



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 3
Halifax Regional Council
March 24, 2015

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by Director
Brad Anguish, Director, Parks and Recreation

DATE: March 3, 2015

SUBJECT: Status of Arts Incubator Pilot at 1588 Barrington Street

INFORMATION REPORT

ORIGIN

September 9, 2014 meeting of Regional Council:

(1) Motion of Regional Council:

MOVED by Councillor Mason, seconded by Councillor Watts that 1588 Barrington Street be removed from the disposal of surplus property list pending consideration of the following information:

- 1) A staff report to Council on facility condition and renovation costs of 1588 Barrington; and
- 2) A staff report to Regional Council on the arts incubator pilot established by the Regional Council motion on August 10, 2010

(2) Petition:

Councillor Mason submitted a petition with 2,339 signatures requesting that Regional Council reject the staff recommendation to dispose of 1588 Barrington Street—The Khyber Building.

LEGISLATIVE AUTHORITY

- *HRM Charter*, The Municipality's powers with regard to real property are under Section 61, 63, and 64
- *HRM Charter*, Section 79 (1) (av) (v) respecting grants and donations
- HRM Cultural Plan

BACKGROUND

The building located at 1588 Barrington Street, commonly known as the “Khyber”, is a municipally registered heritage building and does not have many modern building features, including barrier-free access nor loading capacity. It has been leased to two tenants (Heritage Trust and Khyber Arts Society) in recent years. Both tenants were provided space in the building through below market value leases.

In August 2010, Regional Council approved a 3-year operating strategy for the building as an arts and culture incubator. The 2010 staff report estimated capital requirements for the building were in the order of \$800,000 to \$1 million. The report further indicated that a more defined capital program would need to be established.

In 2013, to determine the full scope of deferred maintenance and capital requirements, HRM commissioned a building condition assessment which determined that the building required significantly more work than previously estimated. Subsequently, in December 2013, staff received notification from tenants that plaster was falling in the building. As required by the *Occupational Health and Safety Act*, an asbestos abatement assessment was completed and on January 13, 2014, HRM immediately informed the tenants of the findings. As the building was open to the public, HRM took further action by recommending that the building be vacated until abatement measures could be completed. Since HRM was in receipt of a number of technical assessments, the management of the risk to the public was untenable and full abatement was needed prior to any further public use. Therefore, on February 19, 2014, both tenants were informed that HRM was terminating their monthly lease and they were required to vacate the building by the end of March 2014. On March 18, 2014, Regional Council approved provision of a one-time grant in the amount of \$45,000 to Khyber Arts Society to supplement rental costs for a period not longer than 3 years associated with their relocation to an alternate location. The grant would enable the continuation of cultural programming and arts incubation at the alternate location.

At the September 9, 2014 meeting, Regional Council was presented with a report outlining various properties to be considered surplus to municipal requirements pursuant to Administrative Order 50 - Respecting Disposal of Surplus Real Property. The property at 1588 Barrington Street was included in that report for Regional Council's consideration. Regional Council removed the property from the list pending information on two aspects:

- Facility Condition and renovation costs
- Arts incubator pilot

This report provides information on the arts incubator pilot. A separate report presented at this meeting entitled “Supplemental Building Information: 1588 Barrington Street” provides information on the facility condition and renovation costs.

DISCUSSION

Origin of 3-Year Operating Strategy

The provision of art and cultural programming occurs across HRM by various groups and in multiple locations. HRM's relationship with the Khyber Arts Society (KAS) started in 1997 when HRM entered into a five year agreement to lease and restore selected features of the building at 1588 Barrington Street. That agreement was extended for an additional five year period in 2002, to extend through 2007. However, in 2005, KAS was faced with some financial difficulties and operational challenges. HRM terminated the agreement with KAS for the management of 1588 Barrington Street and entered into month-to-month arrangements with both KAS and Heritage Trust for tenancy within the building.

In 2007, Regional Council passed a motion to “enable an HRM owned/community operated Arts & Culture Cluster Facility at the Khyber Building, 1588 Barrington Street” and initiate a “Feasibility Study and Business Plan”. When no proposals were received for the feasibility study and business plan, Regional Council opted to not reissue the request for proposal, but rather provide funding directly to KAS

to develop a business plan. In 2009, rather than transfer the funds to KAS, HRM staff collaborated with KAS to retain a consultant to complete a feasibility study for an artist-run center.

