRM refers to the extensive renovations, what they're actually pointing to is their dropping the ball on keeping the building up to accessibility codes.

14. The renovations I see as most important are ones that offer increased accessibility, other less invasive renovations should be done to update the buildings efficiency electricity and plumbing while making a strong attempt to conserve the architectural character of the building.
15. Fixing the original mouldings and paneling etc on the interior and designing new spqce so they have character will greatly increase the value of one of HRM's most beautiful old heritage buildings.
16. There seems to be some structural work on the stairs that needs to be cleaned up. Finding a place to put an elevator will be a large task, but could be made easier with participation from Neptune Theatre next door. The other renovations that might be needed will be dependent on the future tenants.
17. Immediately I think it is more important to financially prioritize so that the KAS and the Khyber building are functional at a base level, and contributing to the community, rather than taking on a debilitating debt for extras or improvements.
18. Its clearly fall apart and currently a bit of an eyeshore
19. Clearly it needs to be an accessible space, however alterations must respect the building's heritage aspects as well as providing optimum usage by KAS.
20. That's obvious!
21. Accessibility is vital. HOWEVER, rather than the extreme and invasive renovation of installing an elevator in a new area in the building, and therefore taking up much-needed floor space, plans should be considered to either:1. Install an elevator shaft in the existing emergency stairwell and making arrangements to use Neptune Theatre's stairs for emergencies (plans of which were discussed by Khyber board members during the major renovations during the mid-90s). This would have three-fold benefit: A) Keep floor area as it stands and thus increasing revenues from potential sublets B) Lower the costs of the renovations C) Relocate the emergency stairs to the other side of the building, instead of directly adjacent to the original (and very grand) stairs. I've always thought that having the emergency stairs directly beside the original stairs to be redundant and counter-intuitive in case of an emergency, esp. if someone was trying to escape a dangerous situation from that side of the buildingB) Keep the emerg. stairs where they are and construct an elevator shaft on the outside of the building's south side (between Neptune and the Khyber, or make arrangements to use Neptune's emergency stairs.
22. For the city to continue its relationship with the building, they have certain requirements that must be fulfilled. This will require renovations that might leave the interior looking and feeling very different.
23. Renovations should focus on maintaining the heritage character of the building while making it less dingy and decrepit.
24. it needs to be fixed up. an elevator (as long as it doesn't tear apart the building anymore) is needed for people with mobility issues. there's talk of being able to use neptune's and connecting the buildings. do that. don't cut holes through the building. and i'm sure there's other renovations that need to be down that i don't know of.. it's an old building and the city (like so much else) doesn't take the best care of it's old buildings.
25. Heritage buildings need a lot of regular maintenance.

26. must be structurally sound and not look like a total dump but if it's to be a working artist's hangout, it's going to get messed up anyway...the port campus @ NSCAD is ridiculous. Beautiful building and location but too many restrictions.
27. It needs some loving care.
28. If all genres are recognized in a multi-disciplinary atmosphere, the building must be renovated to reflect all disciplines i.e. the elevator is definitely in the wrong space.
29. Elevator that does not interfere or destroy large viewing, performance, social spaces
30. The KAS building should represent the HRMs commitment to preserving built heritage in the downtown core

15. Do you agree with the report's assumption that HRM should be spending public funds to enhance the building as an arts and cultural venue?		Response Total	Response Percent
Yes		101	94%
No		4	4%
Don't know		2	2%
Total Respondents		107	
(skipped this question)		132	

16. Comments:

Total Respondents	37
(skipped this question)	202

Individual Responses:

1. We are in dire need of more cultural spaces and a downtown one is vital
2. HRM supports the arts at an embarrassingly low level, and this is an opportunity to change this for the better.
3. It is important to maintain the presence of the art culture, especially in this area of town.
4. HRM should spend public funds to enhance the building as an arts and cultural venue but not exclusively for the KAS. They have a poor track record of facility management and I do not want my tax money spent to insure they have a downtown location for their own agenda.
5. The HRM doesn't know what a huge benefit it would be to the general public and to the economy to have the building fixed up and the doors open to the public again.
6. The operation of such a space costs money and it's got to come from somewhere.
7. Please, please don't look at this space as a revenue opportunity for the city. When artists choose to stay in Halifax because they have venues like 1588 Barrington Street, you will get their tax dollars in many other ways. Spend some money on this building, and it will increase Barrington Street's value tremendously.

8. HRM should not be subsidizing a group like KAS. What makes them so special?
9. Obviously.
10. Only if the plan is not so heavily weighted in favour of KAS. An organization lacking governance and resources.
11. This is NOT a project for the private sector! The city (and the province as far as that goes) should be funding this investment in the city's history, infrastructure, and future as a dynamic centre for creative production. This kind of investment has huge, long-term benefits to the entire community, so it is only logical that the community (ie, public funds) be used to make it happen.
12. This would be very useful, however at the moment it seems to be primarily a halfway house for arts grads on their way to boring jobs.
13. arts and culture are very beneficial to the community and public funds should definitely go towards this.
14. If HRM wants private developers to maintain and enhance heritage buildings on Barrington Street it has to lead by example. Public funds should be used for non-profit societies who provide cultural events to the entire community and not for activist groups to push their private agendas, such as the Heritage Trust of NS.
15. HRM should consider matching its funding to those of the other benchmarked institutions in the consultancy report.
16. If given the appropriate kickstart, including accessibility upgrades and institutional autonomy, the Khyber would not have to rely on public funds for very long. It's events are hugely successful already and would only increase in attendance if given the opportunity.
17. The arts are very important and should be supported more in Canada as they are in many other countries.
18. HRM needs to acknowledge and support art activity in this city. HRM is home to one of the most significant art schools in Canada - NSCAD - and HRM should be a leader for artistic development and emerging Canadian artists.
19. it should operate for the public and the public should help it to do that.
20. By providing cities with beacons of hope and opportunity like the Khyber a municipality takes a pro-active role in steering its young citizens toward creative rather than destructive opportunities.
21. I believe it is vital for the public to fund the arts
22. Currently I see downtown Halifax as a urban wasteland when it has the potential to be one of the most exciting downtown districts in the country. But we need people occupying space and taking ownership of spaces in order to revitalize. I view the re-development of the Khyber as a necessary investment in our arts community but also an investment in our downtown and its revitalization. All of the ingredients are there, we just need to get people using the downtown.
23. Halifax's record and reputation in support of the arts is weak at best. This is an opportunity to shine a bit - and may make an application to Cultural Capitals a possibility.
24. Absolutely. HRM needs to commit to supporting the arts and culture in this city. The best way they can do this right now is by financially supporting the development of 1588 Barrington St and the Bloomfield Centre.

25. If there is a concerted effort to improving Barrington and to create a heritage district, it would be short-sighted to neglect the building as part of that plan. Also, selling off that building for commercial purposes would also be a short-sighted (and heart-breaking) idea. The Khyber has received national attention, and to remove that space would send a loud message about the values and priorities of this city to the rest of the country.
26. Has to make economic sense
27. The public will benefit so the public should support it.
28. The city knows it has not done enough for the arts community in the past. Amounts spent on arts per capita is way below standards in other cities. Sports and recreational facilities seem to have no problem with public spending.
29. It is in public interest to create further access and opportunity to this resource.
30. Public funds are necessary for a well-run artist center.
31. This is a golden opportunity for HRM to make a significant investment in the burgeoning creative economy. A thriving Khyber Arts Centre will help to make downtown Halifax a lively and exciting destination for both locals and visitors
32. because the arts and cultural venue will give back to the community in a way far surpassing a nonfunctional sewage treatment plant, or another stupid concert tearing apart the commons, or any other stupid plan city hall has planned. getting the community involved and interested and excited makes people give a damn about where they live for god's sake.
33. It should be a city priority. We don't want to loose our downtown.
34. Spend the money, make a prominent venue, don't exclude anyone - then maybe it can pay for itself. My experience that non-artistic HRM would VALUE its art community if we let them in. Never thought I'd say it, but Live @5 appears to be trying - sometimes they label what they are talking about as art and it isn't, but I get the impression that they want to promote our art community....Kyber can be a community liason as well a safe place to create, do business, complain about stuff, or whatever...
35. The Khyber has brought so much vitality and life to that area and is an important part of Halifax's art ecology. Without it I fear more and more young innovators and cultural will continue to leave the HRM.
36. MOre arts and culture means more HRm citizens engaged in creating the miracle of a democratic, civilized society.
37. The building would require moderate improvements for the special needs of KAS to carry out its mandate
38. This exercise of restoration and programme development should proceed quickly

17. Do you have any additional comments or suggestions?

Total Respondents	28
(skipped this question)	211

Individual Responses:

1. Whatever scenario is chosen, I would hope that council will be dilligent in coming to a conclusion.The quicker the ground level space can be occupied, the more of a positive affect this will have on Barrington Street. I see the full occupation of the Khyber as the most integral step in the revitalization of Barrington.
2. Hopefully HRM will commit to this wonderful opportunity.
3. Again, the space would be best used to house well established cultural organizations within the art community.
4. The report is lacking some very important information on the management of the property. Since the scenarios are completely one sided in favor of KAS remaining in a building they lay claim to I would expect that a general plan of the KAS ability to manage the building would be included. It is nowhere to be found and not even on the minds of the KAS right now.Cultural Industry Organizations should have been consulted for this report and were not. It seems as though only organizations that would be considered to be KAS 'friendly' were consulted while those that were perceived as a threat were intentionally left out. Many arts organizations have been involved with the 1588 Barrington discussion for years now and were not invited to the table. I feel as though the KAS is the wrong entity to run the building. Maybe remaining as a tenant is the best thing for them. They could rent the performance space like everyone else while they work to fix their ongoing financial issues.
5. I think 401 Richmond provides a good model of a space that both adds to the cultural and artistic life of the community and is financially sustainable, with a mix of related business and non-profit groups.I think it is very important that the city as landlord adopt a mandate of using the space for arts and cultural activities in tenancy decisions and that a KAS board member be part of those decisions.
6. HRM needs to fund it's artists and art institutions. There also needs to be some partnering with NSCAD, a internationally renowned institution that is beginning to fall.
7. The upkeep and improvement of the Khyber building would benefit all to whom it is available and accessible.
8. Thank you for asking the public for its opinions. I hope the city progresses with this study in a way that respects the history of hard work & community engagement accomplished by dozens of Haligonian artists at the Khyber building.
9. This should be one of Council's priorities. It is an opportunity for Council to show HRM that they're not just big-business-oriented and actually show concern for what is important to most Haligonians.
10. Let professional cultural organizations and industries be the main tenants.

11. The report was, in my opinion, even handed and very helpful in mapping the next step for the Khyber. This has been the most promising step in the public consultations I have seen in the five years of consultations we have been through. I have been very frustrated with the politics of HRM in dealing with the Khyber over that past several years. This report show promise for the future.
12. HRM actually has a very large community of artists, most of whom are not associated with VANS, NSCAD, or the current KAS. Encourage them to make use of the facility
13. art! khyber!!!! forever!!!
14. Starfish Properties has killed Barrington St. Make them do SOMETHING with those spaces, already.
15. Let's try to make a good thing better!
16. HRM is very much in need of this arts centre in order to provide an amenity to those who live in the downtown and and avenue for cultural producers in the region to reach the public with their work.
17. I suggest some purpose built spaces but other spaces that have the flexibility to function is several capacities and to grow or change based on need.
18. HRM needs more arts presence in the core. Due to high rental and union costs the Neptune complex is out of reach of most non-profit arts groups (unless a government grant supports the costs). There isn't anything else. It's all around the fringes and beyond.
19. Stop fighting progress.
20. At the moment so much space within the building remains unused. It would be exciting if there was a way for the KAS to use or engage some of that space NOW, while waiting for the city's decision, with the understanding that the setup would not necessarily be permanent. Why leave such fabulous space unused, particularly as it has a drastically negative effect on the visual appearance of the downtown.
21. Thank you for supporting Halifax's vibrant arts and culture community!
22. I think it is important to bring the khyber center for the arts out of the closet it has been hidden in for the past while. When there was a bar downstaris there was more public awareness of the center as a whole. Now it seems like only people in the arts community already know about it and the events. It seems to have become cliquy and unnapealling to general public. We need to interest more people in the arts, not just artists and nscad alumni.
23. Historically, HRM's support for the arts has been less than impressive. Working with KAS to create a vital downtown arts and culture centre is an opportunity to redress that oversight.
24. think before you act. stop tearing down old buildings and think about the future and the greater good.. and that doesn't mean more office towers full of selfish money hungry businesses . CULTURE
25. Please make it work. The KAS has been struggling for so long while holding open a needed space in the city. They need some serious municipal support and they deserve it for the role they've played and will continue to play in Halifax's arts and culture scene and the impact on that area of Barrington. (See also Green Lantern Building)

26. our culture dies with the death of art. the heritage buildings downtown are part of our history and we should hang on to that. it's part of our charm as a city and helps tourism. no one would want to visit if there was nothing to see.

27. we diminish the opportunity that young artists have locally by delaying action

Halifax Regional Municipality

1588 Barrington Street, Halifax, Nova Scotia

Feasibility Assessment of an Artist-Run Centre and Alternate Options



March 12, 2010



Table of Contents

Executive Summary	5
Options Identified	5
Required Building Improvements.....	6
Qualitative Assessment of Scenarios.....	6
Quantitative Assessment of Scenarios	7
Financial Implications to HRM of Alternative Scenarios.....	8
Conclusion	8
 1. Introduction: 1588 Barrington Street Feasibility Assessment of an Artist-Run Centre and Alternate Options	11
1.1 Options Identified	11
1.2 The Study Process	12
1.3 Caveats and Limitations	13
1.4 What is in this Report.....	13
 2. Context of the Analysis	15
2.1 Policy Context in which this Review is Taking Place.....	15
2.2 Involvement of the Khyber Arts Society	16
2.3 Current Use of the Building.....	18
 3. Current Building Assessment	25
3.1 History of the Building	25
3.2 Review of Previous Assessments of Building Condition.....	28
3.3 Results of Building Inspection.....	29
3.3.1 Renovation Issues	29
3.3.2 Preliminary Opinion on Construction Cost.....	30
 4. Scenarios Assessment.....	35
4.1 Themes from Public Consultation	35
4.2 Detailed Articulation of Assumptions Underlying Each Scenario.....	37

4.3 Benefits and Risks	40
4.3.1 Scenario A — KAS Owns and Operates	41
4.3.2 Scenario B — HRM Owns; KAS Operates under Facility Management Agreement	42
4.3.3 Scenario C — HRM Owns and Operates; KAS has Head Lease with Right to Sub-let	44
4.3.4 Scenario D — HRM Owns and Operates; KAS is One of Several Tenants	45
4.3.5 Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)	47
5. Financial Analysis	51
5.1 Cost of Maintaining the Property.....	51
5.2 Approach to the Analysis: Underlying Assumptions and Methodology	52
5.2.1 Assumptions Relating to the Property.....	52
5.2.2 Property Tax Treatment and Rental Rates Charged by HRM	53
5.2.3 Measurement of Costs to HRM	55
5.3 Financial Analysis of the Scenarios	56
5.3.1 Scenario A — KAS Owns and Operates	56
5.3.2 Scenario B — HRM Owns; KAS Operates under Facility Management Agreement	60
5.3.3 Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let	62
5.3.4 Scenario D — HRM Owns and Operates; KAS is One of Several Tenants	64
5.3.5 Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)	65
5.4 Summary Assessment and Conclusion.....	66
 Appendixes	
A. Benchmark Results.....	71
B. Preliminary Elevator Location Drawings.....	76
C. Summaries of Relevant Background Policy Documents.....	80
D. Results of Public Consultation.....	83
E. Glossary of Key Terms	85



Public meeting at 1588 Barrington Street

Executive Summary

The Halifax Regional Municipality (HRM) has sought advice concerning the feasibility of various models to operate an artist-run centre, or other arts-related occupancy model, in the property located at 1588 Barrington Street in downtown Halifax. In early 2009, after a public proposal call process, the firm of TCI Management Consultants in association with The St. Clements Group Inc. (audience development), and ADI Nova Scotia Ltd. (architecture) was retained to undertake the work. **The consulting team was not to recommend a preferred alternative.** Rather, for each scenario articulated, HRM required a thorough, independent and objective assessment of the advantages, risks and benefits of each scenario.

Options Identified

The terms of reference directed that five distinct operating scenarios with respect to possible future operating models be considered. These were:

	Scenario
	A: KAS Owns and Operates
	B: HRM Owns; KAS Operates under Facility Management Agreement
	C: HRM Owns; KAS has Head Lease with Right to Sub-let
	D: HRM Owns and Operates; KAS is One of Several Tenants
	E: HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)

Required Building Improvements

Before any of these options can be realized, there are certain necessary building improvements required, to ensure the property meets with the National Building Code and legislated accessibility requirements to ensure that public access and use is enabled. ADI undertook this assessment.

Major cost elements identified were an elevator access to all four floors (including the basement), repairs and finishing improvements to walls, and washrooms. The estimated total costs of these improvements are approximately \$626,000 (excluding improvements to heating, ventilation, and air conditioning systems (HVAC) and interior finishing, which would have to be estimated separately).

Most or all of these costs would be incurred by HRM regardless of which of the aforementioned scenarios was to unfold. Underlying assumptions are that:

1. The owner would make the improvements necessary to bring the building up to a reasonable condition
2. Establish a minimum purchase price for the property in order to recover its investment
3. The cost of future capital maintenance (i.e. what should be set aside for periodic major capital repairs in future) is estimated to approximate \$20,000 annually¹

Qualitative Assessment of Scenarios

A comprehensive risk assessment was undertaken to assess the specific benefits and risks associated with each of the scenarios to each of the following key stakeholder groups:

- The general public
- Halifax Regional Municipality
- Cultural organizations across HRM
- The Khyber Art Society

The summary of benefits and risks to having 1588 Barrington Street operate as an arts centre for each of the various parties identified are outlined in exhibit ESI on the following page.

¹ This is known as 'managed care'. In HRM's Community Facility Master Plan (2008) this amount was set at 3.5% of the current replacement value of the facility (although it was recognized that usual practice in many municipalities is to reinvest 1.5% or less annually into the asset).

Summary benefits and risks

Major Potential Benefits		Major Potential Risks
Public	<ul style="list-style-type: none"> • A vibrant publically-accessible arts space in downtown Halifax • Contribution to a revitalized Barrington Street 	<ul style="list-style-type: none"> • Continuing deterioration of the building (a major historic and cultural public asset) • Continuing inability of public to access the building, as well as arts-related programming in downtown Halifax
HRM	<ul style="list-style-type: none"> • Assured protection and conservation of the building • Relief from some of the obligations and costs of maintaining the property • Meeting HRM specific goals for a revitalized Barrington Street and downtown economic development • Meeting HRM general goals for support of arts organizations, artists, other cultural industries, and fostering the creative city 	<ul style="list-style-type: none"> • Continuing underutilization of significant potential of building • Continuing cost to HRM to maintain and operate the property • Increased public concern about HRM's perceived inability to 'solve the situation'
Cultural Organizations	<ul style="list-style-type: none"> • Possibility of using space in a prestigious downtown building, within a milieu of sister arts-related organizations • Increased access to creative milieu in Downtown Halifax and potential to develop new synergies and partnerships 	<ul style="list-style-type: none"> • Diminished amount of arts-related programming in Downtown Halifax • Increased suspicion regarding ability of arts organizations to partner with HRM
KAS	<ul style="list-style-type: none"> • Space to expand the program and meet its vision • Focal-point location in downtown 	<ul style="list-style-type: none"> • Scenarios requiring KAS to become involved in property management issues can occupy large amounts of time that may take away from its ability to run an excellent arts program

Quantitative Assessment of Scenarios

Detailed assumptions and analyses were undertaken respecting the quantitative implications to HRM of the various scenarios. The assessment took into account direct revenues and out-of-pocket costs accruing to HRM ('cash flow') in a typical year, as well as the **opportunity costs**² of foregone rent and property taxes (assuming that HRM were to grant subsidies and concessions in these areas, in recognition of the community-oriented nature of the services provided). Note that opportunity costs are not direct cash flows paid out by HRM. Rather, they are measures of the foregone revenues that HRM would have realized, had it chosen to rent at full commercial rates. Opportunity costs are thus important to recognize but are

² Opportunity Cost: This is the difference between what HRM could theoretically receive if it were to rent one of its properties to a fully commercial tenant (who would pay market rent), and what it actually receives. For example, 1,000 square feet at \$20 per sq. ft. is \$20,000 (the market rent); if however, the effective rent paid by an organization is only \$5 per sq. ft. (generating \$5,000 for HRM), then the effective opportunity cost is \$15,000 or \$20,000 (representing what HRM could get for the space on the free market) less the \$5,000 actually received. Note that this is not money that accrues directly to HRM; it instead measures foregone revenues.

categorically different from ‘cash flow’ costs. Exhibit ES2 shows a summary of the financial implications to HRM of the different scenarios under study.

