

## OPTIONS TO FUND FRANCIS WINSPEAR CENTRE EXPANSION

### Recommendation

That Executive Committee recommend to City Council:

1. That the Capital City Downtown Community Revitalization Levy operating budget be increased by \$15.5 million in 2026 and \$17.9 million in 2027 on a one-time basis with offsetting transfers from the Downtown Community Revitalization Reserve.
2. That a grant funding agreement between the City of Edmonton and the Francis Winspear Centre for Music to provide funding for the Francis Winspear Centre for Music Expansion catalyst project for an amount not to exceed \$33.4 million and in accordance with the terms and conditions outlined in Attachment 2 of the March 4, 2026, Urban Planning and Economy report UPE03310, be approved, and that the agreement be in form and content acceptable to the City Manager.
3. That Attachment 3 of the March 4, 2026, Urban Planning and Economy report UPE03310 remain private pursuant to section 32 (privileged information) of the *Access to Information Act*.

<b>Requested Action</b>	Council decision required
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Urban Places</b>
<b>City Plan Values</b>	CREATE
<b>Corporate Business Plan</b>	Serving Edmontonians
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• Bylaw 15200 - Capital City Downtown Area Redevelopment Plan</li> <li>• Bylaw 16521 - Capital City Downtown Community Revitalization Levy Plan</li> <li>• Downtown Action Plan</li> <li>• Bylaw 17717 - To amend Bylaw 17256, to authorize the City of Edmonton to finance the Francis Winspear Centre for Music Construction Project</li> <li>• Bylaw 17718 - To amend Bylaw 17257, to authorize the City of Edmonton to lend money to a non-profit organization, Francis Winspear Centre for Music</li> <li>• Bylaw 21158 - To amend Bylaw 16521, Capital City Downtown Community Revitalization Levy Bylaw, Amendment No. 2</li> </ul>

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### Related Council Discussions

- January 21, 2026, Financial and Corporate Services report FCS03047, Options to Resolve Winspear Parkade Revenue Sharing Agreement
- June 26, 2025, Urban Planning and Economy Report UPE03001 - Bylaw 21158 To Amend Bylaw 16521, Capital City Downtown Community Revitalization Levy Bylaw, Amendment No. 2
- May 13, 2025, Urban Planning and Economy report UPE02813, Downtown Action Plan
- April 8, 2025, Financial and Corporate Services report FCS02920, Winspear Expansion Project
- April 2, 2025, Urban Planning and Economy report UPE02907, Annual Community Revitalization Levy Update
- March 5, 2025, Urban Planning and Economy report UPE02445, Capital City Downtown Revitalization Levy End Date Extension
- April 20, 2015, Community Services report CR\_2004, Francis Winspear Centre for Music - Staged Funding Agreement

## Executive Summary

- A Community Revitalization Levy (CRL) is a financing tool that allows the City to finance catalyst projects with future tax uplift from new developments within a defined area. The Capital Downtown CRL was extended and amended after the March 5, 2025, Urban Planning and Economy report UPE02445, Capital City Downtown Revitalization Levy End Date Extension, to include the Francis Winspear Centre for Music (FWCM) Expansion Project, even though privately-owned infrastructure is usually not included.
- The Francis Winspear Centre for Music (FWCM) has requested an additional \$33.4 million as a contribution to the construction to complete the interior fit-out of the expansion project. If Council wishes to fund the project, Administration and the FWCM have agreed on and prepared key terms and conditions outlined in the term sheet (Attachment 2), which will serve as the basis for a funding agreement.
- The Capital City Downtown CRL reserve has a \$20.9 million deficit; therefore, this request will further decrease the balance of the reserve. As a result, this grant would require the use of the City's working capital.
- The Francis Winspear Centre has indicated that the requested \$33.4 million is not enough to complete the project as currently planned. There is a \$6 to \$7.5 million budgeted shortfall in funding that has arisen since the project was included in the CRL extension.

