

Best Practice: Public-Private Partnership for Arts Centre

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CITY: OTTAWA

POLICY AREAS: CULTURAL AFFAIRS; PUBLIC-PRIVATE PARTNERSHIPS

BEST PRACTICE

In 2003, the City of Ottawa developed an innovative Public-Private Partnership (P3) to finance the **Shenkman Arts Centre** and the **Orléans Town Centre**, two new developments in the east end of the City. The P3 aims at providing the highest return on investment for taxpayers, while making terms attractive to private-sector partners who share certain project risks. The Shenkman Arts Centre and Orléans Town Centre projects were designed in tandem to satisfy residents' demand for arts and civic activities and to build new business opportunities, strengthening the east-end economy.

ISSUE

The process leading up to the approval of the Shenkman Arts Centre and Orléans Town Centre project began 20 years ago when the public expressed a need for an east-end arts facility. After several needs assessments and feasibility studies, the City of Ottawa staff fine-tuned the community requirements and sought out the right opportunity. The strategy included the development of a P3 (Public-Private Partnership) in 2004 with the Orléans Town Centre Partnership (OTCP) led by Forum Leasehold Partners, Inc., Aecon Buildings, LaLande + Doyle Architects and Johnson Controls/BLJC. The project will be completed in phases. Phase I includes the design and construction of the Shenkman Arts Centre, which was completed in June 2009. The various other components of the Orléans Town Centre are expected to be completed by 2015.

GOALS AND OBJECTIVES

The Shenkman Arts Centre is a key focal point in the Orléans Town Centre from which art programs are offered to support the demand for activities in both English and French.

This facility addresses the strategic directions of the Council-approved 20/20 Arts Plan, which are to:

- Broaden public access to local arts
- Keep Ottawa's artists in Ottawa
- Build a creative city
- Revitalize public places and natural spaces through the arts
- Realize the economic potential of the local cultural sector

It is expected that the completion of the Orléans Town Centre will provide new revenue opportunities and strengthen the area's economic and employment base. It will create a focal point in the Orléans community, adding more residential density within the Town Centre area by attracting businesses to the site's new business complexes as well as visitors who could be accommodated at a possible future hotel. Also, the various types of planned residential units will attract a mix of new residents, from young families and working professionals to seniors. This will deliver Council's 20/20 vision of creating a city of distinct livable communities.

IMPLEMENTATION

Public-Private Partnership (P3) Overview

The Orléans Town Centre Partnership addressed the design, construction, maintenance and ownership responsibilities of the Orléans Arts Centre facility (8,000 square meters). The agreement includes reversion of the Shenkman Arts Centre to the City at the end of a 30-year lease term. It also involves selling the Orléans Client Service Centre (CSC) to the OTCP with a 25-year lease to the City. The partnership arrangement will trigger the sale and development of approximately 9.5 hectares of

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City-owned land in the Orléans Town Centre, which is expected to result in more than \$220 million CAD (approximately \$221 million USD) worth of construction value.

It is anticipated that the Town Centre will either be completed or under full construction by 2015. In October of 2006, the City Council approved the business terms, giving the staff authority to develop and execute the legal agreements. In April of 2007, the execution of legal agreements were completed.

Beginning in 2007, the development of the Town Centre land will be divided into three phases:

Phase 1: A joint venture with the YMCA/YWCA was completed last year, which involved the expansion of the YMCA's gym, along with the construction of an indoor pool. The new Orléans Seniors Park, which was constructed as part of this P3 arrangement, opened in June 2009. The City has also received a Site Plan Application for an 80-room hotel. In addition, up to 100 seniors' assisted living units and 140 seniors' condominium units form part of the future development plan. To the east of these commercial and institutional units lies a residential subdivision that also forms part of the P3 arrangement. This part of the development includes 41 affordable housing units that are near the planning approval stage and will receive funding contributions from both the City and the province. Roads and services to the land are currently under construction.

Phases 2 and 3: Office development and a mix of housing forms will be provided through the remaining two phases of development, including apartments and stacked town homes. A second neighborhood park will be constructed in conjunction with further residential development.



The main lobby of the Shenkman Arts Centre, which opened in June 2009

Partners

The City of Ottawa operates within a unique model of collaboration among five non-profit arts organizations to manage the Shenkman Arts Centre and provide arts programming. The five organizations and their contributions are as follows:

- The Gloucester Pottery School delivers pottery classes and manages the professional Dust Evans Gallery.
- The Ottawa School of Art delivers visual arts courses and manages a professional gallery.
- Orléans Young Players (OYP) Theatre School provides theatre arts instruction.
- Mouvement d'Implication Francophone d'Orléans (MIFO) presents a minimum of 25% of main stage performances in French.
- Arts Ottawa East (AOE) Council offers professional development workshops and services to artists and arts organizations as well as fundraises and stewards the ARTicipate Endowment Fund in support of Shenkman Arts Centre programming.

Through an advisory committee these partners work together to:

- Provide a proactive approach to improve service delivery at the Shenkman Arts Centre for the benefit of the community.
- Provide active support in the future development of the five resident partners and the Shenkman Arts Centre.
- Build partnerships and engage internal and external stakeholders to increase awareness and participation at the Centre.

The City offers instructional programming in English and French in music, dance, digital and literary arts, presents Front & Centre programming on the main stage, manages the community Trinity Art Gallery, and manages the facility, rentals, production, front of house, communications, volunteers and centralized Guest Services.

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COST

The overall development cost of the Shenkman Arts Centre project, to be paid by the private proponent, is \$37.8 million CAD (\$36.6 million USD).

