

Background

- The Edmonton Downtown Academic and Cultural Centre project has matured significantly since 2011 when the Arts Visioning Committee advanced four priority areas for the creation of an Arts District concept that included: Space Opportunities, Civic Leadership, Community Commitment, and Business/Institutional Relationship.
- By 2013, the Arts District concept led to the creation of the Edmonton Downtown Academic and Cultural Centre Foundation (“the Foundation”). The Foundation, serving as the lead for the project, presented the results of a business case and a demand assessment to Executive Committee on April 29, 2013 confirming a demand for additional performance and rehearsal space in Edmonton. The business case outlined that the advancement of the project could be realized through a P4 model (Public, Private, and Philanthropic Partnership).
- The proposed P4 model functions in a similar way as a traditional P3 (Public Private Partnership) that would mean
 - City of Edmonton is not paying for any up front costs. This will be funded through the Philanthropic aspect of the project;
 - Substantial portions of the City of Edmonton contribution is paid over time;
 - City of Edmonton is not financially obligated to cost overruns, delays, or performance issues of any assets. These are the responsibility of the Foundation;
 - City of Edmonton has no ongoing costs associated with operation and maintenance of assets in the Edmonton Downtown Academic and Cultural Centre Project. These are the responsibility of the Foundation; and
 - The overall success of the project and associated risks are the responsibility of the Foundation. The risk to the City of Edmonton is minimized through performance triggers as the project progresses through to completion.

Highlights From Business Case

- PricewaterhouseCoopers was contracted in 2013 to conduct a Preliminary Financial Analysis, and Economic Impact Analysis to determine the feasibility and sustainability of the facility based upon known and projected costs and revenue streams. Although two years has past, the general findings in the Economic Impact Analysis suggested that the Project could generate over \$1 billion in direct and indirect spending over the next 30 years. The major benefits that PricewaterhouseCoopers highlighted as foreseen benefits of the financial model being proposed is:
 - City of Edmonton will gain four new theatres that are to be financially self-sufficient, not requiring ongoing subsidies;
 - Increased tax revenue estimated to be in the order of \$200 million over 30 years;
 - Supported an estimated 12,000 jobs; and
 - Complementary development of Station Lands.
- The intent of the business model was to establish an associated development node that can be a profit centre for a cultural trust. The trust would operate the theatres without ongoing government subsidization. Surplus revenue after operation and maintenance of the Edmonton Downtown Academic and Cultural Centre Theatres would be available to the arts community and allocation of funding would be handled through a governing board comprised of leaders in the arts community. The key to the success of the cultural trust is the financial viability of the revenue generating development.

Project Evolution

- A Framework outlining the proposed Edmonton Downtown Academic and Cultural Centre Project was approved by City Council on July 3, 2013, and Administration was directed to draft a land sales agreement for the City owned Lots 100-102, Plan 1919NY and the public road right of way (i.e. former ReUse Centre and portion of 104 Avenue). The sale of the ReUse site was to be for \$1.00 conditional upon the proceeds from the development of the land being managed by the Edmonton Downtown Academic and Cultural Centre Foundation as a not for profit organization.
- On September 16, 2013 City Council approved the Downtown Community Revitalization Levy plan that identified \$50 million in funding for the Galleria as a Stage II future project subject to realization of the projected revenue for the Community Revitalization Levy.
 - On April 15, 2014, City Council was presented with a refined concept plan that included:
 - Four performing arts theatres (1600 seat theatre, 650 seat theatre/concert hall, 200 seat theatre, 200 seat recital hall);
 - University of Alberta relocation of the School of Music, Department of Art and Design, and one other Department into the district;
 - Construction of an Office Tower;
 - Development of a covered, but not enclosed, Public Galleria; and
 - Commercial / Retail Opportunities.
- The benefits to the City of Edmonton outlined at the time and still remains include:
 - Increased student and workforce traffic in the order of 12,000 persons/day; and
 - Projected significant increase in property taxes from new development projects that would be accelerated as a result of the Edmonton Downtown Academic and Cultural Centre Project.
- City Council also on April 15, 2014, acknowledged the Edmonton Downtown Academic and Cultural Centre Project as an innovative development opportunity in downtown Edmonton. The Edmonton Downtown Academic and Cultural Centre Foundation were asked to return with a strategy that would enable the advancement of the project with lower risk to the City. The basis of the referral was to ensure that the development of the project was underway prior to the City's financial contribution being spent.