## REPORT

### The Capital City Downtown Community Revitalization Levy (CRL)

Community Revitalization Levies (CRLs) are a planning and financial tool governed by the *Municipal Government Act* (MGA) to help municipalities revitalize areas where redevelopment might not otherwise take place and attract private investment. The CRL provides funding for public amenities and infrastructure, in the expectation that private investment and new development will also be encouraged. CRLs are applied only in areas of a city that have not redeveloped despite other municipal efforts. A CRL works by borrowing money against future tax revenue growth (uplift) in an identified area, known as the CRL Plan area. Each CRL area must

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have a CRL plan that identifies the expected or potential projects for which the CRL funds will be used. CRLs in Alberta are generally 20 years. If a CRL does not generate enough tax revenue to repay itself, the remaining debt must be repaid by the municipality.

The Capital City Downtown CRL plan was created in 2013. It includes approximately half of the Downtown neighbourhood, as well as small portions of the Central McDougall and McCauley neighbourhoods (see Attachment 1 for a map and details about what a CRL is). It enables the implementation of the Capital City Downtown Plan, creating a sustainable, vibrant, well-designed and accessible downtown that increases residential, commercial and cultural activity. Since its inception in 2015, the Downtown CRL has attracted an estimated \$4.7 billion worth of new investment. This has included Rogers Place, three office towers (representing the largest expansion in office space since the 1980s), more than 3,500 new residential units and several parks and plazas.

At the April 3, 2024, City Council meeting, City Council asked Administration to explore options to extend the Capital City Downtown Community Revitalization Levy beyond its original 2034 end date, with the possibility of adding new catalyst projects, including the FWCM expansion. At the time, the FWCM expansion was not an approved project in the CRL plan.

Administration subsequently worked with the Government of Alberta to update the 10 year extension to the CRL plan and then updated the guidelines to accommodate the FWCM Expansion as a catalyst in the new plan. At the Public Hearing on June 26, 2025, City Council approved the 10 year CRL extension, with FWCM expansion included for an expected \$33.4 million within the approved plan.

### **Francis Winspear Centre of Music Expansion**

The FWCM Expansion project will add 50,000 square feet to the Centre, including a 550 seat performance hall and community spaces, to increase its community education programs. It will be the new home of the historic, 121 year old Conservatory of Music. The development may also support new investment along 97 Street.

The Expansion project has been under construction since 2020. It has received funding from the City of Edmonton, the Government of Alberta, the Government of Canada and the general public (through its own capital fundraising campaigns). The City provided a \$13 million grant as part of the April 20, 2015, Community Services report CR\_2004, Francis Winspear Centre for Music - Staged Funding Agreement, at the outset of the expansion project to support the design and development.

However, representatives from the FWCM have identified that due to COVID-related delays and subsequent increases in materials and labour, the Expansion project requires at least an additional \$33.4 million in funding. The shell of the building is complete, but without funding, the spaces within the building cannot be completed.

The updated CRL plan was approved by the Government of Alberta in 2025 and allowed the addition of the FWCM expansion as an approved project. It is noted that this project will not create enough tax uplift to repay the City funding. Any additional updates would require a plan

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amendment, which is a multi-step process involving provincial government approval and an advertised public hearing.

### Term Sheet

A term sheet (Attachment 2) has been negotiated between the FWCM and Administration, and will serve as the basis for a funding agreement. This term sheet details the key terms and conditions under which a maximum grant of \$33.4 million would be provided to the FWCM, if approved by Council. The grant may only be used for eligible expenditures under the CRL Plan that are set out in Attachment 2, such as building improvements, construction, acoustic consultations, equipment and fixtures for the Music Box Theatre and improvements to the outside plaza and streetscape (“public realm”).

As per the term sheet, the grant may not be used for the original FWCM building, parkade expenses, debt reduction, fundraising costs, operating or maintenance costs, district energy expenses or any costs incurred before January 1, 2026.

A list of conditions for payment are included in the term sheet. These conditions include some nonstandard requirements. These requirements mitigate concerns around project governance, scope, reporting and project management authorities.

Payment to the FWCM will occur quarterly by reimbursement for incurred expenses which are not funded by another source, with satisfactory proof of expenses and subject to a 10 per cent holdback until the project is complete. Please review Attachment 2 for more complete details.

### Options

At the time the CRL extension was approved, the expected cost to complete the project was \$33.4 million. In discussions on the term sheet, FWCM self-identified an additional multi-million dollar shortfall on this project. The exact amount of the shortfall isn't yet known, but the range is estimated between \$6 and \$7.5 million (assuming \$33.4 million is provided by the City) and FWCM is not requesting this gap be filled via additional funding from the City.