Financial Implications to HRM of Alternative Scenarios

Exhibit ES2 below presents the operating cost implications of each of the five scenarios.

Note that in the case of Scenario A, which is categorically different from the others in that it involves the transfer of an asset, there would also be a one-time capital cost implication to HRM. At one extreme, this would be essentially the full cost of the asset (estimated to be \$580,000) if HRM were to transfer the asset to KAS for, say, \$1 which would obviously be a cost to HRM. At the other end of the scale, if KAS were to purchase the building from HRM at full market value, it would represent a transfer of \$580,000 to HRM. See Section 5.3.1.

ES2

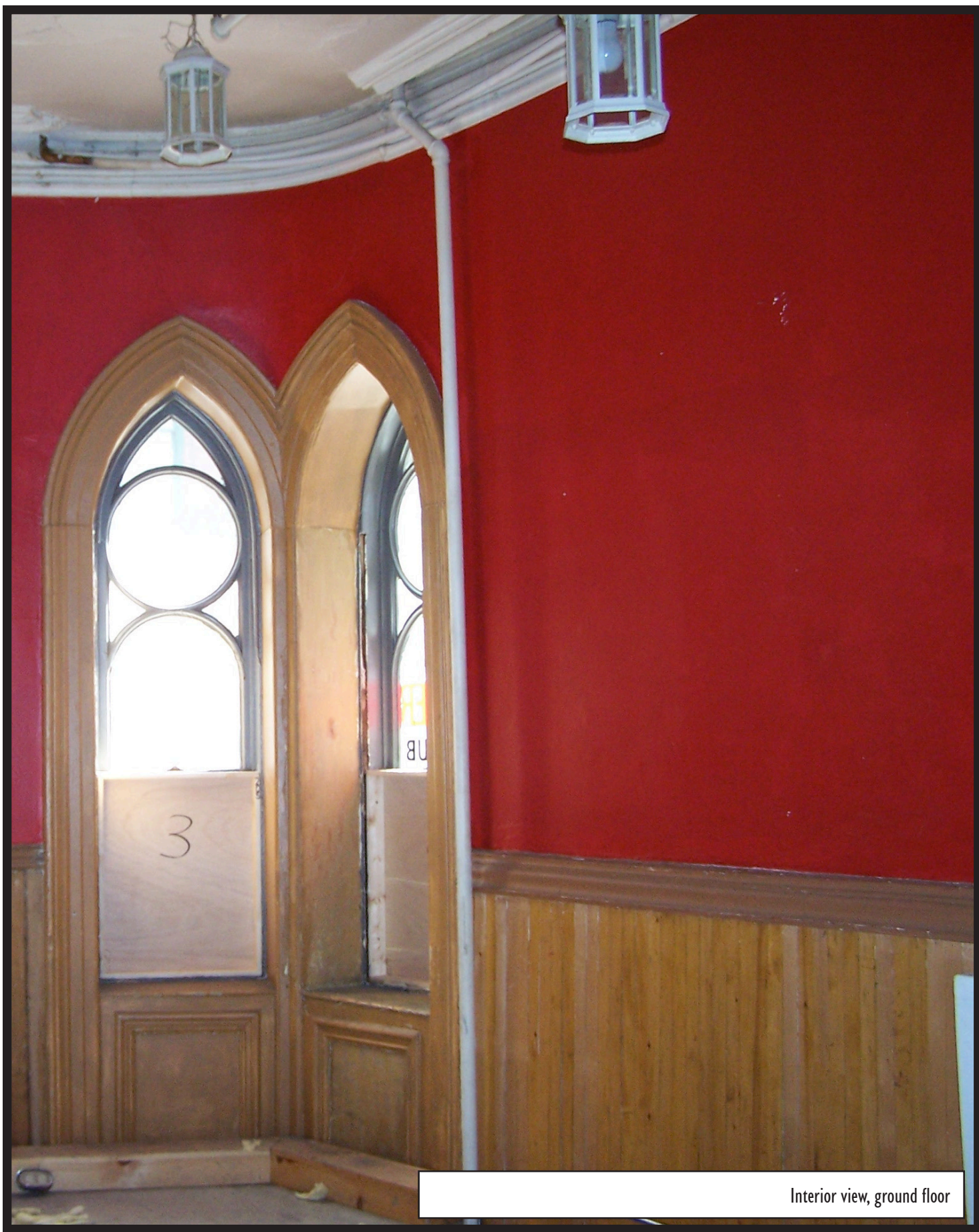
Summary of annual financial implications on HRM

Scenario	Estimated	Cash Flow	Opportunity Costs	Net
A: KAS Owns and Operates	Revenues	\$10,600	(\$8,500)	\$2,100
	Costs	\$0	n/a	\$0
	Net	\$10,600	(\$8,500)	\$2,100
B: HRM Owns; KAS Operates under a Facility Management Agreement	Revenues	\$46,300	(\$116,900)	(\$70,600)
	Costs	(\$63,300)	n/a	(\$63,300)
	Net	(\$17,000)	(\$116,900)	(\$133,900)
C: HRM Owns and Operates; KAS as Sole Tenant With Right to Sub-Let	Revenues	\$86,700	(\$76,400)	\$10,300
	Costs	(\$126,700)	n/a	(\$126,700)
	Net	(\$40,000)	(\$76,400)	(\$116,400)
D: HRM Owns and Operates; KAS is one of Several Tenants	Revenues	\$84,800	(\$78,300)	\$6,500
	Costs	(\$126,700)	n/a	(\$126,700)
	Net	(\$41,900)	(\$78,300)	(\$120,200)
E: HRM Owns; Other Organization Operates under a Facility Management Agreement — note same as Scenario B	Revenues	\$46,300	(\$116,900)	(\$70,600)
	Costs	(\$63,300)	n/a	(\$63,300)
	Net	(\$17,000)	(\$116,900)	(\$133,900)

Conclusion

It is clear from the research undertaken that the property at 1588 Barrington Street is an important building to HRM: as an important and iconic historic structure that has

architectural interest and historic significance; as a focal point for a vibrant and relevant arts program for Downtown Halifax and the community overall; and as an important part of the revitalization of Barrington Street. Recognizing this importance, and its critical role as protector and steward of the property, HRM has undertaken this due diligence assessment of the merits of the various options outlined above. The information presented here will be critical in HRM's evaluation of the most prudent course of action to be undertake at this point in order to preserve the historic value of the building as well as optimize its future use to the community as a contemporary arts centre.



Interior view, ground floor

1588 Barrington Street Assessment of an Artist-Run Centre and Alternate Options

The Halifax Regional Municipality (HRM) has sought advice concerning the feasibility of various models to operate an **artist-run centre**, or other arts-related occupancy model, in the property located at 1588 Barrington Street in downtown Halifax. In early 2009, the terms of reference were developed. After a public call for proposals process, the firm of TCI Management Consultants in association with The St. Clements Group Inc. (audience development) and ADI Nova Scotia Ltd. (architecture) was retained to undertake the work. The terms of reference called for the analysis to be based upon the following key tasks:

- A review of the structural requirements of the building to make it compatible with its proposed uses and to ensure compliance with the National Building Code requirements, including meeting legislated accessibility requirements
- A **benchmarking** review of how other community artists-run centres operates
- An enumeration of the benefits and risks of each of the proposed alternative scenarios
- An estimate of the capital and operating costs of the different scenarios and their impacts on KAS, HRM, the arts community, and the general public

The consulting team was instructed not to recommend a preferred alternative. Rather, for each scenario articulated, HRM required the consulting team to undertake a thorough, independent and objective assessment of the potential risks and benefits. It is the responsibility of HRM to determine the final recommendations based on the project team's assessment of the consequences that result from each potential course of action. In essence, HRM is undertaking a **due diligence** review or risk assessment of each option available to it.

1.1 Options Identified

HRM is considering five distinct scenarios with respect to possible future operating models. These are identified in the request for proposals as:

- Scenario A — KAS Owns and Operates
- Scenario B — HRM Owns; KAS Operates under Facility Management Agreement
- Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let

Definition:

ARTIST-RUN CENTRE

An incorporated, non-profit organization created for dissemination or information exchange and governed by a board comprised of professional artists.

Definition:

BENCHMARKING

Review of comparable operations to determine policies and procedures that work well and not so well.

Definition:

DUE DILIGENCE

Identification of potential benefits and risks of a course of action.

Definition:

FACILITY MANAGEMENT AGREEMENT

Memorandum of understanding defining a partnership arrangement between an organization and HRM.

- Scenario D — HRM Owns and Operates; KAS is One of Several Tenants
- Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)

There are several possible versions of, and linkages between, these scenarios. For example (d) and (e) could both apply simultaneously, and (c) could operate with either HRM or another third-party manager in place. As well, there may be other scenarios that could be explored (for example, another owner that pledges to operate the building in a manner complementary to HRM's objectives for arts programming, cultural development, and the Barrington Heritage District').

1.2 The Study Process

Approximately 300 individuals and organizations participated in the preparation of this assessment. They represented arts groups, the municipal government, tourism, and business organizations. Not infrequently, individuals represented their own interests as cultural consumers and providers in the community. Together, the participants identified the critical issues that affect the future of the building and its integration into the cultural life of the city. The project team involved as many stakeholders as possible, in as many different ways as possible, given the project budget and the timeframe available.

Over the course of the project the following was completed:

- A review of key background documents including all relevant policy reports prepared by or for HRM
- The benchmarking of the following artists-run facilities to find lessons that may apply to Barrington Street (a summary of findings is shown in Appendix A):
 - SAW Gallery, Ottawa, Ontario
 - Neutral Ground, Regina, Saskatchewan
 - Struts, Sackville, New Brunswick
 - Open Space, Victoria, BC
- Public participation and engagement:
 - Over 30 individuals participated in face-to-face interviews with a wide range of stakeholders such as artists, KAS board members, representatives of other arts organizations, municipal staff, and council representatives
 - One workshop and two open house attended by over 100 key stakeholders
 - A survey of the arts community to assess reaction to this report with 171 respondents completing the questionnaire

Benchmark finding

An artist-run centre can successfully own and operate a building (Victoria's Open Space Gallery)

¹ A model for this would be the Urbanspace Property Group in Toronto that owns and operates the 401 Richmond arts cluster. See <http://urbanspace.org/>

1.3 Caveats and Limitations

There are a number of cautions and caveats that should be borne in mind when interpreting the results of the consultation process and assessing the analysis developed. These include:

- **Economic downturn** — The risks/benefits and financial analysis has been completed during the period in which the economy has been in flux. We have attempted to take the situation into account by taking a very conservative approach to the financial estimates. The final analysis presented in this report is “reasonable” given the information available at the time of writing.
- **Other redevelopments and plans** — The large number of other policies, plans and actions taken by HRM and provincial and federal governments may affect the final decision taken by the HRM. It behooves municipal staff and stakeholders to be conversant with these other plans and to make inter-departmental communications a priority.
- **Uncertain representativeness** — There was a targeted notification provided to arts and culture groups across HRM regarding a workshop to discuss various matters relating to the future of 1588 Barrington Street. This included a specific email notification sent to 37 contacts (representing artists, arts and culture organizations, government departments, universities, and the Khyber Board and staff). As well, notification of the event was posted through the HRM arts and culture listserve, which reaches an estimated 197 contacts across the region who are involved with arts and cultural activities (most of the aforementioned 37 contacts were also notified through this means). The actual turnout at the workshop was heavily dominated by KAS members and affiliates (most of the attendees at the workshop were Board, staff or members of the KAS). Thus the results of the session may not necessarily be ‘representative’ of the arts and culture community within the region, but rather represent the dominant opinion of KAS advocates. We caution the reader that the results of the workshop may not be representative of the wider community because of a mistaken community perception that the 1588 Barrington Street property ‘already belongs to the KAS’ and an associated reluctance by other organizations to interfere in the affairs of a sister arts organization.

1.4 What is in this report

This report summarizes the analysis of the five different scenarios (‘A’ through ‘E’ as previously outlined). It is divided into five main sections. The first explains the objectives of the study, the scenarios reviewed, the study process, and limitations of the review. Section 2 provides a brief overview of the context of the analysis. (The facility would naturally not operate in isolation but must respond in varying degrees to the actions, plans, and strategies of other actors in the community.) Section 3 is a review of the building and its needs including a history of the events leading to today’s situation. Section 4 contains a ‘qualitative’ analysis of the risks and benefits of each scenario as seen by the community as well as the project team’s analysis of data from various sources. Section 5 is quantitative and outlines the financial implications of the scenarios.



Context of the Analysis

To develop the analysis, it is important to understand the condition of the building, potential changes that must be made to it to bring it up to current building code requirements, and the needs of potential users. These considerations are outlined in Section 3 of this report. Just as important to the analysis is the environment in which any redevelopment of the Barrington Street site would take place. This is the subject of this section.

2.1 Policy Context in which this Review is Taking Place

A number of key policy documents and strategies must be taken into account when considering a future course of action with respect to the property. In chronological order, these are (Appendix C contains a brief summary of each of these key policy documents):

- HRM Barrington Street Heritage Conservation District Revitalization Plan, February, 2009
- HRM Cultural Operating Strategy, October, 2008
- HRM Downtown Halifax Secondary Municipal Planning Strategy, 2008
- HRM Facilities Masterplan, May, 2008
- HRM Cultural Plan, March, 2006
- HRM Regional Municipal Planning Strategy, August, 2006
- HRM Economic Development Strategy, "Strategies for Success" 2005–2010

All these studies and policy documents affirm several aspects of the characteristics of HRM vis-à-vis arts and culture activities and the stock of built heritage in the municipality. These can be summarized as follows:

- HRM appreciates the value of arts and culture activities for citizens and visitors by providing opportunities for engagement (i.e. enjoyment, learning, questioning) which is part of a healthy and creative city; HRM has been actively developing policies, programs and initiatives to support these values
- It understands the linkages between investment in artistic and cultural facilities and activities, and economic development — that this can be an economic development strategy by increasing quality of life and thus its desirability as a location to live, work and invest

- It understands the importance of the built heritage fabric to a sense of place and identity for the community overall

These are important elements of the overall context in which this review is undertaken and are part of the underlying assumptions guiding this review.

2.2 Involvement of the Khyber Arts Society¹

This assessment must acknowledge the role of the Khyber Arts Society in operating the building and keeping it animated over the last several years. However, part of the problem has been that with limited financial resources available to them for investment in the property, upkeep and maintenance has suffered to some extent even though a significant amount of ‘sweat equity’ was put into the property. This has resulted in the current situation where maintenance is limited and operating costs have increased markedly. The Khyber’s mandate is to foster critical thought in society by operating an artist-run centre that presents non-commercial contemporary art exhibits and facilitates dialogue, social interaction and information exchange for professional and emerging artists and interested members of the general public. Programming activities are challenging, artistically rigorous, interdisciplinary and responsive to the needs of the community.

KAS (which currently has 130 members) has produced many exhibitions and educational programs to international acclaim. The works of many well-known and award-winning artists including Gillian Wearing, Daniel Barrow, JD Bureau, and Lucie Chan have been exhibited. The Khyber Arts Society also fosters strong relationships with the local arts community and has built a reputation for cutting edge emerging work. In June 2006, the National Post named the Khyber Arts Society one of the top seven arts groups in Canada. The Society offers a forum for critical discourse and interaction among peers, including members who have established themselves firmly in their artistic practice as well as providing a support network to aid new and emerging artists early in their careers.

History of KAS and Involvement with the Building

KAS was established in 1995 by a group of artists interested in providing cutting edge and innovative art programs to the community, using the property at 1588 Barrington Street (known generally in the community as ‘the Khyber Building’ because of the Khyber Restaurant that had been located there). The name that this new group took upon themselves was the ‘Khyber Art Society’ in order to recognize and acknowledge their geographical association with the building. The artists initially occupied the building as a makeshift artist collective but upon approval of a 5-year renewable rental agreement in 1997, the collective of artists formally registered as a Society and operated the building as an artist-run centre with a focus on the work of emerging local artists. An agreement was formed with HRM, the owner of the building. The agreement featured a reduced rental requirement over the first five years of the lease in return for volunteer labour and fundraising to assist with the renovation of the property.

¹ Also known as the Khyber Institute of Contemporary Art.

In 1998, the Khyber Club obtained a liquor license and opened the ground floor as a meeting place for visual artists and an important venue for Halifax's emerging music scene. (This was a joint venture with a private operator.) The Khyber Club was a launching pad for now well-established Canadian recording artists such as Joel Plaskett and Buck 65.

In 2003, a facility management agreement was struck between KAS and HRM, with KAS agreeing to maintain the property under the terms and conditions of the agreement and to pay the negotiated rent. However, in November 2005, Regional Council revoked this agreement due primarily to concerns over non-payment of accumulated rent and taxes, neglect of the building, and fears relating to public risk (due to the deteriorated quality of the public space). The relationship between KAS and HRM reverted to a standard monthly lease agreement (with HRM eliminating the rehearsal space, café, and performance space elements of Khyber's program).

Benchmark finding

Most artist-run centres often incorporate activities that will draw in the public as part of their overall mandate and offering.

In the fall of 2007, a request for proposals was issued to explore and assess the feasibility of developing 1588 Barrington Street as a creative cultural cluster. This RFP process was however not successful in eliciting a useful response.² Soon after this, the Khyber Arts Society approached HRM and expressed a desire to expand its role and use of the building. However, HRM staff were unwilling to commit to this suggestion at that time given that a clear understanding of the building's potential use was needed before long-term commitments could be made. Another equally critical factor was the history with KAS and uncertainty in its ability to both run an arts program and handle the challenges of building management. (KAS' permitted use of the building had at that point been cut back to simply use of the second floor for office and display space; the operation of the ground floor cafe had been removed from permissible uses.) There was some reluctance to entertain a long term or expanded lease until a proper due diligence assessment of risks and benefits had taken place.

Since then, other arts organizations have approached HRM expressing interest in possibly occupying and operating 1588 Barrington Street. Thus there is some interest beyond exclusively KAS in becoming involved with the property.

At about the same time, the Khyber Art Society requested that HRM provide it with an opportunity to develop a "business/strategic plan" for managing the building. Additionally, KAS requested that HRM support this endeavor with a grant of \$30,000 to secure expertise to develop its business and strategic plans as well as undertake the various other capacity-building projects. This original funding was subsequently allocated towards the current study that provides an independent and objective assessment of the various options, as this was seen to be the first step on the critical path of activities that need to occur before the final decisions regarding how the property is to be used for arts programming can be determined.

² The original 2007 RFP asked for an assessment of the Alderney Landing and Peace Pavilion properties as well as an examination of 1588 Barrington Street. The response indicated that the budget provided relative to the broad scope of the assessment was insufficient.

Since then, HRM and KAS have been working together towards both the physical improvement of the property (top-to-bottom cleaning, new windows, new basement door, etc.), as well as internal capacity building for the group (alcohol handling certification, increased communications with Board members, liaison with various municipal departments, etc.). Furthermore, HRM has partnered with KAS to provide additional temporary space for art preparation and archival needs, as well as to present a major art exhibit at Halifax City Hall.

Funding of KAS

Exhibit I below shows the source of the KAS' funding.

Exhibit I

Sources of KAS Funding

	Source	Amount	Note
Cash	Federal (Canada Council for the Arts)	\$40,000	Annually
	Provincial	\$12,000	In March, 2009
	Members	\$5,000	Estimate: (200 members@\$25)
	Admission / Sales	\$2,500	Estimate: 20 events per year; 100 admissions per event; 25% non members; average admission \$5
	Other	\$1,500	Estimate: Miscellaneous per year
	Total	\$61,000	Approximately
Subsidy	HRM operating subsidy, tax subsidy grants/non-recurring	\$25,245	See Exhibit 2
TOTAL		\$86,245	

Definition:

MARKET RENT

Rent that a commercial buyer would be willing to pay for space on the open market.

Definition:

LESS-THAN-MARKET RENT

Any rent that is less than what a willing private sector, profit-oriented commercial renter would be willing to pay.

