



ADMINISTRATIVE REPORT

Report Date: February 18, 2015
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Meeting Date: March 4, 2015

TO: Standing Committee on City Finance and Services

FROM: General Managers of Community Services and Real Estate and Facilities Management

SUBJECT: Reallocation of Phase II Grant for Historic Green House at 1885 Venables Street at Vancouver East Cultural Centre

RECOMMENDATION

- A. THAT Council approve the reallocation of \$902,500 remaining funding from the Vancouver East Cultural Centre (VECC) Phase 2 Grant Budget to a new Capital project for renovating and upgrading the City owned and VECC operated "Green House" at 1885 Venables Street. This project is to be managed by Real Estate & Facilities Management subject to approval by the Managing Director of Cultural Services.
- B. THAT Council approve the reallocation of \$50,000 from the Environmental Hazardous Materials Program to fund the additional remediation cost for the Green House Project. The total project budget is \$952,500.

REPORT SUMMARY

In 2011, Council approved a matching grant (at the time, called a Challenge Grant) in the amount of \$1 million to the VECC for their Phase II site development of the city-owned property at 1885 Venables Street. Due to a change in vision for the site redevelopment, challenges in raising additional capital funds for Phase II and a growing neighbourhood interest in preserving the historical significance of the Green House, city staff working with the VECC have redefined the project to a more focused smaller scale refurbishment of the existing Green House building. This report seeks Council's approval to change the funding model from a matching grant to the VECC, to utilizing this funding for renovating and upgrading the existing Green House.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- 2005 Capital Allocation to the City Owned Cultural Facility: Vancouver East Cultural Centre RTS 4826
- 2007 Capital Allocation to the City Owned Cultural Facilities: Vancouver East Cultural Centre RTS 6629
- 2011 VECC Phase II Redevelopment Challenge Grant RTS 9402
- 2013 Culture Plan Strategic Directions, 2008 - 2013 Culture Plan RTS 7313
- 2014 Cultural Spaces Strategic Directions, 2008 - 2023 Cultural Facilities Priorities Plan RTS 7315
- 2014 Heritage Strategic Action Plan

Council approval of grant recommendations requires eight affirmative votes.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of the foregoing.

REPORT

Background/Context

The Vancouver East Cultural Centre (VECC or the "Cultch") is one of Vancouver's treasured cultural institutions – an important performing arts facility which is comprised of the Historic Theatre, the Vancity Culture Lab and the Green House, a historic building which has been used for decades for cultural rehearsal and non-profit cultural office/admin space. In 2009 the VECC completed the first phase of redevelopment of this City-owned parcel with a \$14.5M renovation of the Historic Theatre, creation of the Culture Lab, and new meeting/audience lobby and theatre back of house spaces. The VECC undertook a massive fundraising effort and successfully secured funding from the Province of BC (\$9M), Canadian Heritage (\$2.4M), and Vancity Credit Union (\$1M), plus additional contributions by Foundations, corporations and individual donations, securing approximately \$14M in total.

City support for the project was provided through two \$750,000 Challenge Grants totalling \$1.5 million (the first approved by Council in 2005; the second approved in 2007). At the time of the initial approval in 2005, Council indicated support "in principle" for a further \$1 million contribution to future phases of redevelopment. In 2011, Council approved that final contribution. These three City contributions were approved subject to VECC securing the balance of funds required to complete the projects.

Phase II development was to have included demolition of the Green House and creation of an entirely new structure with rehearsal halls and administrative spaces. Two feasibility studies were completed, drawing \$97,500 from the \$1M City grant leaving a balance of \$902,500. The VECC undertook early discussions with potential funders, but in light of the success of the 2009 campaign, was not able to secure funding support to proceed with the Phase II requests (note: Canadian Heritage also contributed \$1.8 million to the York Theatre project in 2011).

In addition, in the intervening time, community neighbourhood interest in the historic Green House increased significantly with advocates from the heritage and Grandview Woodlands community expressing a desire for the historic building to be retained.

