



## Globe Theatre Redevelopment Project - Funding Contribution Agreement

<b>Date</b>	May 13, 2020
<b>To</b>	Finance and Administration Committee
<b>From</b>	City Manager's Office
<b>Service Area</b>	City Manager's Office
<b>Item No.</b>	FA20-6

### RECOMMENDATION

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Finance and Administration Committee recommends that City Council:

1. Authorize the Executive Director, City Planning & Community Development to review, approve, negotiate and enter into a Contribution Agreement between the City of Regina (City) and the Globe Theatre for its redevelopment project.
2. Authorize the City Clerk to execute the Contribution Agreement after review by the City Solicitor.
3. Allocate that funding for this project come from the Recreation/Culture Capital Program.
4. Approve this report at the May 27, 2020 City Council meeting.

### ISSUE

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The City of Regina (City), based on historical discussions with officials from the Globe Theatre over the last decade, has supported and indicated a willingness to provide a financial contribution to the Globe Theatre's redevelopment project. The City's support was based on contributions from the federal and provincial governments.

When the discussions originated, there were no national infrastructure programs available for which the Globe Theatre's project was eligible. The creation of the federal government's

Investing in Canada's Infrastructure Program (ICIP) offered an opportunity for the Globe Theatre to seek funding contributions for its project from the federal, provincial and municipal governments and from a fundraising campaign.

In response to its application submission, in August 2019, the Globe Theatre received formal notice from the Government of Saskatchewan that its redevelopment project, officially titled "Revitalization of a Regina Heritage Building, the Prince Edward Building," received conditional approval from Infrastructure Canada (INFC) for grant funding under the ICIP. The total eligible project cost approved was \$27,079,243.

The conditional approval is based on the Globe Theatre providing additional reports and assessments as defined by the Government of Canada, including an approved Environmental Impact Assessment, Indigenous Engagement consultation (Duty to Consult), an Employment Benefit report and a Cultural Assessment.

Conditional approval allows the Globe Theatre to proceed with the planning and engineering of the project, and upon approval of the conditions noted above, a formal contribution agreement between the Government of Saskatchewan, the Government of Canada and the Globe Theatre will be finalized. In other words, conditional approval allows the Globe Theatre to begin work on its project, but it will not be reimbursed for any expenditures until the formal agreement is signed and executed.

The formal ICIP agreement will be between the Globe Theatre and the governments of Saskatchewan and Canada. Contingent upon City Council approval, the City and the Globe Theatre will enter into a separate agreement, similar to the agreement between the Globe Theatre and the provincial and federal governments. However, the Globe Theatre project in its entirety (approximately \$29 million with cost adjustments) will be included as a City of Regina infrastructure project and will be deducted from the City's total ICIP allocation (federal, provincial and municipal contributions combined) of \$326.54 million.

To this end, as per a request from the Government of Saskatchewan, on July 22, 2019, Mayor Fougere sent a letter to provincial ministers authorizing the transfer of \$10.8 million from the City's ICIP allocation, specifically from the transit stream, to the Community, Culture and Recreation Infrastructure Stream. The funding transfer was conditional upon the Government of Canada and the Government of Saskatchewan contributions of 40 per cent and 33.3 per cent respectively. In addition, the letter stated that the Globe Theatre committed to raising \$5 million in capital support from the private sector. These terms were agreed to by the Government of Saskatchewan.

## **IMPACTS**

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### **Financial Implications**

As noted above, discussion on the City's financial support for the Globe Theatre's revitalization project has been ongoing for several years. To date, the Administration has

considered the use of reserves as the source of funds for this project. With the recent developments associated with the COVID-19 pandemic, there is a need to maximize flexibility within the General Fund Reserve and the Asset Revitalization Reserve; the two reserves that provide City Council with the most flexibility in addressing immediate and unplanned emergencies.

Based on the uncertainty in terms of how long the pandemic will last and the amount of funds required to offset increased costs, it is recommended that the \$6.6 million City funded contribution be allocated through the Recreation/Culture Capital Program over the term of the design and construction period (2020 to 2023).

Annual funding is recommended as follows:

2020 - \$1.32 million

2021 - \$1.76 million

2022 - \$1.76 million

2023 - \$1.76 million

The Recreation/Culture Capital Program was created in 2020 to support investments that advance the Cultural and Recreation Master Plans and other initiatives that focus on enhancing quality of life in Regina. This project is aimed at repairing and remediating an historical building, as well as improving access and programming offered by the Globe Theatre.