2.3 Current Use of the Building

The property at 1588 Barrington Street offers approximately 7,200 sq. ft. of gross leasable area³. At present, just under 2,000 sq. ft of this space is allocated to two tenants, the KAS and the Nova Scotia Heritage Trust, for an occupancy rate of approximately 28%. The KAS occupies the larger amount of this space, 1,730 sq. ft. on the second floor. The Nova Scotia Heritage Trust occupies a small office space of 264 sq. ft. on the ground floor. Tenants of HRM-owned buildings are required to pay both **rent** and **property tax** on their occupation of space. At 1588 Barrington Street, each of the tenants is a not-for-profit organization and thus have been approved to receive some assistance under property tax Bylaw T-200. As well, both organizations have received consideration in terms of being levied a **less-than-market rent** amount.

³ The footprint of the building is 2,650 sq. ft. [from the Sperry Report], and there are three floors of useable space, not counting the basement. Discounting this by about 10% to allow for circulation, washrooms and other non-rentable space, yields an estimate of approximately 7,200 sq. ft. of gross leasable area [GLA].

Rent

HRM may subsidize the rent requirement for certain not-for-profit organizations that again contribute to HRM's overall strategic objectives, or that relieve HRM of the responsibility of having to provide programs and services directly. The level of subsidy is determined on a case-by-case basis. The current financial situation with respect to KAS and the Nova Scotia Heritage Trust are estimated below:

KAS

- Total area allocated to organization: 1,730 sq. ft.
- Less than market value market space lease approved by Council: 1,394 sq. ft.
- Temporary use space: 336 sq. ft.
- Rent due on less than market value space: \$13,940 (1,394 sq. ft. * \$10 per sq. ft.)
- Property taxes due on total space: \$4,585 (1,730 sq. ft. * \$2.65 per sq. ft.) – *subsidized by HRM due to KAS' full exemption status*
- Subsidy on temporary use space: \$3,360 (336 sq. ft. * \$10 per sq. ft.)
- Total support provided is shown in exhibit 2 on the next page.

Benchmark finding
Most artist-run centres examined had budgets significantly larger than that of the KAS.

The calculation of the total amount of subsidy that HRM provides to KAS is somewhat complex, but follows this logic:

According to HRM's records, KAS rents 1,730 sq. ft. of space at 1588 Barrington St. Most of this amount, 1,394 sq. ft., is used by KAS on a permanent basis for administrative and artistic activities. The remaining amount (336 sq. ft.) is used occasionally as 'temporary use' space. HRM treats each type of space use differently.

The total cost is made up of three elements:

1. For KAS' permanent space, HRM charges the organization \$10 per sq. ft. The space is actually worth \$20 per sq. ft. on the open market (or will be, once the required improvements have been made). If the space were rented by HRM on the open market to a commercial client, HRM would receive \$26,788 per year for it (i.e. \$20 market value rate per sq. ft. times 1,394 sq. ft.). However, HRM is actually only receiving \$13,940 per year for the space (\$10 per sq. ft. times the 1,394 sq. ft.), so it is foregoing (\$26,788 - \$13,940 = \$12,848) in potential revenue. Thus the cost to HRM of renting this space to KAS as opposed to a commercial client is **\$12,848**. This amount represents an opportunity cost—it is the additional amount that HRM could have received for the space but chose not to. This is one element of the subsidy that HRM provides to KAS.
2. The calculation of the subsidy for the 'temporary use' space follows a parallel process. Again, we start by looking at what this space would fetch on the open market from a commercial renter. This amount is \$6,720 (\$20 per sq. ft. times 336 sq. ft.). Here, though HRM in effect charges KAS nothing for the space. (Technically, they charge KAS \$10 per square ft. for the space, but then turn around and provide KAS a grant equal to \$10 per sq. ft. for that space [which represents a direct transfer cost to HRM] because KAS is using the space to provide the kind of public programming that HRM wants to see provided). So the subsidy to KAS in effect is **\$6,720**.

3. The final element of subsidy is the property tax that is due on the space. Normally, HRM would charge \$2.65 per sq. ft. for the total space used by KAS. With total space use of 1,730 sq. ft. this would be \$4,585. However, as an arts organization providing services that HRM desires for the community, KAS enjoys full exemption status from municipal taxes. Therefore HRM forgives this amount, and foregoes the \$4,585 it would have otherwise received. So the third element of subsidy is **\$4,585**.

Adding up the three components yields a total subsidy cost of **\$25,245**. Of this, \$21,885 represents the opportunity cost of foregone rent and taxes, and \$3,360 represents a direct transfer cost (i.e. dollars leaving the municipal coffers).

Exhibit 2

Total HRM Annual Support Provided to KAS (as of 2009)

Component of Subsidy	Assumptions	Amount	Source
Rental subsidy on 1,394 sq. ft.	<ul style="list-style-type: none"> Assume market rental rate for space of \$20 per square foot (psf)⁴ Therefore effective subsidy support is \$10 psf \$10 psf subsidy times 1,394 sq ft = \$13,940 	\$13,940	In 'forgone rent'
Subsidy on Temporary Use Space of 336 sq. ft.	<ul style="list-style-type: none"> Assume market rental rate for space of \$20 psf Therefore effective subsidy support is \$10 psf, and grant support is \$10 psf \$10 psf subsidy times 336 sq ft = \$3,360 	\$3,360 \$3,360	Direct subsidy 'Foregone rent'
Property Taxes on total amount of 1,730 sq ft	<ul style="list-style-type: none"> Amount provided by program through T-200 \$2.65 psf property tax times 1,730 sq ft = \$4,585 	\$4,585	Direct subsidy as outlined above
Total Support	<ul style="list-style-type: none"> 'Foregone rent' and taxes totals \$21,885 Direct subsidy totals \$3,360 	\$25,245	

Nova Scotia Heritage Trust

- Total area allocated to organization: 264 sq. ft.
- Less than value market space: 264 sq. ft.
- Rent due on less than market value space: \$2,640 (264 sq. ft. * \$10 per sq. ft.)
- Property taxes due on less than market value space: \$700 (264 sq. ft. * \$2.65 per sq. ft.) - *subsidized by HRM due to the Society's full exemption status*
- Total support provided is shown in exhibit 3 below.

The calculations of subsidies to the Nova Scotia Heritage Trust, the other tenant in the building, follows an analogous logic as above.

⁴ \$20 per square foot once renovations are completed.

Total HRM Support Provided to the Nova Scotia Heritage Trust

Component of Subsidy	Assumptions	Amount	Source
Rental subsidy on 264 sq. ft.	<ul style="list-style-type: none"> Assume market rental rate for space of \$20 psf Therefore effective subsidy support is \$10 psf \$10 psf subsidy time 264 sq ft = \$2,640 	\$2,640	'Foregone rent'
Property Taxes on 264 sq ft	<ul style="list-style-type: none"> Amount provided by program through T-200 \$2.65 psf property tax times 264 sq ft = \$700 	\$700	Direct subsidy as outlined above
Total Support	<ul style="list-style-type: none"> 'Foregone rent' and taxes totals \$2,640 Direct subsidy totals \$700 	\$3,340	

Thus the total amount of support provided by HRM to the two tenants in the building is approximately \$28,600. Additionally, as shown in Section 5 of this report, HRM has spent between \$48,000 and \$68,000 annually on on-going maintenance and operations to maintain the property.⁵ Thus the cost to HRM approximates \$80,000 to \$100,000 per year. As a point of reference, if the entire 7,200 sq. ft. were to be rented out commercially, then the amount of rent received by HRM might approximate \$144,000 (i.e. 7,200 sq. ft. @ \$20 per sq. ft.). As well, HRM would receive the full amount of commercial taxes through the commercial use of the building, estimated to be \$21,409.⁶

Property Taxes

Under HRM's Bylaw T-200, not-for-profit organizations that provide programs and services that align with HRM's strategic objectives are eligible for some relief on the amount of property tax they would otherwise owe. Currently, the Bylaw sets out various types of **property tax relief** eligible for qualifying organizations or uses⁷:

- **Conversion:** The Commercial tax rate is converted to the Residential tax rate. The owner pays full Residential taxes. Excludes on-site commercial activity. Excludes any business conducted on the premises.
- **Partial Exemption:** A portion of the residential tax is paid by the program. This excludes any business conducted on the premises. There are three levels of partial exemption:
 - 25% Exempt: owner pays 75% of residential tax and the program pays 25%. This is typically used for affordable housing projects.

Definition:

PROPERTY TAX RELIEF

A reduction in the property tax an organization must pay to HRM.

⁵ See Exhibit 12. This includes insurance and staff time.

⁶ The assessed value of the building is \$580,200 (2009 assessed value). Assuming the full commercial tax rate of 3.69% and full occupancy of the building, then the commercial tax owing would be 3.69 % of \$580,200, or \$21,409.

⁷ Note that this program is currently under review and will likely be re-designed. For the purpose of this analysis, however, the existing program will be assumed to remain in effect.

Definition:

**ALTERNATIVE
SERVICE
DELIVERY**

Third party suppliers
rather than City staff
deliver services.

- 50% Exempt: Owner pays 50% of the residential tax and the program pays 50%.
- 75% Exempt: Owner pays 25% of residential tax and the program pays 75%.
- **Full Exemption:** Property is 100% exempt. Usually applies to the delivery of a service that replaces an HRM program (i.e. **alternative service delivery**).

At present, both the KAS and Nova Scotia Heritage Trust are under a full exemption (100%).



KAS office space

Current Building Assessment

The property at 1588 Barrington Street has had a long and close connection with the arts community, with heritage groups, young adults, youth, and has a history of being a focal point for the gay, lesbian, bisexual, and transgender community of interest. It is highly valued by the community. Current uncertainty regarding the future has arisen as a result of a number of interrelated factors: the changing needs of the community, the role that different stakeholders wish to have in the building's rehabilitation as well as the changing neighbourhood (as outlined in the Barrington Street Revitalization Plan) in which the building sits. This section of the report looks more closely at the building itself, the events that bring it to its current state, and outlines the needed renovations to bring it up to current building standards and its use as an arts centre.

It is municipally-owned with a heritage designation: an iconic architectural structure located within the proposed Barrington Street Heritage District, with the potential to be a significant anchor within that precinct. See exhibit 4 for a map of the proposed heritage district. It is adjacent to the Neptune Theatre School, as well as other arts groups in the general area, so is already part of an **'arts cluster'**.

3.1 History of the Building

The description of the Church of England Institute building, as described in the **Barrington Street Heritage Conservation District Revitalization Plan** (February, 2009) is as follows¹:

"Built for the Church of England Institute in 1888, this building is one of the trio of free-standing, 19th century, institutional buildings that contribute strongly to the late Victorian architectural ambience of this part of the Historic District. It was designed by architect Henry F. Busch, who also designed many other buildings in Halifax including the Halifax Academy and the Public Gardens Bandstand. Busch was known as the province's best exponent of the Second Empire style but here, on the Church of England Institute, he chose to work in a highly decorated Gothic mode, retaining only the Second Empire's trademark mansard roof.

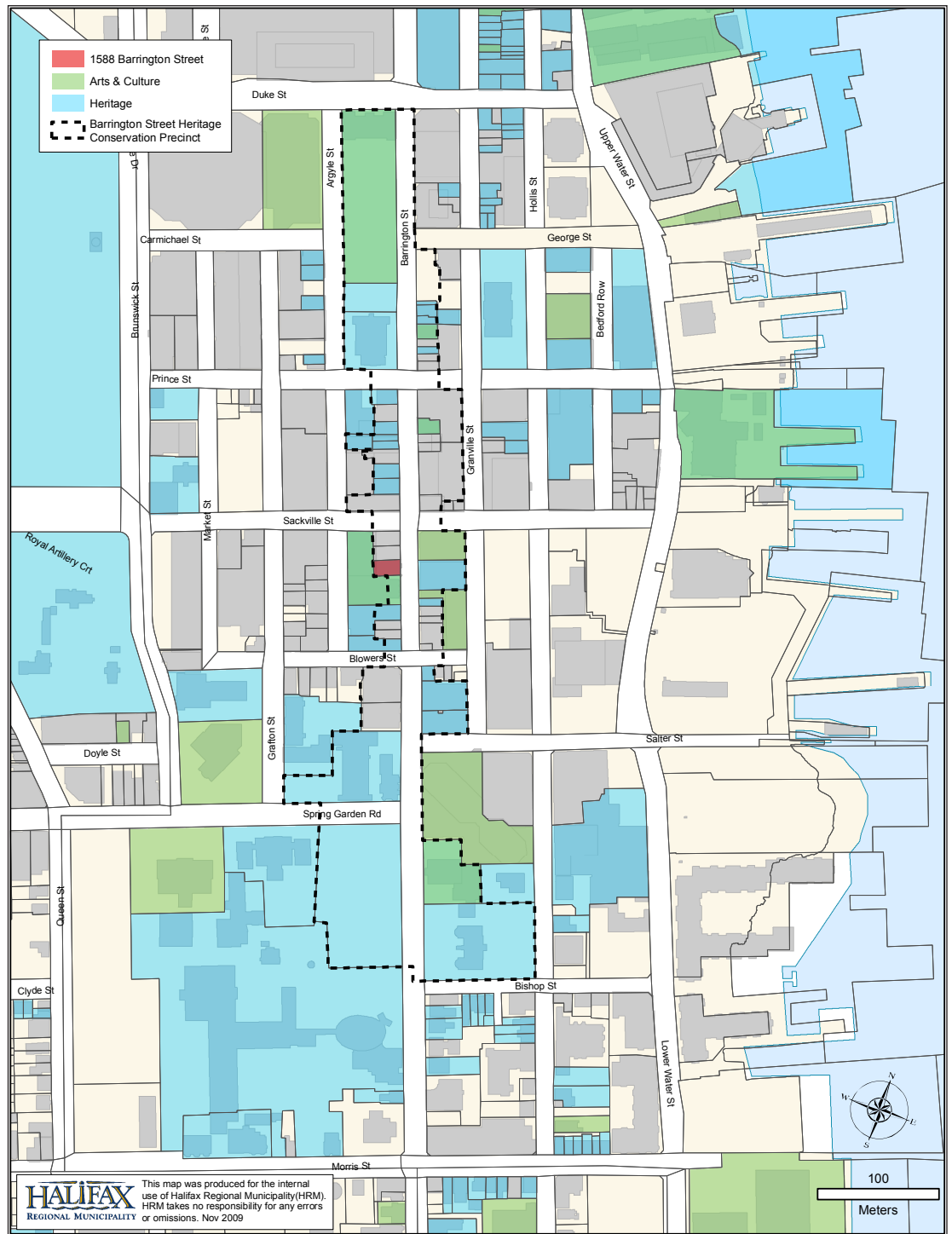
Definition:

ARTS CLUSTER

Set of geographically proximate arts and culture activities that have potential to become known as a cultural precinct.

¹ Verified as correct through interview with Bill Plaskett, HRM Heritage Planner (original author), 2009.

Barrington Street Heritage District



Built of brick, the building's most prominent feature is an ornate corner oriel window connected to a single engaged column below and a turreted spire above. Windows are designed in a variety of arched forms and trimmed with elaborate sandstone caps with prominent keystones. The entrance is set in a slightly projecting centre bay that rises up through the eaves and culminates in a steeply pitched Gothic dormer. Other dormers accent the roofline both on the front and on the south side. Horizontal articulation is provided by a solid sandstone foundation, a dentilled string course at first floor height, and a prominent, bracketed cornice at the eaves.

The old institute is one of the more intact historic buildings on Barrington Street, having suffered little if any alteration to its exterior. It is owned by Halifax Regional Municipality. It is currently leased to the Khyber Arts Society for arts-related activities. It also houses the office of the Heritage Trust of Nova Scotia.”

HRM's capital investment in the building has been ongoing since 1997. The building has undergone major roof strengthening to accommodate increased snow loads resulting from the adjacent Neptune Theatre expansion as well as an interior retrofit to meet fire codes and building standards for public use (which involves installation of exit stairs, safety lights, etc.).

A Buildings Condition Report in 2007 (Sperry & Partners) identified that the building was structurally sound and in reasonably good shape. No improvements were needed to mechanical or electrical systems or for life safety upgrades. (See section 3.2 for further details from the Sperry report). However, although it appears to be structurally sound, it is in need of significant repair and upgrading for public access (an elevator, with wheelchair access, better space layout, etc.).

Capital improvements have also included new washrooms, replacements of the skylights, stabilization of the stairs, upgrading the electrical panel, boiler improvements, and sprinkler upgrades totaling \$60,353 in the 2007-2008 budget year. Capital improvements in the 2009-2010 budget year (now completed) included restoration of exterior windows (first and second floors) and replacement of the furnace, new basement door, and cleaning of the property.

At present the building is vastly underutilized. The KAS, and the Heritage Trust of Nova Scotia have only a limited presence throughout the week. Aside from that, the building is vacant. As mentioned, it is estimated that the building is approximately 28% occupied. (This is in part intentional. KAS has been restricted to a minimal footprint while the various options are being assessed. As well, having the building largely vacant makes it easier for the various improvements and upgrades to be done.)

Definition:

SCENARIO

A situation described in terms of the variables that are relevant to the particular situation.

In order to turn the building into a major public arts asset there are some major facility-related as well as operational issues that need to be addressed. The ground floor, currently subdivided into a number of smaller areas, has the potential to be a large public space, but significant interior re-alignment would need to take place. A new elevator to meet public access requirements is needed. Significant interior work on the upper floors would be required to bring the space up to acceptable rentable standards.

However, before embarking on these and any other capital improvements, HRM wishes to examine a number of possibilities regarding the future operation of the space. Knowing which of various **scenarios** might be feasible and desirable is critical in order to define space allocations and the types of improvements needed. (This is the architectural dictum of 'form follows function' in action.)

3.2 Review of Previous Assessments of Building Condition

The aforementioned **Buildings Condition Report** in 2007 (Sperry & Partners) identified that the building was structurally sound and in reasonably good shape. No improvements were needed to mechanical or electrical systems, or for life safety upgrades. However, the concerns regarding the interior and exterior were:

- Exterior
 - Building chimney needed repair (done)
 - North wall needed inspection regarding extent of repointing required (done)
 - Eavestroughs need cleaning and repair (done)
 - Replacement of all windows (two-thirds done)
- Interior
 - Proper testing for mould needed to be undertaken (done)
 - A decision regarding the fireplaces needed to be made (either restoration or removal)
 - Separate assessment of the parquet floors be undertaken with a view to determining whether they should be preserved or replaced
 - Plaster ceiling and molding needed replacement in several rooms

Still outstanding are a number of critical building improvements. These are:

- Elevator — Regardless of which scenario is pursued, an elevator to improve public accessibility and usability of the building is required
- Basement for storage only — The basement should likely be used only for storage, not any sort of programming
- First floor public use — An ideal use for the first floor would be some sort of public use to entice the general public into the space
- Washrooms — Need to be upgraded, and new washrooms on the 3rd floor will need to be added

- Third floor — Space is unsuitable for tenants due to its current configuration and will need to be redesigned (may be true for other floors as well)

3.3 Results of Building Inspection

The project team completed a preliminary visual review of the building as well as a review of available existing documents for the evaluation and recommendation of the impact and issues associated with the addition of a new elevator to the property to enhance accessibility. While the primary reason for the inspection was to identify issues associated with the proposed elevator, the review also identified several other renovation issues.

3.3.1 Renovation Issues

The following is a preliminary listing of renovation items regarding accessibility identified in our visual review on site:

1. The existing main floor level is above the level of the sidewalk with limited clearances for the addition of an exterior ramp into the main entrance. The assumed wheelchair access to the building is to be shared with the existing exterior ramp now in place for the adjacent building. (This requires an agreement be struck with the Neptune Theatre Foundation and is not included in the scope of the review.)
2. Access into the building through the existing door opening. The existing door opening is 35¼" wide x 6'-7" high, with a 3'-6½" wide masonry opening. The existing door and masonry opening may require adjustment to accommodate the required width clearance as well as overhead clearance required for power assisted door hardware.
3. It is assumed that handicapped access into the building will be through a new glazed entrance with power assisted door operation. Switches to be either jamb mounted or wall mounted with surface conduit.
4. The existing side entrance is approximately 19½" above the lower level (basement) of the building. The existing main floor structure of the building appears to have been altered to provide addition vertical clearance (head height) at this area. The vertical clearance at the entry landing into the basement is limited at approximately 6'-4¾". Upon entering the lower level there is a small landing (1'-7" deep) with three stair risers @ 6½" each down to the basement level. Clearances at this area are inadequate for wheelchair accessibility and will require adjustments to include a larger landing and either a ramp or a chair lift from the basement entry door/exterior walkway level to the basement level (approximately 19½"). These modifications will be required to the main floor structure and entry area to accommodate these requirements. Detailed review and design is required to verify the ability to comply with the necessary clearances, structural and code issues for these renovations.
5. The lower basement level at this area of the building appears to be designed as a fire rated exit corridor. This design requirement will impact the use of this space, including chair lifts as well as the ability to use this corridor to directly access a new elevator. Further discussions will be needed with the building's neighbours to review the final placement of the elevator and its impact on accessibility.