The feasibility study outlined options related to the future ownership and operation of 1588 Barrington Street for the creation of an arts incubator. After review of the options, in August 2010, Regional Council approved the 3 year operating strategy for 1588 Barrington Street. The 3 year operating strategy was proposed to evolve from HRM managing tenancy and programming, to operation of the facility by a cultural organization through a management agreement. During the debate on the operating strategy, Council supplemented the motion to include “that the Khyber Arts Society be allocated all of the second floor rentable space at the present less than market value rate for the next three years.” A detailed chronology of the origin of the operating strategy is outlined in Attachment 1.

3 Year Operating Strategy Update

The first two years of the Strategy (Phase 1) outlined a structure in which the Municipality would directly manage the building with KAS as a core tenant having exclusive use of the building's second floor. Year 3 of the Operating Strategy (Phase 2) was intended to implement the transfer of the management of the facility and the completion of major capital improvements to the building. Advancement to Phase 2 involved a series of critical dependencies related to Phase 1 actions. The two primary dependencies were:

- (1) The development of (and alignment with) a corporate rationale for use, tenancy and management of cultural facilities (Cultural Spaces Master plan); and
- (2) The condition of 1588 Barrington Street and usability of spaces, including a schedule for renovation.

The following table outlines the specific tasks for HRM included in Phase 1 and Phase 2 of the Operating Strategy and progress on those tasks:

Year	Planned Actions	Delivered Actions
Phase 1		
Year 1 (2011)	Renovate based on interim use plan	• Repairs to building including display box and enhanced lighting • Alarm and central locking systems installed • Floor plans with occupancy loads completed • Building master plan completed • First floor condition report completed
	Lease vacant spaces – Expression of Interest to arts and cultural community	• January 2011 Council Report outlining need for overall building tenancy plan • Interim Licensing Agreement with KAS for use of the building through month-to-month leasing
	Develop partnered management team for programming	• Ongoing relationship with KAS related to tenancy in building and programming led by KAS
	Investigate potential for management entity, e.g. Artscape	• Formed inter-departmental Technical Committee to review options • Committee suspended due to changes at HRM and KAS Board
	Establish a capital budget and seek funding	• Incomplete - pending tenancy plan and building condition assessment

Year 2 (2012)	Development of a Cultural Spaces Master Plan	• Incomplete – outcome of Culture and Heritage Priorities Plan
	Translate Cultural Mandate and Space Needs Into the Development of a Functional Plan including Architectural Review	• Incomplete - outcome of Culture and Heritage Priorities Plan
Phase 2		
Year 3 (2013)	Issue Expression of Interest for Facility Management	• Incomplete, dependent on Phase 1 deliverables
	Complete Major Capital Improvements	• Incomplete, dependent on Phase 1 deliverables
	Transition Operations to Management Group	• Incomplete, dependent on Phase 1 deliverables

The financial assumptions outlined in the 3 year operating strategy were specific to an arts incubator specifically at 1588 Barrington Street and proposed dedicated funding from HRM, along with significant lease revenue and the requirement for only minimal renovations. The presumed scale and cost of the required renovations, and the corresponding financial assumptions of the 2010 report, have proven inaccurate upon more detailed investigation. Specific examples related to the condition of the building have been presented in the companion report “Supplemental Building Information: 1588 Barrington Street”.

As a result of this and other contributing factors, progress on the completion of all tasks and implementation of the operating strategy at 1588 Barrington Street has been frustrated. Contributing factors include:

- Upon further investigation, the cost of renovations was much higher than anticipated in the 2010 report. The original cost estimates were high level only and not based on a full review of all building components. Upon completion of the facility condition assessments, additional building recapitalization requirements were determined. Further deterioration of the building has occurred during that time.
- Current state of the building has led to ongoing limitations in terms of use and public access;
- Lack of confirmed tenancy plan has led to difficulties in defining the operational model for the building;
- Lack of approved corporate rationale for development of municipal cultural infrastructure and resulting investment priorities;
- Concerns regarding the overall capacity of the Board for the operation and management of the premises.

Arts Incubator

As defined in the August 10, 2010 report to Regional Council, the arts incubator model fosters creativity by providing space and resources to emerging artists and arts organizations within a collaborative, multi-disciplinary arts environment. The incubator model is traditionally geared toward emerging artists and non-commercially oriented practices. As a result, these incubator facilities and organizations usually require some manner of subsidy, whether from government, private sector or a combination of sources. In most instances, the arts incubator model is not location-specific but network-based, with focus on fostering dynamic interchange between artists and arts organizations. However, the 2010 Regional Council recommendation for the design and implementation of the arts incubator approach for HRM was tied to the specific building at 1588 Barrington Street. The approved strategy spoke both to development of: (1) increased functional use of the building, as well as (2) the facilitation of effective program delivery and access to programmable space.