#### **A. Grant \$33.4 million from the Capital City Downtown CRL per the agreed Term Sheet**

- If the Capital City Downtown CRL is the funding source, it will further increase the reserve deficit, which has an impact on the City's finances and may impact the ability to deliver other CRL projects. Further discussion of this is provided within the Budget and Financial Implications section of this report.

#### **B. Do not fund or pause funding until the shortfall is filled**

- As outlined in the term sheet the Winspear is responsible for all costs in excess of the City maximum funding.
- If the City does not fund the FWCM Expansion, the Downtown CRL would mitigate a growing deficit and avoid further use of the City's working capital to provide funding.
- Pausing funding until the gap is filled will delay the further increases on the reserve deficit and the impact on the City's finances. However, it will increase costs for FWCM, delay the time to completion and potentially increase FWCM donor frustration.

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- The completion of the Centre would stop until funding could be secured. An empty shell may negatively impact people's perception of downtown.

### Budget/Financial Implications

The City cannot borrow for this request because the City does not own the infrastructure. The Capital City Downtown CRL reserve has a \$20.9 million deficit as of December 31, 2025. If the FWCM Expansion is approved through the reserve it will further decrease the balance of the reserve by \$33.4 million. The estimated reserve deficit would be \$54.3 million.

Typically, the City does not allow reserves to operate with a deficit balance. In certain situations, such as with the CRL reserves, the City permits a deficit balance to manage the timing difference between expenses and the revenues intended to cover those expenses. This applies to the Downtown CRL reserve, where projects are financed with debt, and the future tax uplift generated by the project in the CRL area is used to eventually offset the debt servicing costs. The timing difference between the debt servicing costs and the tax uplift is temporarily managed through the CRL reserve. However, in the case of this FWCM expansion grant, the grant would be directly funded from the reserve without sufficient tax uplift attributable to the project to repay the use of funds.

As a result, this grant would require the use of the City's working capital (which is mainly comprised of investment funds). This would consequently decrease our investment fund balances, negatively impacting the City's investment earnings. Ultimately, this would reduce the funding the City has available for its own capital program, as the City's pay-as-you-go capital funding is largely derived from investment earnings.

Additionally, granting money from the CRL may impact the City's ability to start or complete other priority projects.

### Legal Implications

The legal considerations are outlined in Attachment 3 (Private).

### Community Insight

Administration regularly consults with interested parties in the development industry, as well as the downtown community, service organizations and arts and cultural organizations. There have been, and will continue to be, numerous meetings between the City and the Francis Winspear Centre of Music throughout the life of this project.

### GBA+

- The Francis Winspear Centre for Music is a performing arts venue with one main stage and rehearsal spaces. The Expansion project would create a second, community-focused performance space and public spaces throughout the building.
- The Centre runs several student musical programs, many for equity-deserving youth. This includes full-day workshops, education concerts (grades one to six), ensemble clinics and free or low-cost tickets to dress rehearsals.

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- Several high-risk schools are part of the Youth Orchestra of Northern Alberta (YONA), including one on the Alexander First Nation.
- The FWCM offers scholarships and bursaries based on need or merit for conservatory students.
- The FWCM Expansion project intends to be open during the day. It is currently only open during performances or events.
- The new performance space in the expansion will be more community-focused than the main stage.

### Environment and Climate Review

No further review is required.

### Risk Assessment

Risk Category	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
<b>If the recommendation is approved</b>						
Financial/ Public Perception	Winspear may require an additional \$6M to \$7.5M fix a funding gap (in addition to \$33.4M)	5 - Certain	3 - Major	15 - High	N/A	Require Winspear to secure funding or decrease scope before advancing all or part of the \$33.4M
Public Perception	The expansion is not completed, even with the additional \$33.4 million funding requested	3 - Possible	5 - Worst Case	15 - High	N/A	Require Winspear to secure funding or decrease scope before advancing all or part of the \$33.4M
<b>If the recommendation is not approved</b>						
Public Perception	Winspear is unable to complete the expansion	5 - Certain	3 - Major	15 - High		

### Attachments

1. Capital City Downtown Community Revitalization Levy
2. Francis Winspear Centre for Music Agreement Term Sheet
3. PRIVATE - Privileged Information