6. The proposed location for the new elevator and equipment room is in the adjacent storage room (located towards Barrington Street). The new elevator and equipment room will require renovations to add these spaces as well as maintain clearances for handicapped accessibility into the elevator at all floor levels. Given the existing open main stair at three levels of the building, the impact of the new elevator with floor/floor fire separations will require verification for compliance with the HRM.
7. The type of elevator to be added to the building is assumed as a holeless hydraulic type. The specific detailed design requirements for the elevator will impact the size and installation requirements as well as overall costs for this element of the design.
8. The preliminary elevator location indicated on sketches (see Appendix B) to be co-ordinated with issues noted in the report as well as structural requirements, tenant layout requirements, and vertical height clearances required by specific elevator manufacturer.
9. At this preliminary stage of the review, the accessibility requirements to enter the building and maintain access to the lower (basement level); the structural modifications required at each floor level, including foundations; the elevator shaft assembly and the elevator vertical clearances to minimize impact upon the roof structure/assembly are recommended to be included in design development and verification in later phases of the work.
10. Alternate location for the elevator and other design elements: The drawings in Appendix B show one conceptual outline for the location of the elevator, but there are several other possibilities that should be considered (for example, replacement of the fire escape metal stairs). Also, 'areas of refuge' (i.e. safe places for those in the building to wait out fires or emergency situations if people are not able to evacuate in time) should be considered.

3.3.2 Preliminary Opinion on Construction Cost

Based upon our visual review and noted assumptions, exhibit 5 on the following page is our preliminary opinion of construction cost for the elevator renovations to this facility.

Estimated Preliminary Opinion of Construction Cost

Construction item	Estimated cost
New hydraulic elevator (2,000 lb. capacity/4 stops):	\$125,000
New elevator shaft	\$50,000
New lower level entrance	\$4,000
Lower (basement) level renovations	\$30,000
Floor assembly alterations (3 floors)	\$100,000
Washrooms — upgrading and accessibility for first and third floors: assumes the availability of adequate plumbing (water supply and drainage piping) at the areas of the washrooms	\$96,000
Construction Subtotal	\$405,000
Contingency (15%)*	\$60,750
Construction Total	\$465,750
Permit fees (\$5.50 / \$1000)	\$2,785
Estimated Professional Expenses and fees	\$107,500
Destructive Investigation Allowance	\$10,000
Total: (excluding HST) ** Rounded	\$586,000

* Note: The usual contingency range is 15%-25%. We have used the lower percentage figure here, which may increase risk to HRM if unforeseen costs come to light during the renovations.

**Note: Preliminary opinion subject to detailed review and design for all existing conditions. This amount does not include costs associated with renovations to adjacent spaces impacted by the proposed elevator location. In addition to these elevator-related costs, there will be other renovation costs incurred. For example, reconfiguration of the rooms (i.e. interior walls) on each floor could be up to \$50,000 or more per floor (depending upon the exact location of the elevator). There will likely be other costs as well, and it would be prudent to ensure some contingency amount for unforeseen costs. Accordingly, it would be prudent to budget for on the order of \$800,000 to \$1 million for complete renovation of the space.

The dimensions of the elevator anticipated are 5'-8" wide x 4'-3" deep x 8'-0" high. The door is 3'-0" wide. The elevator can accommodate 2,000 pounds (12 people), and can act in a 'service elevator' capacity for bulkier materials or a reasonably large works of art. Items not fitting in the elevator would need to be brought to the second and third floors via the stairs, or kept on the ground floor.

Regarding hazardous materials (given that art will be produced on the site, and there will be a periodic requirement to dispose of old paint, turpentine, and various other toxic chemicals), clearly all local and provincial requirements for the storage and disposal of hazardous and/or flammable material should be followed. Depending upon the amount and type of materials

to be used, this may require a separate disposal system for hazardous materials and the necessary ventilation system. This will need to be assessed further once the specific nature of the activities and materials used is known.

The costs of heating, ventilation and air conditioning (HVAC) are also not included here. This item was outside the scope of the cost estimate for the elevator that was required (as outlined in the Terms of Reference) and thus not separately estimated. As well, the costs of interior finishing were not estimated (and this could vary widely depending upon the needs of the organization occupying the space, and the underlying quality of the wall and wiring and the heritage features to be retained and/or re-installed during construction).

The aforementioned estimate of approximately \$586,000, therefore is very much a minimum estimate of the full costs of building restoration, which could be several multiples of this amount.

An additional cost which should be set aside each year is an amount dedicated to future capital maintenance and related improvements (e.g. major repairs such as roof restoration). HRM's standard practice in this regard is to allocate on the order of 3.5% of the value of the building for "managed care". Others in the property management industry suggest that 2% - 4% is an appropriate rule of thumb, so that this benchmark appears to be reasonable.

The assessed value of the building is \$580,200, including property and land². Normally, assessed value is somewhat less than the market value of the property. However, in this case, market value may actually be less than assessed value. Conversations with a local real estate agent³ indicate that based upon various evaluation methods including sales of nearby and similar properties, the actual market value may not even be \$500,000 on the open market.

Assuming for the moment that the value *is* \$500,000, and that the appropriate amount to be set aside for this unique and historic property might be closer to 4%, then this would imply setting aside something like \$20,000 per year for capital maintenance. We caution, however, that this should be treated as a very rough order of magnitude figure at this point, and that a more precise estimate could be developed only after a detailed building assessment.

² Source: Nova Scotia Property Valuation Services Corporation.

³ Bill MacAvoy, Managing Director, Cushman Wakefield East, Halifax, 902-425-1872.



Art display at 1588 Barrington Street

Scenarios Assessment

In this section of the report, the various ownership and management scenarios open to HRM regarding the 1588 Barrington Street building are explored. Some fundamental assumptions that apply to all scenarios are:

- All scenarios will adhere to the overall planning policies and guidelines for HRM generally and Barrington Street in particular, as outlined in Section 2.1 of this report
- The subject property will continue to be operated as an arts/culture venue
- All scenarios will continue to respect and honour the heritage nature of the property, and ensure the preservation and conservation of the historical character of the building
- The owner of the property will undertake the necessary improvements to bring the building up to code, so that it can be accessed and used by the public. In the scenario where HRM sells the property, HRM would not initiate those repairs, as that would then be responsibility of the new owner.
- For analytical purposes, the scenarios assessed here assume full occupancy and utilization of the building by KAS and /or other arts organizations. It should be noted, however, that HRM could utilize any amount of the available space for its own purposes, which would obviously change the calculations for both costs and revenues.

Within these broad parameters, various specific options have been identified and are assessed below. Again, it must be emphasized that the purpose of this assessment is not to identify a preferred option but rather to assess all on a consistent and comprehensive basis, without any preconceptions as to which may work and why. Accordingly, the project team have strived to complete the assessment objectively and impartially.

4.1 Themes from Public Consultations

Our assessment has taken into account the views of stakeholders involved in the project. The major themes resulting from these interviews are as follows (these are perspectives held by most or all of the persons interviewed, except where otherwise indicated). Note that Appendix D contains the results of the public consultation process held in December 2009 and January 2010.

- Regarding 1588 Barrington Street
 - The structure is an important and iconic one, and needs to be preserved for present and future generations

Definition:

**HERITAGE
CONSERVATION
DISTRICT**

Regulated area that has
unique heritage value for
the community.

- The building should continue to remain an important centre for artistic expression and creativity in downtown Halifax
 - The building is a critical element in the overall revitalization of Barrington Street, and an important building block contributing to the integrity of the **Heritage Conservation District**
 - The building should be accessible to the public in both the uses of the building (i.e. it should contain uses that invite the public to come into the structure) as well as convey a welcoming and accessible atmosphere once they are in (i.e. an elevator put in place and the space itself being renovated and painted in order to be inviting)
 - There is fairly universal acknowledgement that the building is not being used to its highest and best potential – either in terms of occupancy (at present, the building is about 28% utilized) or in terms of the number of events and occasions when it is available to the public
 - The structure is in need of significant renovation and repair
 - The building has not been well managed by KAS or HRM – although there was some recognition that the results of this assessment should set a course for improvement in this regard, as well as acknowledgement of the recent improvements that have been, and are being, made (e.g. window replacements, cleaning, etc.)
- Regarding KAS
 - KAS has a long and successful track record of being an innovative contemporary arts organization, bringing provocative and intellectually challenging programming to the public
 - The history of the KAS is inextricably linked to the building; the public image and brand of the organization is intimately tied to the building
 - There exists mixed feeling about the Khyber Café: some reporting that it brought a real sense of vibrancy and sense of ‘happening’ to Barrington Street, other feeling it was too rowdy and uncontrolled and thus created a negative image
 - Some understanding and acknowledgement of the operating challenges and risks that the KAS has faced in recent years, with respect to not only its own operation (funding, staffing, Board continuity), but also with managing the property
 - Concern that the challenge of maintaining and managing a large building (with or without tenants) would pose significant challenges to the staff and Board of KAS, and that such concerns might detract from its ability to provide programming excellence
 - Concerns regarding to the effect that the KAS' operating budget is insufficient to enable it to carry out its mandate
 - Concerns regarding the membership base of KAS, being static/declining (although the extent to which this was due to service/programming by the organization, as opposed to being due to general economic stagnation, was uncertain)
 - Regarding HRM
 - HRM should be supporting community arts organizations (such as KAS) to a greater extent

- There is also recognition that HRM has a right, if not an obligation, to ensure the accountability of community arts and culture groups receiving support or **subsidy** be accountable
- HRM should continue to hold title to the building in perpetuity, in order to safeguard the public trust (mentioned by most interviewees other than KAS members)
- HRM has an obligation to repair the building and bring it into a state of acceptable public use

Definition:

SUBSIDY

Shortfall between what a not-for-profit should pay HRM and actual amount they pay.

4.2 Detailed Articulation of Assumptions Underlying Each Scenario

Five scenarios regarding the ownership and management of the property at 1588 Barrington Street are assessed. These are:

	Scenario
	A: KAS Owns and Operates
	B: HRM Owns; KAS Operates under Facility Management Agreement
	C: HRM Owns; KAS has Head Lease with Right to Sub-let
	D: HRM Owns and Operates; KAS is One of Several Tenants
	E: HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)

Benchmark finding

All artist-run centres examined were in some way supported by their respective municipal governments.

The following is a detailed description of each scenario:

- **Scenario A: KAS Owns and Operates** — Under this scenario, HRM transfers ownership of the property to the KAS. This would be done under a covenant that would ensure in perpetuity the general management principles articulated above were adhered to (such as the provision of arts and culture programming, facilitation of public access to the building, etc.). The agreement would also contain a buy-back clause that would ensure that HRM had the right of first refusal should KAS decide to sell the property, as well as some ability to take back ownership if the principles articulated above were to be violated. Here, the KAS would purchase the property from HRM for a specified amount and then manage it. KAS, as a not-for-profit organization, would be eligible to

request a purchase price ranging from \$1 to the market value of the building. They would be free to take over the entire space in the building for their own purposes or to rent it out to other arts, culture, or heritage-related community groups (under the proviso that they be involved somehow in arts or heritage activities that had a connection to the general public). As a landlord KAS would agree to pay property taxes due to HRM and operate the property in a responsible manner, just as any other property owner in the municipality. KAS would be eligible to apply for tax conversion and a subsidized rate.

While there are many versions to the shape that Scenario A might take, two possibilities are:

- **A1: Market Value Sale** – This is where the building would be sold to a purchaser (who would be some sort of arts-related organization) for a price equal to the actual market value of the building. The financial implications of this are that HRM would receive the value of the property and proceeds from the deed transfer tax, as well as annual municipal taxes.
- **A2: Less-than-Market Value Sale** – This is where the building would be sold to a purchaser for a discounted price somewhere between the market value and \$1 (constituting a transfer of land title). This scenario would imply that HRM would receive much less for the property (to essentially nothing at the low end), and potentially incur some cost for subsidy if the new owner were a recognized not-for-profit organization.

As previously mentioned, it is highly unlikely that HRM would agree to any form of Scenario A if significant capital expenditures (over and above the market value of the property) were put into the building in order to render it useable (as is proving to be the case).




- **Scenario B: HRM Owns; KAS Operates under Facility Management Agreement** — This scenario envisages that HRM retains title to the property and leases the building to the KAS under a facility management agreement. Facility management agreements are common practice at HRM, mostly with non-profit volunteer groups and occasionally with a private enterprise. These groups are required to recover most, or all, of the operating costs, while considering accessibility and affordability. Under this agreement, the portion of the premises open to the general public and/or used by HRM for operational requirements would be tax exempt. However, any portion of the premises used exclusively by the KAS, or sub-let to a third party, would be taxable. (Application for tax assistance would be made through By-law T-200 and would be subject to budget capacity.) As the owner of the property, HRM would be responsible for capital repairs and on-going property maintenance (paid for through rents from KAS).
- **Scenario C: HRM Owns; KAS has Head Lease with Right to Sub-let** — Under this scenario, HRM leases out the building to the KAS as the sole tenant of the property. The key difference from Scenario B however, is that HRM maintains the property, rather than

KAS under a facility management agreement. As in Options A and B, KAS is in turn free to sub-let the space to any other art, culture, or heritage-related organization. Under this scenario, KAS simply pays rent for the premises; HRM as owner and landlord is responsible for capital repairs and maintenance.

- **Scenario D: HRM Owns and Operates; KAS is One of Several Tenants** — This option is similar to Option C above, except that here the KAS is simply one of several tenants of the building. Like any other tenant, they pay a rent to HRM.
- **Scenario E: HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)** — Conceptually, this option is identical to Option B above, with the difference being that it is not KAS that is acting in the facility management role, but rather some other entity. (Some of the interviewees suggested that there be an arts management agency hired by or created by HRM with a region-wide mandate to operate a variety of municipally owned cultural properties.) A variation of this would be one organization serving as a cultural federation model established to run the facility (the Waterfront Development Corporation is a possible model). Alternatively, any other organization could conceptually take on this role as well, acting as the facility manager for this property specifically – this would likely be arranged through a call for proposals to operate the property.

Evolution of options: Each of the scenarios outlined above posits a single option at one point in time. However, it is quite feasible to think in terms of an evolution of options, where the relationship between HRM and KAS (or any other manager of the building) could change over time. For example, one possibility in this regard would be an evolution from Option C to Option A, as illustrated in exhibit 6 on the following page:

Evolution of Options

Stage	Relationship between HRM and KAS (or other building operator)	Example of Threshold Criteria	Next Stage in the Evolution of the Relationship
1	 As outlined in scenario C – KAS (or other) is tenant (sole, or one of several)	1-2 years of acceptable performance (full payment of rent; acceptable tenancy)	move to facility management status
	↓ ↓	↓	↓
2	 As outlined in scenario B – KAS (or other) becomes facility manager	3-5 years of acceptable performance as facility manager (payment of rent; adherence to agreement; demonstrated ability to manage property)	purchase of facility
	↓ ↓	↓	↓
3	 As outlined in scenario A – KAS (or other) purchases property	demonstrated willingness and ability to work with HRM as a premiere arts manager and organization	on-going

While the analysis here focuses upon an assessment of each scenario individually (as per the terms of reference) HRM should consider the merits of an evolutionary path such as that outlined above when considering the options open to it.

4.3 Benefits and Risks

The following section assesses the benefits and risks of each option from a number of perspectives. These benefits and risks are qualitative in nature in this section; Section 5 outlines the financial implications of each of the scenarios upon the various parties:

1. The public (i.e. the residents of HRM)
2. HRM (government)
3. The cultural community (individuals who engage in arts and culture pursuits - either on a professional basis, or as an avocation)
4. KAS

The assessments and judgments in the chart below are based upon three sources: 1) feedback and reaction from the various interviews undertaken; 2) findings from the best practices review; and 3) our own judgment as management consultants working extensively with arts organizations and municipalities.

When assessing potential ‘benefits’ to the various parties, the assumption is that the particular scenario being assessed is working out as originally envisaged. When looking at potential ‘risks’ on the other hand, the focus is upon looking at what might go wrong, and how might that negatively affect the party or group whose perspective is being taken. We also comment on any **opportunity cost** incurred in the various scenarios.

Each scenario is discussed in turn below.

4.3.1 Scenario A — KAS Owns and Operates

The primary benefit in this scenario is the potential to have a strong arts organization running a public-oriented program in the facility. As well, the building would be maintained properly and well, and public access into the significant and iconic structure is facilitated. This would clearly be a ‘win-win’ situation with benefits accruing to the general public, HRM, the arts and culture community and, of course, KAS. However, a significant risk is inherent in this scenario. If the KAS is not able to maintain the building properly its overall physical state may be compromised and the public access to the premises may be jeopardized. Moreover, there is some risk to KAS itself, as the day-to-day uncertainties and imperatives of building maintenance, dealing with tenant demands (should they rent out portions of the building), and paying rent can be significant, and consume a large amount of attention on the part of the Board and staff. Some thought would also need to be given by HRM to its course of action in the event that KAS were not able to continue as a viable organization. HRM would retain a right of first refusal to repurchase the asset (at the original sale price) if this were the case.

At present, it is not evident that KAS has the necessary staff skills to effectively engage in building management activities. While this *could* be an effective and workable option in the future, at the present time, our assessment is that the risk outweighs the potential benefits. (In other words, the risks as outlined above would be more likely to materialize than the benefits.)

Definition:
OPPORTUNITY COST

Difference in rent between what could be receive at full market rates and what HRM actually receives.



Exhibit 7

Scenario A — KAS Owns and Operates Benefits and Risks

Note: factors highlighted in YELLOW below are common to all scenarios.

	Benefits	Risks
Public	<ul style="list-style-type: none"> • Cultural programming is available to the public on the property • General arts focal point for the overall community created in the building • Public access into the building would likely be facilitated (as KAS would have significant exhibition space) 	<ul style="list-style-type: none"> • Possible risk to building condition and access if KAS does not manage or maintain the building properly (potential harm to a public good) • If KAS unable to occupy the building fully, some risk of building capacity not being used to its highest and best potential • Additional public cost if HRM subsidies required

HRM	<ul style="list-style-type: none"> • Relieves HRM of the burden of ownership, maintenance and management of the property • Delivery of HRM's mandate regarding programming and access to public space which aligns with mandate, policies, and priorities • Property managed under an agreement that ensures its on-going protection • Could be precedent for relationship with a strong not-for-profit partner who contributes to overall HRM objectives (as outlined in policy) • Revenue stream from full taxes promptly paid on property • HRM has right to buy back property if agreement not adhered to • Delivery of HRM's mandate regarding cultural programming and access to cultural space • Alignment with municipal mandate, policies, and priorities 	<ul style="list-style-type: none"> • If KAS not able to raise funds, develop expanded membership, etc., then risk of default on taxes owed to HRM • KAS area of expertise not currently in property management; would need to hire or develop this expertise • Possible negative signal to the community about the value and significance of heritage properties • Possible risk to building condition and access if KAS does not manage the building properly: future cost to HRM
Cultural Community	<ul style="list-style-type: none"> • Building becomes a major focal point for a arts organizations: raises the profile for all arts organizations • Some potential for sharing of space with established and like-minded arts organization (if KAS is amenable to subletting space); enhanced cultural clustering with the facility 	<ul style="list-style-type: none"> • Failure on the part of KAS might taint HRM's eagerness to enter into similar (or indeed any other) relationships with other arts and not-for-profit organizations
KAS	<ul style="list-style-type: none"> • Establishment (or solidification) of organization and confirmed presence in building (that is so intimately tied to the history of the organization) • Programming control over use of the building, including selection of tenants that are like-minded and compatible organizations, offering potential for synergies (e.g. joint programming, shared operations, etc.) with KAS operations • Available space for future expansion of operations or program • Opportunity to generate income from leases to other arts organizations • KAS may be able to leverage increase in funds from other levels of government for facility and programming improvements 	<ul style="list-style-type: none"> • Part of the time and attention of the organization (at both the Board and staff levels) will become occupied with issues of building maintenance and management: may partially dilute the focus upon their primary mission as an arts organization • If tenants are required to make the proposition economically viable, KAS potentially faces on-going challenges of acting as landlord, finding and dealing with tenants, etc. (especially onerous in an older building and in a soft economic climate) • Difficulty of convincing the City that the organization has the management and financial capacity to take on the challenges of building ownership • On-going (annual) financial hurdle of raising sufficient revenue to pay taxes and substantial operating costs it is not now paying, especially if long periods of vacancy are encountered when renting space to other arts organizations



4.3.2 Scenario B — HRM Owns; KAS Operates under Facility Management Agreement

On the upside, the image of an arts organization successfully operating and programming an historically significant building has strong public appeal, and is in line with existing HRM practices for public facilities. On the downside, the risks of the building not being managed

properly and well, and the potential for harm to KAS itself, all are real and possible. (And, it must be pointed out, the previous relationship between HRM and KAS, where KAS was in fact in the role of facility manager, did not work out well for many of the reasons outlined in the table.) Again, this assessment is based upon the current situation. It is possible that at some point in future, the KAS could build up its property management capacity to the point where these risks would be alleviated.