Program Delivery and Access to Space

Through the interim licensing agreement with KAS, goals of the arts incubator model have been achieved with respect to collaboration amongst multi-disciplinary organizations. Further, the presentation of

various arts events and cultural programming has been provided. Programming and promotion related to emerging artists and arts organizations has been ongoing, even though the expectations of the building's operation as outlined in the 2010 report have not been met.

From a programming perspective, the building had been successfully operating as an arts incubator through the direct programming initiatives of KAS. In a submission to HRM in 2011 (*The Khyber Centre for the Arts, An overview*- November 22, 2011) the organization estimated regular attendance at their exhibitions at between 300 and 600 visitors, indicating community support. The submission further indicated that as a result of the 67 events offered, KAS estimated that approximately 18,500 people visited the building in 2011. The multi-disciplinary focus of KAS has attracted emerging filmmakers, visual artists, theatre professionals, and musicians together in virtual-and-real collaborative space. The organization has maintained strong ongoing partnerships with local festivals (Obey, Nocturne Art at Night, The Fringe Festival, etc.).

Throughout the 3 year operating period, the Khyber Arts Society continued to meet the criteria as an arts incubator and, as a result, received grant funding from Canada Council for the Arts and Province of Nova Scotia. While previous staff reports have focused on developing and maximizing the building's functionality, it is important to note that the arts and cultural outcomes have been successfully delivered by KAS and continues to provide a mechanism for arts incubation at their Cornwallis Street location. While the new location is smaller than 1588 Barrington Street, KAS has continued to offer strong and successful exhibitions and workshops since their relocation. The success of KAS in both arts incubation and cultural programming at the alternate location confirms that arts incubation is not location specific.

Further, HRM continues to support the operations of KAS. In March 2014, in advance of the organization's move, Regional Council approved a grant in the amount of \$15,000 per year for three years to assist with the continued programming of KAS and their function as an incubator of emerging artist talent in the Municipality. As well, KAS continues to receive grant funding from other levels of government to enable their function on behalf of the emerging arts community. While emphasis has historically been placed specifically on the use of municipally-owned infrastructure at 1588 Barrington Street, rather than the organization and its capacity for arts programming, arts and cultural outcomes are being delivered by KAS which has provided and continues to provide a mechanism for arts incubation.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

COMMUNITY ENGAGEMENT

Not applicable

ATTACHMENTS

Attachment 1: Chronology related to Pilot Arts Incubator - 1588 Barrington Street

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Elizabeth Taylor, Manager, Events & Cultural Initiatives, 902-490-4387
Jamie MacLellan, Community Developer, Events & Cultural Initiatives, 902-490-1039

Attachment 1 – Chronology related to Pilot Arts Incubator - 1588 Barrington Street

A chronology related to the creation of an arts incubator pilot located at 1588 Barrington Street, along with HRM's relationship to the Khyber Arts Society (KAS), is presented below:

1997: HRM leased the building at 1588 Barrington Street to KAS.

2002: Lease renewal with KAS.

2005: In 2005, HRM terminated the agreement with KAS for the management of 1588 Barrington Street and entered into month-to-month arrangements with KAS and Heritage Trust.

July 31, 2007: Regional Council passed a motion to “enable an HRM owned/community operated Arts & Culture Cluster Facility at the Khyber Building, 1588 Barrington Street” and initiate a “Feasibility Study and Business Plan”.

December 19, 2007: Request for Proposal (RFP) for “Creative Cluster Concept and Feasibility Study” Cluster Facility” closed with no response.

September 23, 2008: Regional Council passed a motion that “staff not proceed with reissuing of the RFP for the Creative Cluster Concept and Feasibility Study ...” and instead “ Provide a \$30,000 grant to the Khyber Arts Society in order to develop a business/strategic plan for the establishment of a contemporary art centre at 1588 Barrington Street.”

May 19, 2009: Halifax Regional Municipality and KAS retained TCI Management Consultants to complete a feasibility study.

March 2010: The Feasibility Report by TCI Management Ltd was presented which outlined 5 options for the future of 1588 Barrington Street.