Annually, the Centre operates with 20 FTE's and a budget of approximately \$3.8 million CAD (\$3.79 million USD), with \$2.7 million CAD (\$2.6 million USD) going towards the lease, building operations and maintenance.

Shenkman Arts Centre Endowment Reserve Fund

The objectives of the Endowment Fund are to support AOE fundraising initiatives, including ongoing donor stewardship, as well as to support and strengthen the five arts partners who will be resident companies of the Shenkman Arts Centre and who will be delivering programs on behalf of the City. The fund will assist these partners in building organizational capacity and in developing and sustaining public programming. Also, a portion of the Endowment Fund will assist other arts organizations in the delivery of programming for the Shenkman Arts Centre to enhance its quality of programming. The allocations of the Endowment Fund began in 2010. To date, they have provided \$120,000 CAD (\$119,772 USD) in grants.

To date, AOE has successfully raised 90% of their \$5 million CAD (\$4.8 million USD) target. Also, AOE has confirmed they will continue to take the lead in the growth of the Endowment Fund and be responsible for the continuation of an ongoing fundraising campaign over the next five years with the support of the City.



The 500-seat Harold Shenkman Hall

RESULTS AND EVALUATION

Benefits of the Shenkman Arts Centre

- Service non-profit and community arts groups in the east end of the City.
- Offer instructional classes for all ages, and combine community learning opportunities with presentation and exhibition venues for local arts into a single district facility.
- Include much-needed spaces for performing arts presentations, visual art exhibitions, hands-on instruction in the visual, performing and media arts for all ages and abilities, and for east-end non-profit arts organizations who would deliver the majority of the programs in collaboration with City operators.
- House the many artists and arts organizations that deliver a wide variety of activities, courses, performances, exhibitions and services in several locations across the eastern district of the City of Ottawa.

It is expected that the introduction of cultural facilities in the Ottawa community will help to:

- Increase property values.
- Increase retail sales.
- Revitalize the community.

The Shenkman Arts Centre is home to approximately 50 not-for-profit arts organizations, allowing them more opportunity to work together and make the most of their talents and efforts inside this combined facility.

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The program's success is measured by the observations below:

- 10,000 people attended the Grand Opening of the Shenkman Arts Centre, June 18-21, 2009.
- Over 300,000 through the doors in the past 2.5 years.
- Over 200 performances annually.
- Over 300 courses offered in all artistic disciplines annually.
- Increased attendance and sales in the municipal gallery.
- Arts Partners Gloucester Pottery School and OYP Theatre School doubled programming to meet demand.
- Partners raised credibility and increased participation, sponsorship, volunteerism and partnerships.
- AOE Arts Council leadership and credibility with business sector has increased.
- Shenkman Arts Centre has provided a focal point for arts development and activity.
- The local community is engaged.

Benefits of the Orléans Town Centre

After completion of the Orléans Town Centre, the new development is expected to generate an increasing amount of property taxes, reaching approximately \$3.2 million CAD (\$2.08 million USD) per year contributing to the City's tax base. The completed Town Centre is expected to attract new business and stimulate a stronger east-end economy.

The construction of the Orléans Town Centre will have an estimated overall construction economic impact of \$220 million CAD (\$213 million USD) by allowing local businesses to service workers' needs in the vicinity of the site.

The program's success is measured by the observations below:

- Construction of new development in the Orléans Town Centre.
- Adding to the tax base.
- Resulting in the implementation of the Planning vision for this mixed-use community.

TIMELINE

September 24, 2003	Site Selection
October 13, 2004	Implementation Strategy
June 22, 2005	P3 for Proposed Orléans Arts Centre
October 26, 2005	Shortlist
May 24, 2006	P3 Orléans Arts Facility and Town Centre
October 11, 2006	P3 Orléans Town Centre
April 11, 2007	Lease Financing Agreement
June 2009	Opening of the Shenkman Arts Centre

LEGISLATION

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The Orléans Arts Centre Endowment Reserve Fund By-law was established by City Council on June 29, 2007 to hold the \$2.5 million CAD (\$2.4 million USD) provincial grant and funds raised through naming rights and a community campaign.

LESSONS LEARNED

1. Include “termination for convenience” clauses within P3 agreements. These should be in effect immediately (not after 5 years, or other longer term).
2. Ensure strong dispute resolution provisions are contained within the partnership agreements. Moreover, these provisions should give significant latitude/authority to staff to resolve matters and amend agreements where necessary. Provisions for escalation to higher levels of staff and political decision-makers should also be included.
3. The P3 Agreement template needs to include an “annual performance report” to demonstrate how well the partner is delivering the good/service. This should show how the public sector has received value from the partnership – through enhanced services, reduced operating costs, client satisfaction surveys, etc.
4. If possible, the timing of procurement for a new P3 project should be coordinated with other procurement requests to maximize potential for multiple proposals.
5. The RFP should include standard P3 Agreement clauses in order to minimize the negotiations stage.

TRANSFERABILITY

1. Need to ensure the private sector partner has ties to the community. Having a vested interest in the success of the deal will foster a more positive approach toward successful implementation, and resolve issues when they arise.
2. Need to ensure the good or service being delivered by the private sector partner is part of their existing core business; that the partner has experience and a solid reputation in delivering the good or service/ it is not a new line of business.
3. The private sector partner should have experience in dealing with public sector entities, and should have an understanding and appreciation of the public good/public interest and political pressures and influences.
4. A strong communications plan is key to a successful relationship, wherein the plan will also include communications with the public as the ultimate client. It is important to ensure that both partners (public and private), as well as the public, have common expectations with respect to the project deliverables.

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Facts and figures in this report were provided by the highlighted City agency to New York City Global Partners.