Exhibit 8

Scenario B — HRM Owns; KAS Operates under Facility Management Agreement Benefits and Risks

Note: factors highlighted in YELLOW below are common to all scenarios.

	Benefits	Risks
Public	<ul style="list-style-type: none"> • Cultural programming available to public on property • General arts focal point for the overall community created in the building • Public access into the building would likely be facilitated (as KAS would have significant exhibition space) 	<ul style="list-style-type: none"> • Some risk to building condition and access if KAS does not manage the building properly • If KAS unable to occupy the building fully, some risk of building capacity not being used to its highest and best potential • Additional public cost if further HRM subsidies required
HRM	<ul style="list-style-type: none"> • Relieves HRM of some burden of day-to-day management of the property • Delivery of HRM mandate for cultural facilities and access to programming 	<ul style="list-style-type: none"> • Risk to building condition as noted above • If KAS not able to raise funds, develop expanded membership, etc., then risk of default on taxes owed to HRM • Allocation of staff and resources towards management of agreement • Lower taxes to HRM than might otherwise be the case for commercial use
Cultural Community	<ul style="list-style-type: none"> • Building becomes a major focal point for a significant arts organization: raises the profile for all arts organizations • Some potential for sharing of space with established arts organization (if KAS is amenable to subletting space); enhanced cultural hub • Some potential for sharing of space with established arts organization (again, if KAS is amenable to subletting space) 	<ul style="list-style-type: none"> • Failure on the part of KAS might taint HRM's eagerness to enter into similar (or indeed any other) relationships with other arts and not-for-profit organizations

KAS	<ul style="list-style-type: none"> • Establishment (or solidification) of substantial and confirmed presence in building (that is so intimately tied to the history of the organization) • Programming control over use of the building, including selection of tenants that are like-minded and compatible organizations, offering potential for synergies (e.g. joint programming, shared operations, etc.) with KAS operations • Available space for future expansion of operations or program 	<ul style="list-style-type: none"> • Part of the time and attention of the organization (at both the board and staff levels) will become occupied with issues of building maintenance and management: may partially dilute the focus upon their primary mission as an arts organization • If tenants required to make the proposition economically viable, on-going challenges of acting as landlord, finding and dealing with tenants, etc. (especially onerous in an older building) • Difficult to convince municipality that the organization has the management and financial capacity to take on the challenges of building ownership • On-going (annual) financial hurdle of raising sufficient revenue to pay taxes, especially if long periods of vacancy are encountered when renting space to other arts organizations • KAS expertise not currently in property management; need to hire or develop this expertise
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4.3.3 Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let

The primary benefit in this scenario is the use of the iconic building by a variety of arts groups with KAS having responsibility for the overall coordination and programming of the building. Because KAS does not need to worry about building maintenance (that function is taken care of by HRM), it is able to largely concentrate the staff and Board's energies upon service to members and the provision of programs to the public. With the ability to sub-let the space, KAS also has the ability to choose partner organizations where there are synergies and complementarities with its existing programming (as well as having expansion space in future should that be needed). As an entity with experience in building management and maintenance, and access to the funds required to do this, HRM is able to care for the historic property in an appropriate and efficient manner. The only downside risk to this scenario, then, is to HRM in the event that the KAS is unable to pay its rent (which is the same as the risk to any other landlord).

Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let

Benefits and Risks

Note: factors highlighted in YELLOW below are common to all scenarios.

	Benefits	Risks
Public	<ul style="list-style-type: none"> • Cultural programming is available to the public on the property • General arts focal point for the overall community created in the building • Public access into the building would likely be facilitated (as KAS would have significant exhibition space) • Assured reliability regarding building management (as HRM would be landlord) 	<ul style="list-style-type: none"> • Reduced risk if HRM acts as building landlord • If KAS unable to occupy the building fully, still some risk of building capacity not being used to its highest and best potential • Additional public cost if further HRM subsidies required
HRM	<ul style="list-style-type: none"> • Assured reliability regarding building maintenance (as HRM would be landlord) • Relieves HRM from supervising numerous leases 	<ul style="list-style-type: none"> • If KAS not able to raise funds, develop expanded membership, etc., then risk of default on rent and/or taxes owed to HRM • Allocation of staff and resources towards management of agreement and maintenance • Possibility of need for HRM to step in and provide emergency funds for KAS
Cultural Community	<ul style="list-style-type: none"> • Building becomes a major focal point for a significant arts organization: raises the profile for all arts organizations 	<ul style="list-style-type: none"> • Failure on the part of KAS might taint HRM's eagerness to enter into similar (or indeed any other) relationships with other arts and not-for-profit organizations
KAS	<ul style="list-style-type: none"> • Establishment (or solidification) of substantial and confirmed presence in building • Programming control over use of the entire building • Available space for future expansion of operations or program • KAS board and staff free to concentrate on matters relating to the operation of an arts organization; building management / maintenance issues the responsibility of HRM 	<ul style="list-style-type: none"> • As above, relating to on-going (annual) financial hurdle of raising sufficient revenue to pay rent

4.3.4 Scenario D — HRM Owns and Operates; KAS is One of Several Tenants

This is, in effect, the existing situation. As in Scenario C, the primary benefit is the strong presence of a number of arts and heritage organizations in a visible iconic facility with public accessibility. Because the tenants do not need to worry about building management or maintenance (that is taken care of by HRM), or with finding tenants, it is able to totally concentrate the staff and Board's energies upon service to members and the provision of programs to the public. As was mentioned previously, HRM is able to care for the historic property in an appropriate and efficient manner.



The only significant downside risk to this scenario is to HRM in the event that tenants such as the KAS are unable to pay their rent (which is the same as the risk to any other landlord in the city). This would then require additional staff time and resources to find other suitable tenants.

Exhibit 10

Scenario D — HRM Owns and Operates; KAS is One of Several Tenants Benefits and Risks

Note: factors highlighted in YELLOW below are common to all scenarios.

	Benefits	Risks
Public	<ul style="list-style-type: none"> • Cultural programming is available to the public on the property • General arts focal point for the overall community created in the building • Public access into the building would likely be facilitated (as KAS would have significant exhibition space) • Assured reliability regarding building management and maintenance (as HRM would be landlord) 	<ul style="list-style-type: none"> • Possible reduction of opportunity for public access if other arts organizations consume space that otherwise would be devoted to public access • Additional public cost if further resources required
HRM	<ul style="list-style-type: none"> • Assured reliability regarding building maintenance (as HRM would be landlord) • Delivery of HRM's mandate regarding programming and access to public space which aligns with mandate, policies, and priorities • Increased ability to select complementary tenants 	<ul style="list-style-type: none"> • If KAS and other renters not able to raise funds, develop expanded membership, etc., then risk of default on rent and/or taxes owed to HRM • Possibility of need for HRM to step in to provide emergency funds for KAS and other tenants • HRM needs to find all tenants
Cultural Community	<ul style="list-style-type: none"> • Building becomes a major focal point for a significant arts organization: raises the profile for all arts organizations • Possible opportunity for other organizations to share space with KAS: potential synergies 	<ul style="list-style-type: none"> • No additional risk beyond that mentioned above to other arts organizations
KAS	<ul style="list-style-type: none"> • KAS can focus on its programming and will not be responsible for operating the facility 	<ul style="list-style-type: none"> • As above, relating to on-going (annual) financial hurdle of raising sufficient revenue to pay rent • KAS not able to choose other tenants • Less to little control over other tenants selected as building occupants

4.3.5 Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)

This scenario is the least defined of all the options, as it contains within it two fundamental variables, including:

1. Whether KAS remains as a tenant in the building
2. Whether another arts management organization or group is contracted to be the facility manager, or whether HRM hires or creates a 'facility management organization' to operate it as well as other HRM cultural properties

The benefits and risks involved in each case are subtly different. The risk to KAS of relocating is significant: disruption, potential loss of membership and public connection (depending upon what new location is found), and the intangible loss of continuity with the building that has been the birthplace and home of the organization. On the other hand (again, depending upon the new location) there may be benefits such as greater accessibility and visibility, available parking, and lower rent. The potential benefits and risks to KAS are very much location-dependent and the advantages and risks of each individual potential new location would need to be assessed separately.

The other dimension relates to the benefits and risks associated with a new entity acting as the facility manager for 1588 Barrington Street. If this were to be another arts organization, then potential benefits and risks would be very much like those outlined in Scenario B. If the city were to contract a facility management firm specializing in this activity (i.e. a property management company as opposed to another arts organization), then the sorts of risks outlined in Scenario B could be considerably alleviated.

The final possibility in this regard (as has been suggested in some of the interviews) is for HRM to create a separate facility management board charged with the responsibility of maintaining and renting out a portfolio of HRM-owned facilities (including 1588 Barrington Street). While there are some significant and interesting potential benefits associated with this scenario (economies of scale in terms of building maintenance and management, standardization and consistency in dealing with arts organizations, simplification of arrangements with HRM-supported organizations) there are also many uncertainties that would be involved relating to staffing, and costs.



Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)
Benefits and Risks

Note: factors highlighted in YELLOW below are common to all scenarios.

	Benefits	Risks
Public	<ul style="list-style-type: none"> • Cultural programming is available to the public on the property • General arts focal point for the overall community created in the building • Public access into the building would likely be facilitated (as KAS would have significant exhibition space) • Possibly even stronger assured reliability if agency specializing in managing municipal cultural properties was to take on role of facility manager • Could be considerable synergies, efficiencies that would translate into public savings 	<ul style="list-style-type: none"> • Possible risk to building condition and access if the management group does not manage the building properly • Additional public cost if further HRM subsidies required
HRM	<ul style="list-style-type: none"> • Possibly even stronger assured reliability • Could be considerable synergies, efficiencies that would translate into public savings 	<ul style="list-style-type: none"> • Variable cost to HRM, depending upon the group that takes on this role • Likely entails significant effort on HRM's part to find or develop an entity to take on this role (either for the subject property specifically, or for a number of city-owned properties) • Like Scenario B, lower taxes to HRM than might otherwise be the case due to tax-exemption of public areas
Cultural Community	<ul style="list-style-type: none"> • Building becomes a major focal point for a significant arts organization: raises the profile for all arts organizations • Opportunity for other arts organization to become prime user of the space and to run it 	<ul style="list-style-type: none"> • Risk associated with a new organization as facility manager (dependent upon their track record, bona fides, etc.)
KAS	<ul style="list-style-type: none"> • KAS can focus on its programming and will not be responsible for operating the facility 	<ul style="list-style-type: none"> • Possibility of need to seek out other premises in which to undertake programming, and unknown effect that this instability would have upon Board and staff, on-going operations, membership, utilization, etc. • No control over other tenants selected as building occupants



Art exhibition at 1588 Barrington Street

Financial Analysis

We have developed an assessment of the financial implications of each scenario. By way of context, we first show the historic costs to the HRM of maintaining the property.

5.1 Cost of Maintaining the Property

The costs to HRM of maintenance and repair of 1588 Barrington Street over the last four years are shown in exhibit 12 below:

Exhibit 12

Cost to HRM of Maintaining the Property

Cost category	2005	2006	2007	2008	Average (2005-2008)
Contract services	\$38,896	\$11,314	\$23,387	\$19,287	\$23,221
Electrical	\$0	\$2,484	\$5,495	\$760	\$2,185
Electricity	\$5,104	\$3,263	\$2,434	\$2,199	\$3,250
Heating fuel	\$6,287	\$7,465	\$8,508	\$7,668	\$7,482
Janitorial services	\$446	\$6,112	\$7,017	\$7,017	\$5,148
Refuse collection	\$788	\$2,350	\$1,599	\$720	\$1,002
Safety systems	\$21	\$81	\$2,526	\$1,381	\$1,364
Wages/benefits	\$0	\$3,650	\$5,563	\$3,327	\$3,135
Water	\$2,264	\$1,602	\$1,392	\$1,303	\$1,640
Miscellaneous other	\$3,922	\$9,862	\$10,224	\$4,119	\$7,032
TOTAL (rounded)	\$57,728	\$48,183	\$68,145	\$47,781	\$55,459

Source: HRM

As the table indicates, expenditures have been somewhat variable from one year to the next. This has ranged from a low of approximately \$48,000 in 2006 and 2008, to higher amounts of nearly \$58,000 in 2005 and \$68,000 in 2007 – years where more significant improvements were undertaken.

5.2 Approach to the Analysis: Underlying Assumptions and Methodology

In this section we outline the underlying assumptions and methodologies that will be used to estimate the costs and revenues accruing to HRM under each scenario. Section 5.2.1 discusses the on-going operating costs associated with the building. Section 5.2.2 discusses the treatment of property tax and rental rates by HRM (as this will affect the financial costs and benefits accruing to HRM for each scenario). Section 5.2.3 discusses the measurement of costs accruing to HRM (as some costs incurred by HRM are direct 'out-of-pocket' costs while others are opportunity costs — in other words foregone revenues that might otherwise be realized by HRM).

5.2.1 Assumptions Relating to the Property

- **Operating cost of the building:** after the initial capital repairs to the building have been made (as outlined earlier in this report) the major on-going costs for management and operation of the building are estimated to be as shown in exhibit 13 below. These costs have been adjusted upwards to reflect the fact that the building is currently only 28% occupied; the costs below assume 100 occupancy¹ (with the exception of contract services, as noted in the table below). As shown, total operating costs will be expected to approximate \$127,000 per year.

Exhibit 13

Operating Cost of the Building

Cost Category	Assumption(s)	Cost Estimate (rounded)
Contract services	Need for contracted services will be less once building repairs are in place - costs will be half of 2005 - 2008 average	\$11,611
Electrical	Average expenditure over 2005 - 2008, adjusted upward to reflect 100% occupancy, will continue	\$7,803
Electricity		\$11,607
Heating fuel		\$26,721
Janitorial services		\$18,386
Safety systems		\$3,579
Refuse collection		\$4,872
Wages/benefits		\$11,196
Water		\$5,858
Miscellaneous other		\$25,113
TOTAL (rounded)		\$126,747

¹ For example, the average annual cost for 'janitorial costs' over the 2005-2008 period was \$5,148. If this were the cost for janitorial services at 28% occupancy, then the cost for full occupancy (i.e. 100%) would be \$18,400 ($\$5,148 \div 0.28$ —rounded upwards to the nearest hundred dollars.)

- **Managed care (Capital maintenance allowance):** As well as the above costs, we assume that 3.5% of the building's replacement cost will be put set aside for building depreciation and major capital maintenance projects (as distinct from normal annual maintenance). Following standard building practice, as discussed in section 3 we assume this amount to be approximately \$20,000.
- **Rentable space:** assume that after building repairs, there would be approximately 7,200 sq. ft. of leasable space on each of the three floors of the building (2,400 sq. ft. on each floor); this excludes the basement space, which it is assumed would only ever be used for storage, heating, and mechanical.

5.2.2 Property Tax Treatment and Rental Rates Charged by HRM

To assist in understanding the different tax and rental rate regimes that may apply in the assessment of options for the property, we have used the following colour scheme to illustrate the different variations:

Exhibit 14 on the following page outlines the fundamentally different situations that a property can be in vis-a-vis its property tax and, for operations in HRM-owned buildings, rental status with the Municipality. Clearly, there is a large element of municipal discretion in terms of both the level of specific support offered to any individual organization through a property tax subsidy, as well as the rental rate charged for activities occurring in HRM-owned facilities. This example provides an illustration only; actual dollar values will vary on a case-by-case basis, which are to be determined by Council.

Colour Scheme for rent and tax variations

Dark green	At the one end of the scale, the DARK GREEN row shows services provided by not-for-profit groups that are directly aligned with municipal mandate, policies and priorities. These represent activities that might be offered directly by HRM if a community organization did not provide them instead. Because of this direct alignment with municipal mandate or policy, these activities may receive a higher level of support by HRM. The mechanism through which this is done is that their property tax rate is lowered to the equivalent of a residential rate (called “converted to a residential rate”) on whatever space they occupy. This lower residential rate may in turn be discounted to 75%–100% of what might otherwise be owed (with HRM making up the difference). If the operation were to take place in space owned by HRM, the rental rate charges might also be substantially reduced from what a market rent would be (conceivable down to a very nominal rate of something like \$1 per square foot). The example in the chart below is of a not-for-profit art gallery running a free public art gallery (i.e. not charging admission, and not selling the artwork).
Medium green	The MEDIUM GREEN row shows a second category of space occupied by not-for-profit groups that provide services directly aligned with municipal policies and priorities. However, the space utilized in this category is not itself directly used in the provision of services to the public, but rather with the internal administrative operations of the organization. Accordingly, its level of property tax subsidy may be somewhat less and its rental rate (if in a HRM-owned building) may also be somewhat lower than a full market rate.
Light green	The LIGHT GREEN row shows commercial activities sponsored by not-for-profit groups. Their motivation for undertaking the commercial activity is to generate a positive net income for the not-for-profit group. As a quasi-commercial operation, this level of activity thus attracts the lowest level of subsidy. For commercial activities of this type occurring in HRM-owned buildings, rental rates might be subsidized to some extent, but possibly not at all.
Yellow	The YELLOW row shows not-for-profit organizations that contribute to community betterment in some way (e.g. they may be charities or contribute services in some other way to the community). However, as the services offered by these organizations are not necessarily those that would otherwise be offered by HRM, they are supported at a lower level than ‘aligned’ organizations. (An example might be a medical charity such as the Canadian Cancer Society — clearly doing good works in society generally, but not providing a service that would otherwise be offered by HRM.) The level of property tax subsidy offered to these organizations may thus be no more than the simple conversion of the commercial to residential tax rate (which is nonetheless significant just by itself). And likewise, for activities occurring in HRM-owned facilities, a less-than-market value rental rate may be charged.
Red	Finally, the RED row illustrates a purely commercial activity. As a fully private-sector commercial activity, there would be no tax subsidy provided and, if the operation were occurring in an HRM-owned building, there would be no rental subsidy provided either. (Note that provincial legislation prohibits a municipality from offering a subsidy to an individual or business).

Examples of Rent Situations for Building Ownership Situations, Leasing and Facility Management Agreements

Colour Code	Example	Potential Tax Subsidy Provided	Potential Municipal Rent Subsidy Provided
Red	<ul style="list-style-type: none"> Commercial private operation 	0%	none (\$0.00)
Yellow	<ul style="list-style-type: none"> Not for profit operation but not aligned with mandate or objectives of HRM for property or district 	<ul style="list-style-type: none"> Conversion from commercial to residential rate (residential rate then becomes the applicable tax rate) 	None or modest discount, recognizing not-for-profit nature of enterprise)
Light green	<ul style="list-style-type: none"> Not for profit operation aligned with HRM objectives, with operating revenue generating activities (where profits go into organization's general revenues) 	<ol style="list-style-type: none"> Conversion from commercial to residential rate Residential rate may then be discounted slightly, depending upon scope of service provided 	None or modest discount, recognizing not-for-profit nature of enterprise)
Medium green	<ul style="list-style-type: none"> Not for profit operation aligned with HRM objectives, using space for internal administration / office-type activities 	<ol style="list-style-type: none"> Conversion from commercial to residential rate Residential rate may then be discounted moderately, depending upon scope of service provided 	Some discount likely
Dark green	<ul style="list-style-type: none"> Not for profit operation aligned with HRM objectives, using space for public purpose (non revenue-generating) 	<ol style="list-style-type: none"> Conversion from commercial to residential rate Residential rate may then be discounted significantly, depending upon scope of service provided 	Full or significant discount likely

5.2.3 Measurement of Costs to HRM

There are three types of costs that HRM might incur for any of the scenarios examined here. These are:

- Operating costs** — These are the direct costs that HRM incurs in operating and maintaining the property (for those scenarios that have this requirement). These involve, for example, HRM paying electricity costs and hiring janitorial assistance. Our estimate (see section 5.2.1 of the Report) is that these will be approximately \$126,700 per year).
- Property tax subsidy** — This amount represents the amount paid by HRM's subsidy tax program account after 'conversion to residential'. It is an opportunity cost that represents the difference between what HRM could realize by way of taxes for a given tenant on a given property (if rent were to be charged at just the 'converted to residential' rate) versus the actual rate charged (which may be discounted from the 'converted to residential' rate, reflecting the fact that HRM determines the service provided by the organization is aligned with public purpose to some extent and thus

worthy of some support). If, for example, the entire building of 7,200 sq. ft. were to be taxed at the full ‘converted to residential rate’, the property tax owing would be approximately \$19,200 (i.e. 7,200 sq. ft. times the residential tax rate of \$2.65 per sq. ft.²). The difference between this amount and the taxes actually realized is the property tax subsidy (if, for example, a 25%, 50%, 75% or 100% subsidy on taxes owing is agreed to by HRM because the enterprise is providing services that are in the public interest).