Timeline:

- 2005 & 2007 - City Council approves Phase I "Challenge Grants" of \$1.5 million to the VECC for the 1st phase focused on the historic theatre, culture lab and office/admin areas of the site redevelopment, and approves in principle a Phase II "Challenge Grant" of \$1million for the 2nd phase—the Green House redevelopment
- 2009 - VanCity Culture Lab and VECC Historic Theatre renovations complete
- 2011 - City Council approves Phase II Green House "Challenge Grant" of \$1 million
- 2011 - VECC completes Feasibility Study for Phase II Green House project
- 2013 - VECC encounters challenges with funding for Phase II; Green House building deteriorating; and community awareness and interest in Green House growing
- 2013 - tenants leave Green House due to deteriorating conditions of building
- 2014 - City REFM works with VECC to propose more modest project to renovate the existing city-owned Green House building

Historic Context:

"The Green House" at 1885 Venables Street was first occupied in 1913 as the manse (rectory) for the minister of the former Grandview Methodist Church now the home of the Vancouver East Cultural Centre (VECC) located at 1895 Venables Street. The building is currently not listed on the Vancouver Heritage Register and a Statement of Significance (SoS) identifying the building's heritage values has not been prepared, because the initial plan was to demolish and redevelop this building. Nonetheless, the building has heritage value especially to the surrounding community, based on its design/architecture and its social and cultural value for its association with the church and more recently with the performing arts community. The building is a good example of the Edwardian style featuring a hipped roof, wood siding and wood double hung windows. It has been modified and adapted to accommodate the various users which have occupied the building. As noted above the house served as a church rectory from 1913-1961, then a rest home for the aged until 1972. Beginning in 1977 it has been home to arts groups including Tamahnous Theatre, Green Thumb Theatre and the Vancouver East Cultural Centre. Community interest in the retention and rehabilitation of the building has been recently expressed by the Grandview Heritage Group. The proposed refurbishment work will not alter the exterior appearance of the building to any significant degree and will maintain and restore the heritage features and character.

Current Condition:

The Green House has been vacant since 2013 when the tenants (VECC) left due to deteriorating conditions. The building was not in Real Estate & Facilities Management (REFM)'s program for capital maintenance or life cycle replacement of components because the plan at the time was to demolish and rebuild the Green House. As a result, the building currently requires intensive capital maintenance work.

When the building was vacated a number of issues were identified that required action including leaks in the roof with some resulting water damage; aging and deteriorating interior finishes; outdated and poorly functioning electrical and plumbing systems; and inadequate exiting and fire protection systems.

After the tenants vacated the building, Facilities Operations provided basic security and weather protection pending direction on future plans, and in the fall of 2014 they upgraded the roof protection to ensure deterioration would be minimized over this winter.

Currently the building remains boarded, scaffolded and shrink-wrapped, awaiting approval for refurbishment work to begin.

Proposed Refurbishment

The City's Real Estate & Facilities Management Department has commissioned two studies on the Green House building including a Building Condition Assessment Report and Building Code and Fire Safety Assessment. The results of these reports indicate that the building, although visibly deteriorating, remains in suitable condition for redevelopment and reuse. The functional uses of the building will not change (rehearsal and flex/administrative space); however, the building needs the following upgrades. These upgrades are expected to stabilize the building and extend its functional life approximately 40 years into the future:

- Roof sheathing and roofing replacement
- Roof framing assessment and repair
- Remediation of hazardous materials
- Universal access to the lower floor level including washroom
- Interior layout, circulation, and functional improvements
- Siding restoration and selective replacement
- Envelope repairs as required
- Exterior access and paths of travel
- Stair and exit replacement/reconfiguration to meet code requirements
- Installation of fire protection sprinklers
- Upgrades to plumbing systems including fixture plumbing replacement
- Upgrade to electrical systems
- Upgrade to HVAC systems
- New or refurbished finishes as required

REFM has also commissioned an independent costing analysis of the repair and upgrading work which estimates the total project cost at \$950,000, including \$50,000 for remediation of hazardous materials. This estimate aligns with previous budget estimates and confirms the refurbishment is achievable with the outstanding grant funding and \$50,000 from the Environmental Hazardous Materials Program for remediation of hazardous materials in City owned facilities.

With approval of this report, REFM will be provided access to the total of \$952,500 City funding to undertake the work noted above (\$902,500 outstanding grant and \$50,000 environmental budget). REFM will work with the staff at the VECC and Cultural Services to ensure the redevelopment work meets the needs of the cultural community and is completed within budget. The expected timing of the project is Spring 2015 through to Spring 2016.

VECC Lease:

The Green House is contained within the overall lease agreement between the VECC and the City—the initial term of which runs from June 21, 2007 - June 20, 2017, with two renewal options of 10 years each. A summary of the lease terms and condition is attached in Appendix A.