Accessing this level of funding for the project will limit the projects planned to be funded from the Recreation/Culture Capital Program over the next four years. As economic conditions improve, there may be an opportunity to review the annual funding sources. This will be done through the budget process in future years.

### **Environmental Implications**

There are no environmental implications associated with this report.

### **Policy and/or Strategic Implications**

The City's support for the project is strongly aligned with the objectives of the Cultural Plan, specifically the provision of support for artists and the arts, improving access to the arts and cultural resources and conservation of cultural heritage resources.

### **Accessibility Implications**

Accessibility to the Prince Edward Building is limited and doesn't meet the diverse needs of persons experiencing disabilities. As such, a new accessible main entrance is a component of this project.

## **OTHER OPTIONS**

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Other options include providing no funding or a lesser amount to the project.

## **COMMUNICATIONS**

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No communication activities with respect to this report. The Agreement outlines the Communications Protocol requirements which will need be adhered to.

## **DISCUSSION**

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The Globe Theatre's revitalization project received ICIP conditional approval in August of 2019. Prior to a Contribution Agreement between the Globe Theatre, the Government of Saskatchewan and Government of Canada can be finalized, several reports and assessments, as noted above, must be provided. To date, the Environmental Impact Assessment and Indigenous Engagement consultation requirements have been satisfactorily met. The Cultural Assessment work has been initiated with an external company. At this point, the Globe can proceed with the planning and engineering of the project.

The project will cost approximately \$29 million (with cost adjustments), based on the following funding contributions: 40 per cent from the Government of Canada, 33.3 per cent from the Government of Saskatchewan and 26.7 per cent from the Globe Theatre. The City of Regina, with approval from City Council, is recommending a contribution of up to \$6.6 million towards this project.

As the federal/provincial Contribution Agreement is not finalized yet, the Globe Theatre is experiencing cash flow issues with the pre-design, schematic design and design development phases. As such, the Globe Theatre has asked the City to enter into a funding contribution agreement to cover various costs, such as the design phase costs, based on cash flow projections.

The funding agreement would set out a description of the eligible work the City would fund. The Globe Theatre would submit invoices for eligible work, then the City would provide funding based on the invoices submitted. This would be followed up with reporting to the City on the progress of the work, including providing receipts for work that has been paid for.

The City would also have the ability to withhold payments if receipts are not provided or if the project is not moving forward. The Globe Theatre would be responsible to repay any amounts provided by the City if the project was terminated or if the Globe Theatre failed to comply with the invoice and reporting requirements under the agreement. The agreement would also set out the maximum amounts the City would fund per year.

## DECISION HISTORY

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The home of the Globe Theatre, the Prince Edward Building, holds an important place in the history of Regina. Initially constructed in 1906, it has served various purposes, including the old post office, the provincial legislature and Regina's City Hall. For the last 34 years, the Globe Theatre has been a tenant in the Prince Edward Building before purchasing the building in 2014 for \$1.2 million. For a variety of reasons, the building deteriorated over the years – the roof needs to be replaced, the envelope of the building is failing, and the facility is inaccessible and does not meet building code or safety standards. The Globe Theatre's Board of Directors explored the possibility of building a new theatre elsewhere in the city; however, ultimately, it was determined that the best course of action was to purchase and revitalize the Prince Edward Building.

The revitalization project involves hollowing out the interior of the building while maintaining the historic façade to facilitate the following:

- Create a new accessible main entrance
- Remove pillars in the main stage theatre to improve sightlines and increase seating capacity (400 to 500 seats)
- A new, fully accessible professional second stage/flexible space
- Double the number of theatre school classrooms
- Significantly upgrade the theatrical audio and lighting equipment
- Install a catwalk system
- Repair and remediate the original stone exterior
- Upgrade electrical, mechanical and structural systems

As noted above, based on historical discussions and financial contributions from the federal and provincial governments, the City provided support in principle for the Globe Theatre's redevelopment project for up to \$6.6 million.

The recommendations contained in the report require City Council approval.

Respectfully Submitted,



Diana Hawryluk, Executive Director  
City Planning & Community Development

Respectfully Submitted,



Chris Holden, City Manager