3. **Market rental rate subsidy** — This measures the difference between what HRM could rent the building to the private sector (assuming a market rent) and what it actually receives in rent for any given scenario. The estimated rent would be \$144,000 – calculated at 7,200 sq ft gross leasable area times \$20 per sq. ft. (assumed to be the full market rent for commercial property), so the opportunity cost measured would be \$144,000 less whatever rent HRM is able to generate for the property.

Our estimate of total cost to HRM is thus:

	Operating Cost	+	Property tax subsidy	+	Market rental rate subsidy	=	Total Cost
Cash	\$126,700		—		—		\$126,700
Lost revenue	—		\$19,200		\$144,000		\$163,200
Total	\$126,700		\$19,200		\$144,000		\$289,900

5.3 Financial Analysis of the Scenarios

Using the assumptions and methodologies described in the previous section, we can now calculate the financial implications upon HRM of each scenario.

5.3.1 Scenario A — KAS Owns and Operates

Scenario A, which unlike the other scenarios presupposes the sale of the property, involves two levels of analysis: the first at the level of the sale, and the second, the on-going operating implications of the situation that results after the transfer of the property. As mentioned in Section 4 of the report, there are two sub-scenarios to consider:

- **A1: Market Value Sale** — This is where the building would be sold to a purchaser (who would be some sort of arts-related organization) for a price equal to the actual market value of the building; and

² See section 1.3 of this Report.



- **A2: Less-than-Market Value Sale** — Where the building would be sold to a purchaser for a discounted price somewhere between the market value and \$1 (constituting a transfer of land title).

Analysis of Sale

For the first scenario (the market value sale) the revenues accruing to HRM from the sale of the property are estimated as follows:

- **The selling price** — We understand that the market value of the property is approximately \$500,000 (although some have suggested that the actual value may be something even less, this figure will be used for illustrative purposes)
- **Deed transfer tax (1.5%)** — On a \$500,000 transaction would be \$7,500
- **The annual tax accruing to HRM (at presumably full market rates, not discounted)** — Approximately \$19,100 (this would be the commercial rate of \$2.65 per sq. ft. times the 7,200 sq. ft. of taxable space in the building)

Thus in this scenario, the one time value to HRM s could be \$507,500 (sale price plus deed transfer) plus on the order of \$19,100 in property taxes per year.

At the other extreme the second scenario (the less-than-market value sale) the cost and revenues accruing to HRM from the sale are estimated as follows:

- **An opportunity cost (i.e. the foregone revenue accruing to HRM from the sale of the property)** — Again, assuming the assessment figure represents the current market value of the property, the opportunity cost could range from essentially \$500,000 (were the property to be deeded over to the recipient organization for a nominal price such as \$1) to something less than this if a higher amount was asked of the purchaser
- **Deed transfer tax (1.5%)** — Based upon the actual amount of the sale, this could be anywhere from essentially nothing (at the low end) to \$7,500 (which would represent a transaction at full market value)
- **The annual tax accruing to HRM** — As shown in the next section, the annual taxes accruing to HRM could be on the order of \$10,600, representing an opportunity cost of \$8,500 (i.e. the potential taxes of \$19,100 less the taxes actually received of \$10,600)

Thus in this scenario at the extreme end of the range, the one time value to HRM could be nothing (sale price plus deed transfer) plus on the order of \$10,600 in property taxes per year (which is the operating scenario explored more fully in the next section).

Operating Analysis

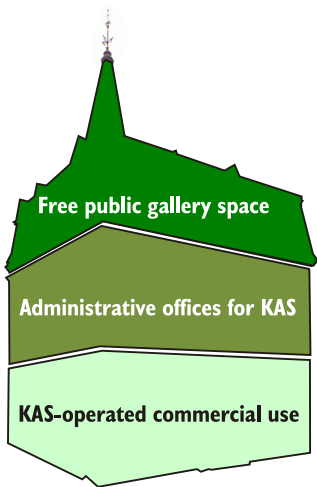
Next we turn to the annual operating situation for the property. Here we are assuming that a not-for-profit group (like that envisaged to acquire the property in Scenario A2 above) would own and operate the building.

In order to calculate the potential costs and benefits accruing to HRM under each of the scenarios, a reasonable set of assumptions must be postulated concerning the specific uses for each of the spaces (i.e. floors) available to various users. Accordingly, under this scenario where KAS is the owner and operator of the property, we assume that:

- The ground floor is used for some commercial venture that generates revenue to the organization (and is thus taxed at one rate);
- The second floor used for the administrative operations of the enterprise (and thus taxed at a different rate); and
- The third used for public purposes (and is taxed at yet a different rate). As KAS would own the building under this scenario, no rent would accrue to HRM.

Exhibit 16

Scenario A — KAS Owns and Operates
Example of Analysis of Annual Revenues to HRM



Area of building under consideration	Specific scenario (example)	Amount of space involved	Property tax and revenues accruing to HRM assumptions (2009 rate)	Rent and revenues accruing to HRM assumptions	Total revenues accruing to HRM
First (ground) Floor	KAS-operated commercial use (café, pub, selling gallery, etc.)	2,400 sq. ft.	<ul style="list-style-type: none"> • Assume commercial rate of \$2.65 per sq. ft. = taxes owed of \$6,360 • High probability that full commercial rate will apply as floor being used for commercial use • At no exemption = \$6,360 	HRM not able to collect rent as it does not own the property under this scenario = \$0	\$6,360
Second Floor	Administrative offices for KAS	2,400 sq. ft.	<ul style="list-style-type: none"> • Assume commercial rate of \$2.65 per sq. ft. = \$6,360 • Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. • = \$4,272 	As above, \$0	\$4,272

Third Floor	Free public gallery space (no commercial activity occurs on floor: i.e. no admission fee, no sales, etc.)	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 At 100% exemption = \$0 	As above, \$0	\$0
Total			\$10,600	\$0	\$10,600

Exhibit 17

Example of Annual Costs Accruing to HRM for Scenario A³ (rounded)

Area in which costs may be incurred	Specific assumptions	Resulting cost to HRM
Out-of-Pocket Costs	<ul style="list-style-type: none"> KAS takes on costs of operating building 	\$0
Property Tax Subsidy	<ul style="list-style-type: none"> Total potential taxes to HRM are \$19,100 Actual taxes realized are \$10,600 	\$8,500
Market Rental Rate Subsidy	<ul style="list-style-type: none"> HRM not owner of property; not able to collect rent 	\$0
Total Costs		\$8,500

Note that under this scenario, the costs to HRM is the opportunity cost or subsidy, which is of foregone revenue that HRM could charge to the owner of the building were the total amount of space to be taxed at the full 'converted to residential' rate (which would generate \$19,100 per year). Another way of looking at this would be that the cost to HRM is an opportunity cost of \$8,500 per year (i.e. the commercial taxes that HRM could expect to realize from a full commercial lease [\$19,100] less the amount it actually does realize, which is \$10,600). The difference – the cost to HRM of allowing a non-commercial enterprise into the building – is \$8,500.

Exhibit 18

Net Benefits to HRM, Scenario A (rounded)

	Cash Flow (rounded)	Opportunity Costs (subsidies)	Net
Estimated Revenues	\$10,600	(\$8,500)	\$2,100
Estimated Costs	\$0	-	\$0
Estimated Net	\$10,600	(\$8,500)	\$2,100³

³ Note that this estimate of annual operating costs and revenues does not take into account the one-time \$500,000 that HRM would have realized from the sale of the building.

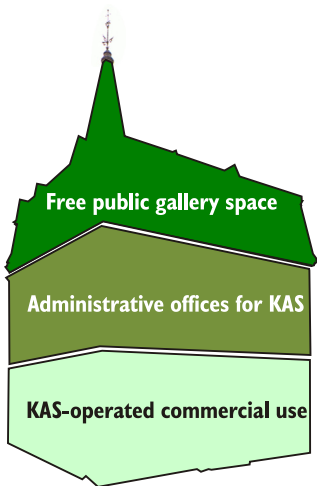


5.3.2 Scenario B — HRM Owns; KAS Operates under Facility Management Agreement

This scenario assumes essentially the same set of uses on each floor as in Scenario A: the prime difference is that KAS, as the facility management operator, gets some recognition of this fact through an exemption on rent owing on some of its administrative space, as well as some discount on the market rent it is charged. The specific assumptions are outlined in the table below:

Exhibit 19

Scenario B — HRM Owns; KAS Operates under Facility Management Agreement Example of Analysis of Annual Revenues to HRM



Area of building under consideration	Specific scenario (example)	Amount of space involved	Property tax and revenues accruing to HRM assumptions (2009 rate)	Rent and revenues accruing to HRM assumptions	Total revenues accruing to HRM
First (ground) Floor	KAS-operated commercial use (café, pub, selling gallery, etc.)	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = taxes owed of \$6,360 High probability that full commercial rate will apply as floor being used for commercial use At no exemption = \$6,360 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$30,360
Second Floor	Administrative offices for KAS. Portion of second floor office (say 400 sq. ft.) is allocated to KAS' facility management role	<ul style="list-style-type: none"> 2,000 sq. ft. KAS 'regular operat'ns' 400 sq. ft. KAS facility management operat'ns 	For KAS regular operations (2,000 sq. ft.): <ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. = \$3,560 For Facility Management Activities: <ul style="list-style-type: none"> 400 sq. ft. allocated to KAS' facility management role exempted 	HRM determines less-than- market value rental rate of \$5 per sq. ft. recognizing facility management role played by KAS but only on space used for 'regular operations' = \$10,000	\$13,560

Third Floor	Free public gallery space	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 At 100% exemption = \$0 	HRM determines less-than- market value rental rate of \$1 per sq. ft. recognizing accessible public nature of programming = \$2,400	\$2,400
Total			\$9,920	\$36,400	\$46,320

Exhibit 20

Example of Annual Costs Accruing to HRM of Scenario B (rounded)

Area in which costs may be incurred	Specific assumptions	Resulting cost to HRM
Out-of-Pocket Costs	<ul style="list-style-type: none"> Some of the costs of managing the building are undertaken by KAS (e.g. janitorial, utilities) Assume that half the on-going operating costs (of \$126,700) are taken on by KAS 	\$63,300
Property Tax Subsidy	<ul style="list-style-type: none"> Total potential taxes to HRM are \$19,200 Actual taxes realized are \$9,920 	\$9,280
Market Rental Rate Subsidy	<ul style="list-style-type: none"> Total commercial rent potentially available to HRM is \$144,000 Actual rent realized is \$36,400 	\$107,600
Total Costs		\$180,180

Exhibit 21

Net Benefits to HRM, Scenario B (rounded)

	Cash Flow (rounded)	Opportunity Costs (subsidies)	Net
Estimated Revenues	\$46,300	(\$116,900)*	(\$70,600)
Estimated Costs	(\$63,300)	-	(\$63,300)
Estimated Net	(\$17,000)	(\$116,900)	(\$133,900)
* i.e. the total of the property tax subsidy of \$9,280 plus the market rental rate subsidy of \$107,600.			

Note that under this scenario, most of this cost to HRM is an opportunity cost, consisting of *foregone revenue* that HRM could charge to the owner of the building were the total amount of space to be taxed at the full commercial rate, and the space to be leased to a totally commercial venture at \$20 per sq. ft.

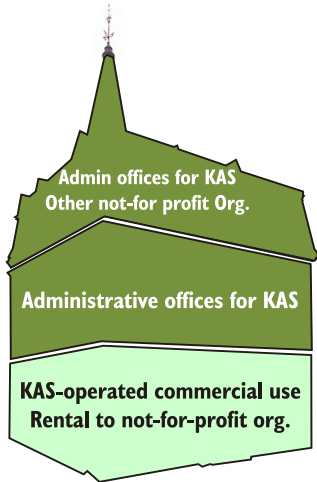


5.3.3 Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let

Again, this scenario assumes essentially the same set of uses on each floor as in Scenarios A and B. Here KAS is the sole tenant, and uses some of its ground floor space for commercial revenue-generating activities and the remainder of its ground floor space is sub-let to another organization (we assume continuing use of the space by the Nova Scotia Heritage Trust). As a simple tenant, KAS would not be eligible for any additional concessions that it might get as per Scenario B as a result of agreeing to manage the building for HRM.

Exhibit 22

Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let Example of Analysis of Annual Revenues to HRM



Area of building under consideration	Specific scenario (example)	Amount of space involved	Property tax and revenues accruing to HRM assumptions (2009 rate)	Rent and revenues accruing to HRM assumptions	Total revenues accruing to HRM
First (ground) Floor	KAS-controlled commercial use (café, pub, selling gallery, etc.)	2,136 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = taxes owed of \$5,660 High probability that full commercial rate will apply as floor being used for commercial use At no exemption = \$5,660 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$21,360	\$27,020
First (ground) Floor	Rental to not-for-profit organization (e.g. Nova Scotia Heritage Trust)	264 sq. ft.	<ul style="list-style-type: none"> \$2.65 per sq. ft. = \$700 Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. = \$470 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$2,640	\$3,110
Second Floor	Administrative offices for KAS	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. = \$4,272 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$28,272

Third Floor	Administrative offices for KAS other not-for profit Organizations	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. = \$4,272 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$28,272
Total			\$ 14,700	\$ 72,000	\$ 86,700

Exhibit 23

Example of Annual Costs Accruing to HRM of Scenario C (rounded)

Area in which costs may be incurred	Specific assumptions	Resulting cost to HRM
Out-of-Pocket Costs	<ul style="list-style-type: none"> All of the costs of managing the building are undertaken by HRM 	\$126,700
Property Tax Subsidy	<ul style="list-style-type: none"> Total potential taxes to HRM are \$19,100 Actual taxes realized are \$14,700 	\$4,400
Market Rental Rate Subsidy	<ul style="list-style-type: none"> Total commercial rent potentially available to HRM is \$144,000 Actual taxes realized are \$72,000 	\$72,000
Total Costs		\$203,100

Exhibit 24

Net Benefits to HRM, Scenario C (rounded)

	Cash Flow (rounded)	Opportunity Costs (subsidies)	Net
Estimated Revenues	\$86,700	(\$76,400)*	\$10,300
Estimated Costs	(\$126,700)	-	(\$126,700)
Estimated Net	(\$40,000)	(\$76,400)	(\$116,400)
*i.e. the total of the property tax subsidy of \$4,400 plus the market rental rate subsidy of \$72,000.			

Note that again under this scenario, most of this cost to HRM is an opportunity cost, consisting of *foregone revenue* that HRM could charge to the owner of the building were the total amount of space to be taxed at the full ‘converted to residential’ rate, and the space to be leased to a totally commercial venture at \$20 per sq ft.

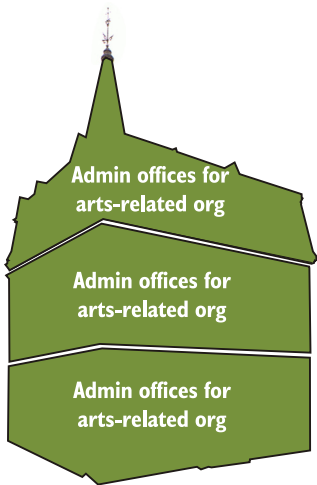


5.3.4 Scenario D — HRM Owns and Operates; KAS is One of Several Tenants

This scenario assumes that the entire building is used by arts and related organizations for administrative space purposes, and that there are no commercial activities or public program activities that occur in the space.

Exhibit 25

Scenario D — HRM Owns and Operates; KAS is One of Several Tenants Example of Analysis of Annual Revenues to HRM



Area of building under consideration	Specific scenario (example)	Amount of space involved	Property tax and revenues accruing to HRM assumptions (2009 rate)	Rent and revenues accruing to HRM assumptions	Total revenues accruing to HRM
First (ground) Floor	Administrative offices for arts-related organizations (consistent with HRM objectives for building and area) - (KAS may be on this or another floor)	2,400 sq. ft.	<ul style="list-style-type: none"> Assume commercial rate of \$2.65 per sq. ft. = \$6,360 Discounted [residential] rate 2/3 of commercial; therefore \$1.78 per sq. ft. = \$4,272 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$28,488
Second Floor	As above	2,400 sq. ft.	<ul style="list-style-type: none"> Same as first floor = \$4,272 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$28,488
Third Floor	As above	2,400 sq. ft.	<ul style="list-style-type: none"> Same as first floor = \$4,272 	HRM determines less-than- market value rental rate of \$10 per sq. ft. recognizing public nature of organization = \$24,000	\$28,488
TOTAL			\$ 12,800	\$72,000	\$ 84,800

Example of Annual Costs Accruing to HRM of Scenario D (rounded)

Area in which costs may be incurred	Specific assumptions	Resulting cost to HRM
Out-of-Pocket Costs	<ul style="list-style-type: none"> All of the costs of managing the building are undertaken by HRM 	\$126,700
Property Tax Subsidy	<ul style="list-style-type: none"> Total potential taxes to HRM are \$19,100 Actual taxes realized are \$12,800 	\$6,300
Market Rental Rate Subsidy	<ul style="list-style-type: none"> Total commercial rent potentially available to HRM is \$144,000 Actual taxes realized are \$72,000 	\$72,000
Total Costs		\$205,000

Net Benefits to HRM, Scenario D (rounded)

	Cash Flow (rounded)	Opportunity Costs (subsidies)	Net
Estimated Revenues	\$84,800	(\$78,300)*	\$6,500
Estimated Costs	(\$126,700)	-	(\$126,700)
Estimated Net	(\$41,900)	(\$78,300)	(\$120,200)

* i.e. the total of the property tax subsidy of \$6,300 plus the market rental rate subsidy of \$72,000.

Note that again under this scenario, most of this cost to HRM is an opportunity cost, consisting of *foregone revenue* that HRM could charge to the owner of the building were the total amount of space to be taxed at the full commercial rate, and the space to be leased to a totally commercial venture at \$20 per sq ft.

5.3.5 Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)

Financially, this scenario is identical with Scenario B (which cast KAS in the role of the facility manager). Of course, depending upon the agreement with the specific group with which HRM signed a facility management agreement (which could entail different property tax exemptions on space, as well as different rental rates charges) there may be somewhat different implications. For the purpose of this analysis, however, it is assumed that the same assumptions will apply.

In summary, then, the financial analysis is as shown below. Again, the specific assumptions underlying this analysis are as outlined in Scenario B.



Net Benefits to HRM

	Cash Flow (rounded)	Opportunity Costs (subsidies)	Net
Estimated Revenues	\$46,300	(\$116,900)*	(\$70,600)
Estimated Costs	(\$63,300)	-	(\$63,300)
Estimated Net	(\$17,000)	(\$116,900)	(\$133,900)
* i.e. the total of the property tax subsidy of \$9,280 plus the market rental rate subsidy of \$107,600.			

5.4 Summary Assessment and Conclusion

The terms of reference outlines a set of evaluation criteria that needed to be assessed for each of the options. Drawing upon the foregoing assessment, this section addresses each of these considerations:

It is clear from the research undertaken that the property at 1588 Barrington Street is an important building to HRM: as an important and iconic historic structure that has architectural interest and historic significance; as a focal point for a vibrant and relevant arts program for Downtown Halifax and the community overall; and as an important part of the revitalization of Barrington Street. Recognizing this importance, and its critical role as protector and steward of the property, HRM has undertaken this due diligence assessment of the merits of the various options outlined above. The information presented here will now be critical in HRM's evaluation of the most prudent course of action to be undertake at this point in order to preserve the historic value of the building as well as optimize its future use to the community.

Exhibit 29 summarizes the assessment.