Strategic Analysis

The VECC - Green House Refurbishment project is a strategic and important effort to upgrade an existing cultural space while preserving a building of heritage character in the Grandview Woodland neighbourhood. Although smaller and more modest than the original Phase II development plans for the Green House site, the needs of the Vancouver cultural community for rehearsal and flex/administrative space will continue to be met through this revised project. In undertaking this upgrade to the Green House, it will continue to address key gaps in cultural spaces outlined in the 2008 Cultural Facilities Plan and reiterated in the 2014 Strategic Directions including: stabilize / upgrade exiting cultural spaces; foster collaboration/shared spaces; encourage community participation; and undertake strategic city cultural projects.

The project also addresses the aims of Vancouver's Culture Plan: Strategic Directions 2013 - 2018 in working with community partners to retain, enhance and develop affordable, sustainable cultural spaces. Refurbishment of the Green House will provide much needed space for performing arts organizations. It is anticipated that several smaller groups will become resident in the Green House, thereby stabilizing their operations and strengthening program delivery; that dozens of cultural and community groups will have access to the rehearsal spaces to prepare art works for presentation, and that the spaces will also provide much needed meeting space and flex space for community cultural groups. These are roles the Green House served for decades prior to this upgrade— nurturing smaller resident companies and increasing their access to rehearsal space as well providing space to the wider arts and culture sector.

The VECC - Green House Refurbishment will enable preservation of a valued community asset. The Vancouver East Cultural Centre is supportive of the project and participated in the re-thinking the project redesign from full scale replacement to the more modest renovation and upgrade of an existing facility.

Implications/Related Issues/Risk (if applicable)

Financial

The Green House, once refurbishment is complete, will continue to be operated by the VECC through their existing lease on the overall site and as such, there are no financial implications for the City beyond expenditure of this Capital Project.

The total cost for refurbishment is \$952,500 and the proposed source of funding for this project is a reallocation of \$902,500 from the Vancouver East Cultural Centre (VECC) Phase II Grant Budget and \$50,000 from the Capital Budget for the REFM Environmental Hazardous Materials Program. It is anticipated that \$600,000 of the project budget will be spent in 2015.

CONCLUSION

Council approval of the reallocation of the former matching grant to the VECC will enable redevelopment of the historic Green House into a fully functioning cultural Space.

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LEASE SUMMARY:

1885 Venables Street - the "Green House", leased to Vancouver East Cultural Centre
(Along with the Historic Theatre and the Vancity Culture Lab at 1895 Venables Street)

Term: 10 year initial term, from June 21, 2007 to June 20, 2017

Renewal Options: Two renewal options of 10 years each:

- First Renewal Term: June 21, 2017 to June 20, 2027
- Second Renewal Term: June 21, 2027 to June 20, 2037

Rent: Nominal rent of \$10/term, inclusive of rent in lieu of property taxes as if levied

Repairs, Maintenance and Replacements:

- City responsible for major capital repairs (including replacement) of:
 - Building structures, including:
 - Building envelope (roofs, exterior walls, foundations);
 - Exterior doors and door frames;
 - Exterior painting
 - Electrical systems (excluding control of systems associated with trade fixtures for theatre lighting and sound and a/v equipment)
 - Fire protection systems
 - Plumbing systems
 - HVAC systems
- Tenant (VECC) responsible for all other minor repairs and replacements, routine and preventative maintenance, and utilities.

Use: Under the lease to VECC, up to the summer of 2013 the "Green House" building at 1885 Venables had been used primarily as a rehearsal space with ancillary office use, with an approved sublease to Green Thumb Theatre Society as permitted by the Rental Policy in the lease. After the rehabilitation, the refurbished building will again be used for cultural/performing arts rehearsal space as well as non-profit cultural flexible administrative space. These uses support the programming and activities the VECC presents in the Historic Theatre and the Vancity Culture Lab building at 1895 Venables, including the following types and range of services (often provided to the community at reduced rates or free on a cost recovery basis): professional and community performances, exhibitions, community and youth meetings, filming and film showings, television programs, festivals, and other public gatherings. All of these align with the Tenant's Mandate and Public Service Objectives which are to:

- Operate and maintain an intimate performing arts centre;
- Present high quality, innovative theatre, dance, music, and visual arts from a local, national and international perspective;
- Support and partner with new and emerging local artists and companies; and
- Enrich the City of Vancouver's and the community's social and cultural life.