August 10, 2010: Regional Council approved a 3 year operating strategy for 1588 Barrington Street for interim programming as an arts and cultural incubator and allocated all of the second floor rentable space to KAS at the present less than market value rate for the period. During the debate at Council, it was indicated that the three year period would be a “reasonable amount of time to build capacity” and for “short term, small investment to address some building code issues and programming the building”. As a result, \$50,000 was allocated in the capital budget for repairs with an estimate of a future requirement for \$800,000 to update the building. However, it was noted that a more defined capital program would need to be established as Council was not approving any capital program at that time and there would not be a final conclusion until after the three year period.

Late 2010: Ongoing discussions related to tenancy options and rental rates between HRM staff and KAS.

January 11, 2011: Information report to Regional Council concerning tenancy plan for 1588 Barrington Street and associated 3-year Occupancy Plan. Report outlines that a comprehensive tenancy plan needed to be developed prior to the Grants Committee and Regional Council considering various tenancy plans.

February 2011: On the basis of the Information Report, an interim licencing agreement was struck with the KAS in February 2011 that structured month-by-month lease of the second floor to the KAS and per-use access to all other programmable spaces on an application basis.

Throughout 2011

Various renovation projects were completed by HRM including:

- A new display box for KAS's use was designed and installed.
- A new front door and exterior entry lights were installed.

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- A central locking system was installed for all interior rooms.
- Floor plans and Occupancy Loads were completed for the entire building and an intrusion alarm installed.
- A report on the former bar area of the building's first floor was completed which indicated that while no asbestos was present in the walls at that location, there was no fire protection rating for the wall separating that space from the main first floor hallway. Preliminary plans were developed for the recapitalization of the first floor space which included planned remediation of the bar space and first floor washrooms.
- Initial washroom renovations completed.
- Asbestos assessment resulting in the requirement to restrict access in one room as a result of asbestos in the ceiling.

July 2011: Consultant (DSRA) provided a functional-use rationale for the renovations to the building's interior. The report provided order-of-magnitude costs for individual renovation components, cumulatively estimated at \$1.3 million excluding all design costs, demolition, environmental remediation or structural repairs, as necessary.

August 2011: A Technical Committee with relevant municipal staff and external stakeholders, including KAS staff and Board members, was identified with programming as one of four focus areas. Relevant staff has continued to communicate on an as needed basis with respect to the ongoing management of the building and programming.

December 2012: As part of HRM's Asbestos Abatement program, 1588 Barrington Street was assessed. The Hazardous Material report confirmed the presence of asbestos. One room which was identified as higher risk was sealed from use until the facility condition assessment was completed and an overall capital plan for the building was determined.

November 2013: The Facility Condition Assessment for 1588 Barrington Street indicated approximately \$3 million in required work to address deferred maintenance and accessibility issues.

December 2013: Staff received notification from tenants that a piece of plaster on the hallway ceiling by the staircase fell. As required by the *Occupational Health and Safety Act*, an asbestos abatement was completed. Following this incident, an occupational health and safety assessment of 1588 Barrington Street was also completed. The Assessment documented further plaster and lead paint failures (dust and paint chips), and evidence of imminent failures (cracking plaster and flaking paint).

January 13, 2014: As required under the *Occupational Health and Safety Act*, HRM staff informed the building tenants of the findings and indicated that the building was not suitable for public use due to environmental, health, and safety risks. The tenants were informed that HRM required them to vacate the premises immediately

January 24, 2014: HRM staff determined options for the relocation of KAS in preparation of request for assistance. The options for relocation were presented to KAS, but no official response was received.

January 27, 2014: HRM received letters from both tenants disputing the findings and requesting to stay in the building. HRM undertook additional testing which confirmed the risk and explicitly stated that all plaster in 1588 Barrington Street should be considered asbestos containing materials. The results were sent to both Heritage Trust and KAS.

February 19, 2014: Registered letters sent to both tenants indicating that HRM was cancelling their monthly lease and they were required to vacate the building by the end of March 2014.

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March 18, 2014: Regional Council reduced payments owing by former tenants KAS and Heritage Trust and approved a \$45,000 grant to supplement rental costs for KAS.

March 31, 2014: Both tenants vacated 1588 Barrington Street. KAS relocated cultural programming and arts incubation to Cornwallis Street.

April 1, 2014 – present: Ongoing programming and arts incubation by KAS.