Summary of Assessments

		A. KAS Owns and Operates	B. HRM Owns; KAS Operates under Facility Management Agreement	C. HRM Owns; KAS has Head Lease with Right to Sub-let	D. HRM Owns and Operates; KAS is One of Several Tenants	E. HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere)
Capital Costs		Assume costs of upgrading are constant across the three scenarios; estimated as approximately \$800,000 to \$1 million.				
Sale of property		\$500,000	n.a.	n.a.	n.a.	n.a.
Annual Operating Costs to HRM	Net Revenues	\$10,600	(\$17,000)	(\$40,000)	(\$41,900)	(\$17,000)
	Opportunity Cost	(\$8,500)	(\$116,900)	(\$76,300)	(\$78,400)	(\$116,900)
	Total Cost	\$2,100	(\$133,900)	(\$116,400)	(\$120,200)	(\$133,900)
Building Management Implications		HRM relieved of responsibility for building management and maintenance; becomes KAS responsibility	Responsibilities for management and maintenance shared by HRM and KAS according to Memorandum of Understanding	HRM responsible for building management and maintenance	HRM responsible for building management and maintenance	Responsibilities for management and maintenance shared by HRM and new organization
HRM Staff Resource Implications		HRM would need to collect property taxes, as well as ensure KAS was adhering to ownership covenant	HRM would need to (a) collect rent and property taxes, (b) ensure KAS was adhering to Facility Management Agreement, and (c) undertake its share of property management (under the Agreement)	HRM would need to (a) collect rent and property taxes, (b) undertake property management (as the landlord)	HRM would need to (a) collect rent and property taxes, (b) undertake property management (as the landlord)	HRM would need to (a) undertake an RFP process to identify a suitable organizations to act as Facility Manager, (b) collect rent and property taxes, (c) ensure that property manager was adhering to Facility Management Agreement, and (d) undertake its share of property management (under the Agreement)

KAS Staff Resource Implications	KAS would need to develop capability in (or hire) building management	KAS would still need to develop some capability in (or hire) building management	KAS focuses on operation and achieving vision; possibly some admin. time on finding and dealing with sub-lets	KAS and other tenants focus upon operations and achieving vision	To be determined, depending upon structure and form of new agency
Volunteer and Board Capacity	Board and staff responsibilities would need to expand to embrace building management	Possibly some volunteer involvement in building maintenance activities	Board, volunteers concentrate upon achieving vision	Volunteers and Boards of other arts organ, focus on operations and achieving vision	To be determined, depending upon structure and form of new agency
Access to Public Funding	Will likely be imperative; KAS Board would need to embrace fundraising; however, danger of mixed message — focus on building or program?	May be enhanced; KAS Board would need to embrace fundraising	May be enhanced; KAS able to focus on mission	May be enhanced; arts organizations able to focus on respective missions	To be determined, depending upon structure and form of new agency



Staircase and skylight at 1588 Barrington Street

Benchmark Results

A number of other artist-run centres were profiled in order to determine any ‘lessons learned’ that might be applicable to HRM. (These interviews were undertaken by HRM staff, according to a framework developed by the consultants.) The table below summarizes the key highlights from these interviews.

KAS Halifax	SAW Gallery Ottawa	Neutral Ground Regina	Struts Sackville, NB	Open Space Victoria
History				
<ul style="list-style-type: none"> Established 1995 	<ul style="list-style-type: none"> Incorporated 1976 	<ul style="list-style-type: none"> Began 1982 	<ul style="list-style-type: none"> Began mid 1970s, Incorporated 1982 	<ul style="list-style-type: none"> Incorporated 1972
Mission				
<ul style="list-style-type: none"> The Khyber Arts Society is a non-profit, artist-run centre located in downtown HALifax Stated mission is to “foster critical thought in society” In support of this mission it holds art exhibitions, concerts, artist lectures, panel discussions, performances and offers art classes to youth 	<ul style="list-style-type: none"> Promote contemporary Canadian and international artists from diverse cultural backgrounds Provide an evolving inter-disciplinary presentation space Present programming with focus on Canadian performance and media art Serve needs of diverse communities through audience development Pay artists fees above CARFAR 	<ul style="list-style-type: none"> Support contemporary art practices through presentation and creation activities Develop new artistic processes and support inclusion in activities Exhibit new and experimental work through program of visiting artists initiatives and curatorial projects Respond to the artistic concerns of Canadian and Quebecois artists. 	<ul style="list-style-type: none"> Maintain a multi-purpose facility for diverse artist initiated activities: expositions, demonstrations, workshops, etc. Provide a professional environment for artists to present work in a non-commercial, non-museum venue. Promote awareness of regional and national contemporary artists Develop and promote through Faucet- media production facility 	<ul style="list-style-type: none"> Provide a working laboratory for innovative art practices, opening new territories for contemporary art, artists and society in a global context Support hybrid and experimental approaches to art making by presenting work by emerging and established artists Create a centre that reflects the diversity of contemporary art practices in the region

Definition:

IN-KIND SUPPORT

When HRM provides non-financial resources (as opposed to a grant or loan).

KAS Halifax	SAW Gallery Ottawa	Neutral Ground Regina	Struts Sackville, NB	Open Space Victoria
Ownership/Management Structure				
<ul style="list-style-type: none"> • Non-profit, artist-run centre • Managed by Board • Overseen by 12-person Board of Directors 	<ul style="list-style-type: none"> • Non-profit, artist-run centre • Managed by an executive director, curator, staff and volunteers • Overseen by a Board of Directors, with working sub-committees 	<ul style="list-style-type: none"> • Non-profit, membership-owned centre • Managed by a Director, Production Coordinator, occasional additional staff and volunteers • Overseen by a Board of Directors 	<ul style="list-style-type: none"> • Non-profit, artist-run centre • Managed by a Coordinator, Manager of Media, other staff & volunteers • Overseen by a Board of Directors 	<ul style="list-style-type: none"> • Non-profit, artist-run centre • Established as a society with an executive director, staff and volunteers • Overseen by a Board of Trustees
Relationship with municipality				
<ul style="list-style-type: none"> • Halifax Regional Municipality (HRM) is landlord • HRM also provides subsidy support to organization • Managed by Board • Overseen by 12-person Board of Directors 	<ul style="list-style-type: none"> • City gives them subsidized rent in municipally owned “Arts Court”. • City gives them funding through competitions and operating grants 	<ul style="list-style-type: none"> • City gives them funding through annual programs 	<ul style="list-style-type: none"> • Town supports Struts mainly through in-kind donations i.e. participation in events, street closures and other services. 	<ul style="list-style-type: none"> • Regional District reduces their property taxes
Board Composition				
<ul style="list-style-type: none"> • 12-person Board of Directors • Board represents visual artists and some expertise in other functional areas (legal, accounting) 	<ul style="list-style-type: none"> • 9 – 12 members • ½ are artists but also seek those with support knowledge such as conservators, lawyers, technicians, etc. 	<ul style="list-style-type: none"> • 6 – 12 members • must be practicing artists, educators, curators, organizers, administrators 	<ul style="list-style-type: none"> • 5 – 7 members • must be artists, but definition is broad 	<ul style="list-style-type: none"> • 7 members-
Membership				
<ul style="list-style-type: none"> • Membership varies: now approximately 200 • Individual membership fee: \$30 • Student membership fee: \$10 	<ul style="list-style-type: none"> • 100 annual members • Membership costs: General \$30 Artists/students \$20 • Open to all 	<ul style="list-style-type: none"> • 1,000 members • Membership costs: Full \$24 • Student/unwaged \$15 • Associate \$40 • Individual Patron \$75 • Corporate \$100-1000 • Open to all 	<ul style="list-style-type: none"> • 250 – 300 members • Membership costs: Voting \$35 • Associate \$15 • Student \$10 • Supporting \$50 • Patron \$100 • Must be an artist to be voting member 	<ul style="list-style-type: none"> • 49 members • Membership Costs: <ul style="list-style-type: none"> • General \$30 • Student \$20 • Group/Family \$50 • Sustaining \$75 • Open to all

KAS Halifax	SAW Gallery Ottawa	Neutral Ground Regina	Struts Sackville, NB	Open Space Victoria
Premises				
<ul style="list-style-type: none"> One of two tenants in the historic Church of England building located at 1588 Barrington St. 	<ul style="list-style-type: none"> Lease space in Arts Court, municipal building with cluster of 30 arts organizations 	<ul style="list-style-type: none"> Under long term lease 	<ul style="list-style-type: none"> Lease ground floor of building downtown 	<ul style="list-style-type: none"> Owens 2 story building since 1975, in original Fort Victoria
Staffing				
<ul style="list-style-type: none"> 2 part-time staff Very involved Board, involved in many activities and events Very active volunteer base 	<ul style="list-style-type: none"> 3 Full-time staff- Director, Curator and Club SAW Coordinator 	<ul style="list-style-type: none"> 2 Full-time staff- Director and Production Coordinator Grants occasionally pay for interns and other support personnel 	<ul style="list-style-type: none"> 1 Full-time staff and 2 regular part-time staff - Director and Manager of Media Grants pay for 1 production staff and 2 summer staff 	<ul style="list-style-type: none"> 5 Full-time staff- Director, Administrative Coordinator, Technician, New Music Coordinator and Curatorial Assistant
Activities				
<ul style="list-style-type: none"> Gallery holds exhibitions, events, children's activities Occasional lectures, panels, discussions, and individual performances Occasional concerts and musical events Maintenance of member's communications 	<ul style="list-style-type: none"> Gallery holds exhibitions and events, typically for visual, media and performance arts. Gallery occasional holds music presentations. Club SAW is involved in community programming 	<ul style="list-style-type: none"> Gallery holds exhibitions, events, educational activities, workshops, residencies, and concerts Media Lounge operates a media production lab 	<ul style="list-style-type: none"> Gallery holds exhibitions and events plus concerts, screenings Struts hosts two large festivals Gallery has hosted 8 artists in residence this year Faucet Media supports media arts through workshops, screenings, exhibitions and affordable access to production equipment 	<ul style="list-style-type: none"> Gallery holds performances, installations, workshops readings, lectures, screenings and residencies. Gallery also provides professional development and employment opportunities.

KAS Halifax	SAW Gallery Ottawa	Neutral Ground Regina	Struts Sackville, NB	Open Space Victoria
Size of Operation				
<ul style="list-style-type: none"> • Occupies 1,730 sq. ft. of space in the building at 1588 Barrington Street in Halifax • Approximately 80% of this is administrative / office space • 20% is temporary use space, used for periodic exhibitions 	<ul style="list-style-type: none"> • 1,800 sq. ft with main gallery, project room and Club SAW program room 	<ul style="list-style-type: none"> • 3,100 sq. ft with media lounge, main and adjunct galleries, offices and small storage space. • Limited by not having freight elevator, wheelchair access, parking or apartment/ residency space 	<ul style="list-style-type: none"> • 4,000 sq. ft. with 3 exhibition spaces (for concerts, workshops, studios), office space for 4, 'information centre' (a hallway), bathroom and media production studio • Also have two 2-bed apartments used for visiting artists and staff • Limited by not having a long-term lease and too small space- need 3X current space. 	<ul style="list-style-type: none"> • 5,000 sq ft with gallery, seating, workrooms, performance space, resource centre and mezzanine offices • Storage space on ground floor
Budget and Revenues				
<ul style="list-style-type: none"> • \$86,000 budget of which: <ul style="list-style-type: none"> • \$40,000 Canada Council • \$12,000 Nova Scotia government • \$25,000 HRM subsidy • \$5,000 from members • \$4,000 misc. 	<ul style="list-style-type: none"> • \$220,000 budget • Approx \$206,000 — \$91,000 Canada Council, <ul style="list-style-type: none"> • \$43,000 Ontario • \$72,000 Ottawa • Approx \$14,000 per year in fundraising efforts • Also receive approximately \$30,000 in-kind donations 	<ul style="list-style-type: none"> • \$250,000 budget • Approx \$218,000 <ul style="list-style-type: none"> • \$120,000 Canada Council • \$82,000 Sask Arts • \$15,500 Regina • Approx \$32,000 from sales, special events, partnerships, and various grants 	<ul style="list-style-type: none"> • \$235,000 budget • Approx \$155,000 <ul style="list-style-type: none"> • \$107,850 Canadian Council • \$41,800 Province • \$500 Town • \$10,000 Heritage Canada funding • \$6,700 Employment grant • Approx. \$80,000 from donations, membership and fundraising 	<ul style="list-style-type: none"> • \$335,000 budget • Approx. \$234,000 <ul style="list-style-type: none"> • \$98,850 Canada Council, • \$65,575 Regional District • \$35,000 Gaming Commission • \$31,000 BC Arts • \$4,027 Employment Grant • Approx 28,000 Fundraising, donations, membership, and interest • Approx \$73,000 from tenant

General Conclusions from Benchmarking

- The SAW Gallery, Ottawa, ON; Neutral Ground, Regina, SK; Struts, Sackville, NB; Open Space, Victoria, BC are well established, having been founded between 1972 and 1982.
- Missions vary somewhat but each focuses on a broad range of contemporary and emerging art forms.
- Two organizations lease facilities, one of which is City owned. Open Space owns its own facility.
- Most all have strong relationships with their municipalities. SAW has the strongest relation, leasing space in a city owned building. As well, it receives \$71,000 annually from the City of Ottawa. All receive annual funding from the City. Some organizations also receive a rebate on their municipal taxes owing.
- Each has a relatively small Board with heavy representation from artists.
- Most have a small staff of 2 FT positions. Open Space has 7 FT staff.
- Each is a member-based organization and receives some membership revenues. Membership varies from about 50 to 300.
- Each organization is involved in a wide range of artistic activities. Struts also has an artist in residence program.
- Budgets range from \$250,000 to \$350,000 on average. Revenues are usually a range of government grants, particularly the Canada Council. Some organizations have also accessed various other forms of project grants.
- Revenues from fundraising and donations are usually fairly modest in relation to the total budget. Open Space in Victoria which owns its own building receives \$73,000 a year from a lease with another organization.

Preliminary Elevator Location Drawings

Exhibit B1

Basement floor plan

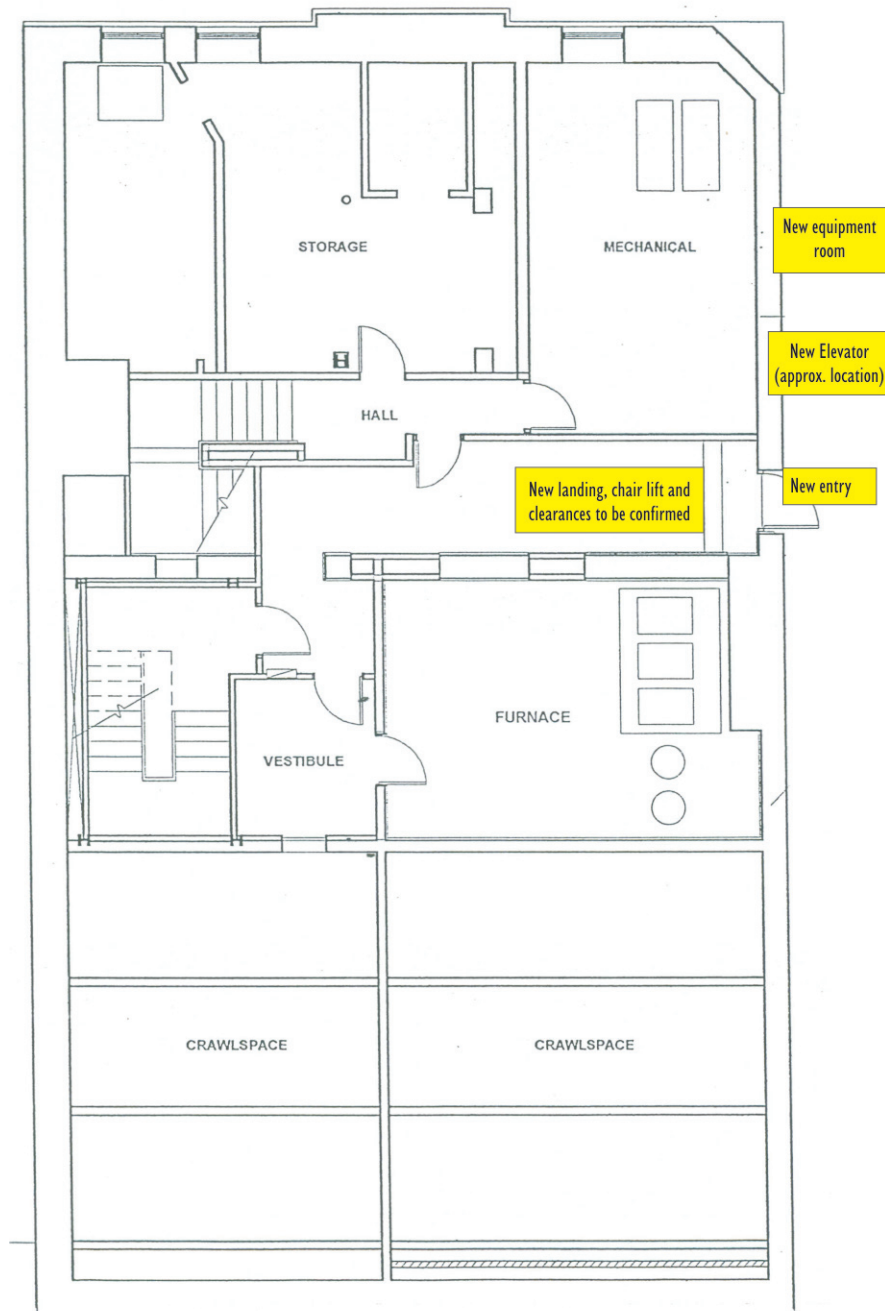
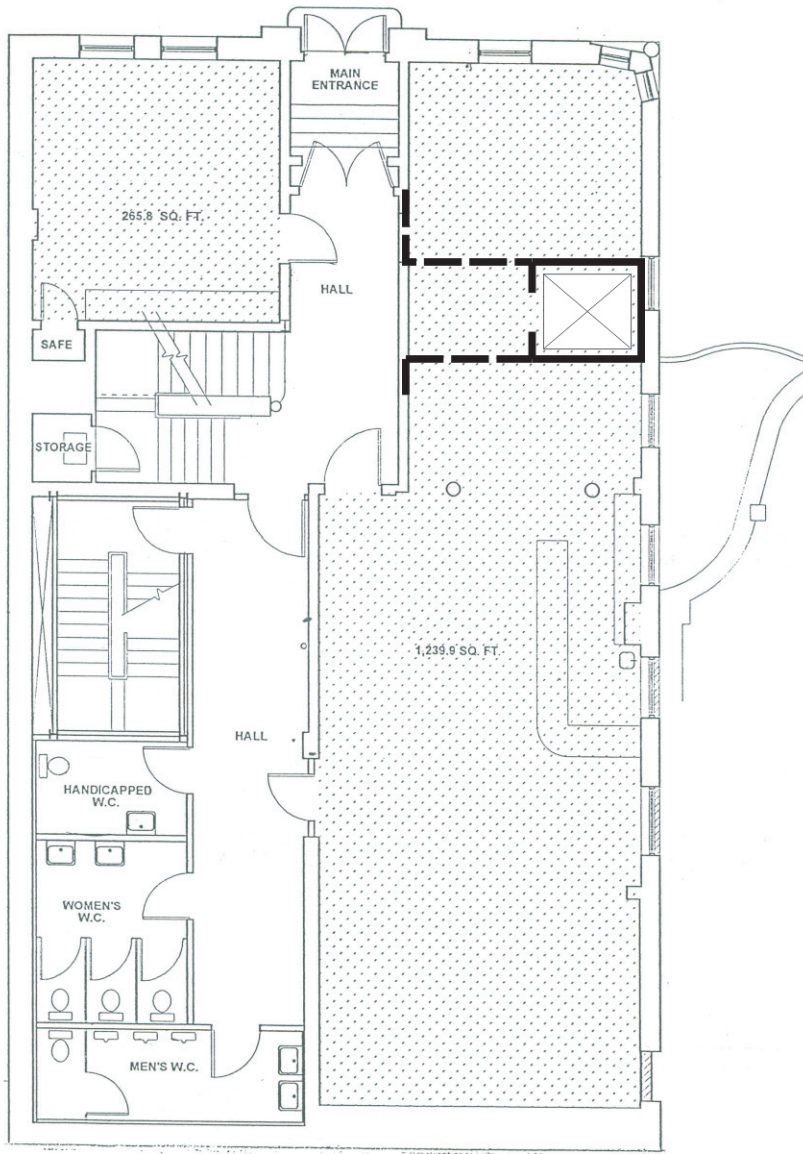
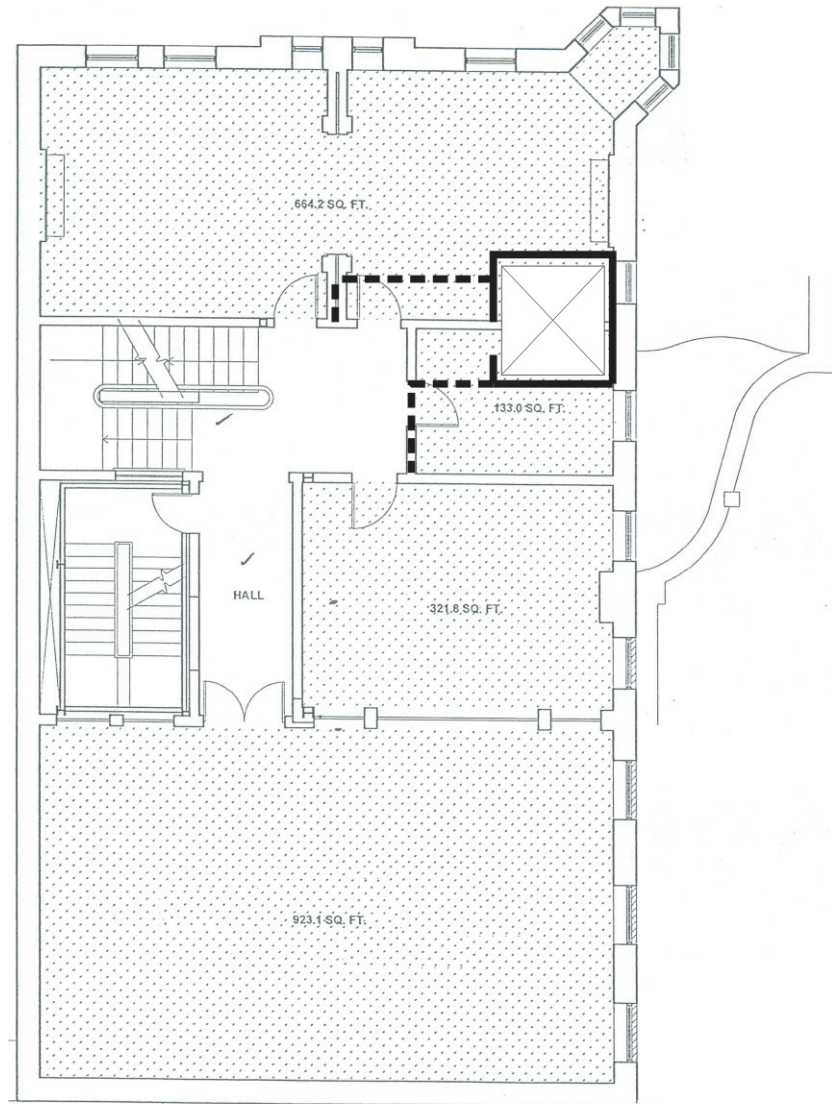


Exhibit B2

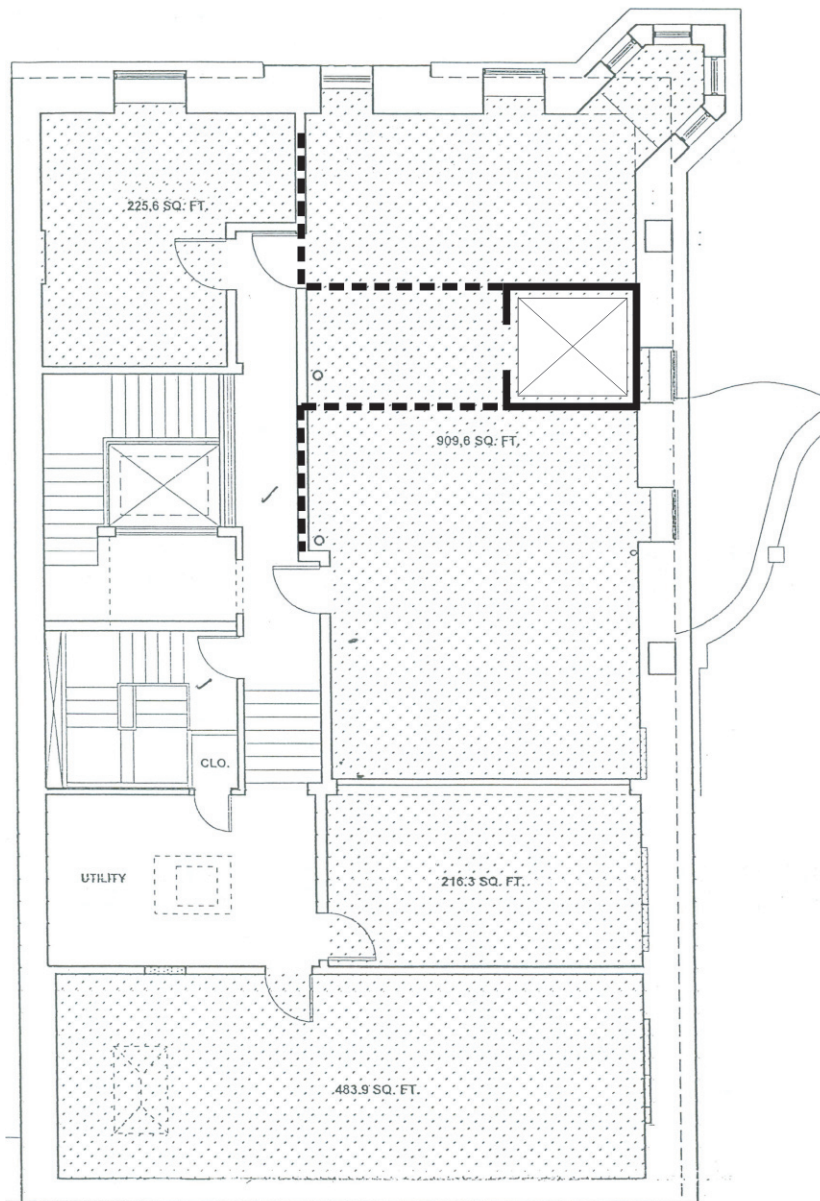
Main floor plan



Second floor plan



Third floor plan



Summaries of Relevant Background Policy Documents

- ***Barrington Street Heritage Conservation District Revitalization Plan***, February, 2009 — The purpose of this Plan and By-law is to encourage conservation, restoration and commercial revitalization of Barrington Street's historic buildings, streetscapes, and public spaces. The plan sets out municipal strategy in terms of actions to be undertaken for the revitalization of the District overall in four areas: 1) development policies and demolition controls, 2) financial and regulatory incentives, 3) public improvements, and 4) marketing initiatives. This strategy is expressed in the form of 24 interrelated policies that convey the intentions of HRM in each of these areas. An accompanying By-law contains the administrative regulations through which these procedures and regulations are implemented. The Conservation District essentially stretches from Bishop to Duke Streets, and includes the properties on either side of Barrington (with some exceptions where there are high-rise buildings that do not lend themselves to the integral character of the District).
- ***HRM Cultural Operating Strategy***, October 2008 — This document outlines an operating strategy through which portions of the 2006 Cultural Plan is to be implemented. It outlines actions in four priority areas: 1) Arts and Community Cultural Development, 2) Cultural and Heritage Spaces and Places, 3) Cultural Industry Capacity Building, and 4) Cultural Planning. Specific actions over the period 2009 to 2014 are outlined. Key highlights outlined in this operating strategy include: a public art acquisition program, a poet laureate program, artist in residence program, the development of an HRM artist database, a cultural cluster incubator program, a cultural identity signage program, more aggressive marketing, an expanded grants program, a cultural industry training program, a heritage building rationalization study, and the development of a heritage plan. The plan contains a 'progress report' as well, showing progress on each of the initiatives in the four areas.
- ***Downtown Halifax Secondary Municipal Planning Strategy***, 2008 — This document reflects the vision of HRM for its downtown core, summarized in terms of the downtown being a thriving urban environment with a strengthened historic heart. Barrington Street is clearly identified as this historic heart through its identification as a heritage conservation district. The Secondary Plan articulates six overarching guiding

principles for the downtown: that it be sustainable, living, distinct, beautiful, connected and vibrant. The plan articulates 10 strategic thrusts: 1) defined and distinct downtown precincts, 2) increasing live-work opportunities downtown, 3) a protected and vibrant heart, 4) integration of the Cogswell and Cornwallis Park Gateways, 5) provision of a variety of new and improved open space anchors and connections, 6) maintaining great streets that support a culture of walking, 7) improving the quality of existing buildings and structures, 8) reinforcing visual connections and civic pride, 9) new development that is 'well mannered' and pedestrian-friendly, and 10) a transit and transportation friendly downtown. The Plan identifies 9 'precincts' comprising the downtown; Precinct #5 is the Barrington Street Heritage Conservation District, in which the subject property is located. Some 91 specific policies are articulated in the document. The Economic Development section of the Plan (Chapter 5) clearly states the importance of culture activities to the on-going vitality and sustainability of the downtown as well as the community overall.

- **HRM Community Facility Master Plan**, May 2008 — In October 2007, the Halifax Regional Municipality commissioned the Community Facility Master Plan (CFMP) to update the municipality's strategic provision of indoor recreation facilities. This Master Plan included a review of facilities and infrastructure; examined standards for the provision and maintenance of facilities; recommended various models for management and operations; and discussed the financial implications of facility maintenance. Among the recommendations germane to this assessment was that specifying that a 'managed care' allowance (i.e. capital maintenance) equivalent to 3.5% of the current replacement value of the facility.
- **HRM Cultural Plan**, March, 2006 — This is the amalgamated Halifax Regional Municipality's first Cultural Plan, and was an important and strategic step in establishing HRM's role in developing a strong cultural mandate for the region. The plan addressed seven areas of strategy: these were: 1. Heritage, 2. Arts, 3. Community Design, 4. Life Long Learning, 5. Diversity, 6. Leisure & Celebration, and 7. Economic Development. Five basic strategic directions were outlined: 1) service delivery and partnerships, 2) cultural access and equity, 3) community character and heritage, 4) lifelong learning and creative expression, and 5) investment and promotion. The implementation of the plan outlined four roles of government: as a programmer (i.e. direct provider) of recreation and culture programs; as an investor in cultural and community facilities; as a facilitator of partnerships and capacity building; and as a manager of cultural assets and cultural information.
- **HRM Regional Municipal Planning Strategy**, August, 2006 [amended March 2009] — The purpose of this plan is to ensure integrated land use planning and long-term coordination across the entire municipality. "It is a framework that outlines how future sustainable growth should take place in the HRM, in a way that preserves the

environment while at the same time maintaining a strong economy. The overarching goal of this plan is to achieve a shared vision of the future of HRM, a vision of healthy, vibrant and sustainable communities, without taking away from the character that makes HRM a distinct and attractive place to live.” There are seven pillars to the strategy: 1) growth, development and settlement, 2) natural environment, 3) economy and finance, 4) transportation, 5) community, 6) services, and 7) culture and heritage resources. Specific items under #7 (culture and heritage resources) that are relevant to 1588 Barrington Street are provisions to enable heritage conservation districts and strategies to encourage reuse, restoration and retention of registered heritage properties.

- ***Strategies for Success, HRM’s Economic Development Strategy, 2005–2010*** — This document set out the basic economic development strategy for Halifax Regional Municipality. The overall context of plan was “improving and empowering the lives of every citizen by building a prosperous, dynamic, globally competitive economy where creativity and risk-taking can flourish alongside a quality of life that is the envy of the world”. Five fundamental strategies were articulated: 1) supercharge our labor force, 2) leverage our creative community, 3) create a gung-ho business climate, 4) capitalize on our reputation, and 5) convert rivalries into partnerships. The second of these strategic thrusts (leveraging the creative community) supports policies and actions aimed at retaining historical character, ensuring that the downtown remains a focal point for arts and culture activities, investing in arts and culture, and “championing a renewal of HRM’s social capital through an emphasis upon citizens, business and volunteer organization-base initiatives that build pride of place.”

Results of Public Consultation, December 2009/ January 2010

After the release of the initial draft report, public consultations were held in order to determine the reaction of the arts community and the general population to the analysis contained in the report. Two avenues of participation were made available:

1. Presentation workshops on December 9, 2009 — On this day, three workshops were held: one in the morning for Council members, one in the afternoon for the general public, and a third one in the evening, also for the general public. Despite very inclement weather, a good turnout was seen, with over 60 individuals participating; and
2. An on-going Internet survey — Over the period December 9 to January 8, an Internet survey was made available to anyone who wished to participate. The existence of the survey was advertised as well as promoted through the arts list-serve. One hundred and seventy-seven respondents provided input through this means.

The excellent turnout to the workshops, plus the large number of respondents to the survey, shows the high degree of interest and enthusiasm relating to this issue.

The feedback from these two vehicles is particularly useful in two areas: first, to comment on the analysis undertaken and raise any issues or questions which may affect the report (and which did entail some revisions and additional analyses, reflected in the report presented here); and second, in terms of ways and means that HRM can use the information presented here in moving forward. Major points raised in each area are summarized in this appendix.

D.1 Description of respondents

The response from the public survey to the options showed that respondents were supportive generally of the role of HRM with respect to the building:

- First, respondents were highly, but not exclusively, representative of the arts community:
 - 41% described themselves as artists or creators
 - 38% described themselves as member of the 'general public'
 - 14% were cultural administrators
 - 10% were supporters of, or volunteers in, the arts
 - 7% were teachers

D2. Preference of respondents

The scenarios that were preferred by respondents were:

- Scenario C — HRM Owns; KAS has Head Lease with Right to Sub-let: 34% preferred
- Scenario A — KAS Owns and Operates: 24% preferred
- Scenario B — HRM Owns; KAS Operates under Facility Management Agreement: 20% preferred
- Scenario D — HRM Owns and Operates; KAS is One of Several Tenants: 11% preferred
- Scenario E — HRM Owns; Other Organization Operates under Facility Management Agreement (KAS may or may not move elsewhere): 7% preferred
- 4% did not like any of the scenarios
- Clearly, though, based upon the foregoing, over 70% of respondents feel that HRM should continue to own the property

D.3 Views about the future of the building

- 96% of respondents to a question about the importance of the building as an artistic and cultural venue agreed that it was important that the property remain in this role
- 70% felt that the building was in need of significant renovation
- 94% agreed that public funds should be spent on renovation to enhance the building as an arts and culture venue
- Types of spaces rated as being desirable:
 - Presentation space (75% rate as very important)
 - Creation space / art-making (53% rate as very important)
 - Multi-purpose space (51% rate as very important)
 - Educational space (43% rate as 'very important')
 - Commercial spaces (24% rate as 'very important')
- Aspects that HRM should keep in mind as they deliberate about the future of the facility
 - Retention of heritage character and original architectural details (68% rate as 'very important')
 - Adequate technical equipment (53% rate as 'very important')
 - Improved physical accessibility (45% rate as 'very important')
 - Increased public appeal (44% rate as 'very important')
 - Ventilation and climate control system (36% rate as 'very important')
 - Washrooms on each g floor (36% rate as 'very important')
 - Bar facilities (35% rate as 'very important')

Glossary of Key Terms

Alternative Service Delivery: Traditionally, municipalities have delivered services by hiring staff who become municipal employees, who then deliver the required services. Alternative service delivery (ASD) is an approach that examines the full range of options for service provision compared to the traditional means such as through contracts with third party suppliers; support of volunteer organizations who provide services; chargebacks; agreements with not-for-profit organizations; etc. – with a view to determining which options are optimal at providing a certain acceptable level of service while minimizing costs.

Arm's Length: Typically referring to a sale of property, this means the market value of a sale of an asset by a willing seller to a willing buyer. There are no other considerations that enter into the transaction other than the transfer of the asset.

Artist-run centre: An incorporated, non-profit organization usually created for dissemination or information exchange activities (such as mounting exhibitions or organizing conferences or symposiums). It may also produce, distribute or present artwork. The centre may have a short- or long-term existence. It is administered by a board, the majority of whose members are practicing artists. *(from the Canada Council)*

Arts cluster: An arts cluster is a set of geographically proximate (usually within walking distance) arts and culture activities that can mutually support one another, and have the potential to become known, even branded, as a cultural district or precinct. Examples of activities in an arts cluster would be theatres, artist run centres, commercial art galleries, museums, upscale restaurants, nightclubs, etc.

Benchmarking: This is a review of operations comparable to the subject under consideration with a view to determining practices, policies and procedures that are working well [i.e. best practices that could be emulated] and not so well [and thus should be avoided].

Due Diligence Review: This is a systematic method of identifying potential advantages and disadvantages of a particular course of action, and undertaking a qualitative and quantitative analyses of the benefits and risks of that course of action.

Facility Management Agreement: Within HRM, a Facility Management Agreement is a memorandum of understanding, approved by Council, defining a partnership arrangement between an organization and HRM. In return for access to space in an HRM-owned building, at (likely) favorable rates, the organization agrees to take on certain tasks relating to the management of the property (thus relieving HRM of the responsibility of doing so). These management tasks could relate to maintenance, tenant relations, programming, or other activities pertaining to the building or property that are in the long-term strategic interests of HRM.

Heritage Conservation District: This is a selected area of a municipality that has unique heritage value for the community. Regulations are developed to ensure the heritage character of the district is preserved, while accommodating new development. Under the Heritage Property Act, applications to create a district are initiated by the municipality, and involve preparing a background study, public consultations and the development of a heritage conservation plan and bylaw. Communities that have a concentration of historic buildings, a cohesive architectural character and a strong commitment to heritage are well positioned to establish a district. (from Nova Scotia Tourism, Culture and Heritage)

In-Kind Support: In-kind support to an organization occurs when HRM provides them with non-financial resources (as opposed to a grant or loan). In-kind support may be of various types: the free use of materials or equipment (for which HRM could otherwise charge a price); the loan of staff for a specified period of time and purpose (for which HRM could otherwise charge a fee); or the free or subsidized use of space (for which HRM could otherwise charge rent and/or property taxes). The provision of in-kind support by HRM thus represents an opportunity cost, since it is foregoing revenues that it might otherwise have received. (see '**Opportunity Cost**')

Less-Than-Market Rent: Any rent that is less than what a willing private sector, profit-oriented commercial renter would be willing to pay for HRM-owned space on the open market. For example, if the going rate for office space is \$20 per square foot¹, a less-than-market rate might be \$15, implying a subsidy of \$5. (see '**Subsidy**')

Market rent: The rent that a fully commercial (i.e. private sector, profit-oriented) buyer would be willing to pay for space on the open market. (see '**Less than Market Rent**')

Opportunity Cost: This is the difference between what HRM could theoretically receive if it were to rent one of its properties to a fully commercial tenant (who would pay market rent), and what it actually receives. For example, 1,000 square feet at \$20 per sq. ft. is \$20,000 (the market rent); if however, the effective rent paid by an organization is only \$5 per sq. ft. (generating \$5,000 for HRM), then the effective opportunity cost is \$15,000 (\$20,000

¹ Obviously specific levels of rent can vary tremendously. This figure has been verified by the Service Delivery Coordinator as being 'reasonable' for a market rent for a building such as 1588 Barrington Street in downtown Halifax.

[representing what HRM could get for the space on the free market] less the \$5,000 actually received). Note that this is not money that accrues directly to HRM; it instead measures foregone revenues. (see '**Subsidy**')

Property Tax Relief: The process through which a not-for-profit organization in an HRM-owned property may apply for a reduction in the property tax that they must pay to HRM. If Council agrees to property tax relief, the organization would typically have their commercial tax assessment converted to a residential one (a considerable savings) and then, depending upon the situation, that tax owing may be reduced still further to 25%, 50%, 75% or even 100% of the newly converted residential rate. If, for example, property tax relief were to be assessed at the 25% level, HRM would pay 25% of the newly-calculated property tax bill (at the residential rate), and the organization would pay the remaining 75%. (**see text for further details**)

Scenario: A scenario is a comprehensive depiction of a particular situation, described in terms of the variables that are relevant to the particular situation under analysis. Typically more than one scenario is developed in order to facilitate comparison between them.

Subsidy: In this context, a subsidy is essentially the shortfall between what a not-for-profit organization should be paying to HRM after property tax relief and any other concessions have been taken into account, and the actual amount that they are expected to pay. The subsidy is a measure of the degree of value that HRM places upon the services and programming offered by the particular organization receiving the subsidy.

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