

**Community Services Report to
Regular Meeting of Council
2024 April 30**

**ISC: CONFIDENTIAL
C2024-0512**

Partner Naming – Ward 7

PURPOSE

This report seeks Council approval of the philanthropic naming of the Arts Commons Campus (“Campus”).

This request to rename the Campus was initiated by Arts Commons (Civic Partner) and celebrates a transformational philanthropic gift that is the largest known single contribution to the performing arts in Canadian history. This gift sets an important precedent as it leverages the support of other private sector donors and levels of government to invest in these projects.

PREVIOUS COUNCIL DIRECTION

Philanthropic naming of the Campus requires Council approval under the 2016 April 11 *Municipal Naming, Sponsorship and Naming Rights Policy* (CP2016-01) (the “Policy”). Further background details are included in Attachment 1.

RECOMMENDATIONS:

That Council:

1. Approve the philanthropic naming of the Arts Commons Campus, where the Arts Commons Campus contains The City assets which are to be expanded (new building), modernized (renovation of the existing building), and redeveloped (redevelopment of Olympic Plaza and adjacent portion of 8 Avenue SE) under the Arts Commons Transformation (“ACT”) and Olympic Plaza Transformation (“OPT”) Projects, to “Werklund Centre”; and
2. Direct that the Closed Meeting discussions, Report and Attachments be held confidential pursuant to Section 16 of the *Freedom of Information and Protection of Privacy Act* (Alberta) to be reviewed by 2025 August 31.

CHIEF ADMINISTRATION OFFICER/GENERAL MANAGER COMMENTS

GM Katie Black concurs with the content of this report.

HIGHLIGHTS

- The Campus contains three capital infrastructure projects under a cohesive development program called the Arts Commons Transformation (ACT) and Olympic Plaza Transformation (OPT).
- Arts Commons, a Civic Partner of The City, has made a request to change the name of the assets that currently fall within the organization’s Lease with The City. Additional assets will be included in an updated Lease as part of the ACT and OPT projects and will share the proposed name.
- The proposed name for the Campus, “Werklund Centre”, aligns with the *Municipal Naming, Sponsorship and Naming Rights Policy* (CP2016-01) and the proposed *Naming of City Assets Policy* brought forward to Executive Committee for consideration on 16

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April 2024 under the *Updated Policies for Naming and Sponsorship of City Assets* (EC2024-0012).

- The \$65 million philanthropic gift to Arts Commons from David Werklund is the most significant philanthropic naming opportunity known to date for The City and Arts Commons.
- The proposed name is built on the Arts Commons public capital and endowment fundraising campaign for the ACT and OPT projects that will leverage philanthropic funding to support programs and services for Calgarians and visitors and support downtown revitalization.

DISCUSSION

The Campus:

The Campus (Attachment 2) is located in the heart of downtown. It will encompass the majority of two City-blocks and feature:

- A new building expansion that will include a 1,000-seat theatre, 200-seat studio theatre, an internal public gathering space, with approximately 162 thousand square feet of modern fixtures and supporting amenities;
- Modernization of the existing 560 thousand square foot building that is currently home to six resident companies; and,
- Revitalization of the public outdoor space at Olympic Plaza and adjacent 8th Avenue SE that visually connects the new and existing buildings.

Valuation of Naming Assets:

In 2020, Arts Commons engaged a third-party independent consultant, Ketchum Canada Inc. (KCI), as fundraising counsel for ACT and subsequently OPT. A philanthropic naming valuation of the Campus has been conducted by KCI, consistent with industry best practices. Through this process, the value of naming of the Campus was benchmarked at between \$50 to \$75 million, for a term of 20 to 25 years. Arts Commons and David Werklund have negotiated draft terms and conditions of their gift agreement (summary provided in Attachment 3) based on this valuation, that will be confirmed and signed once Council approves the recommendations in this report. The donation is unprecedented.

Due Diligence Review and Confirmation of the Policy:

City Administration conducted the due diligence review required for the naming proposal for the Campus as it relates to the Policy. Full compliance with Policy requirements for the Campus naming proposal was confirmed by The City's Policy steward on 2024 March 06. The Policy review process also confirmed that the renaming would comply with the new *Naming of City Assets Policy* being proposed under the *Updated Policies for Naming and Sponsorship of City Assets* report (EC2024-0012).

The name Olympic Plaza is not proposed to be changed within the Campus naming proposal and will remain for the time being.

Next Steps:

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If approved, Arts Commons would announce the name to the public at an event in Q3 2024 and the naming would be in effect in Q1 2025.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

An October 2020 media release announced a tri-party Development Management Agreement to initiate the design process and that a private sector fundraising campaign would be initiated to actively pursue remaining funding for the project.

IMPLICATIONS

Social

Supporting Arts Commons to name assets and spaces provides an opportunity for the organization to attract private sector investments that support their mandate and vision and allow them to elevate performing arts, arts education, civic engagement, and equity and inclusion.

Environmental

The positive financial impacts of naming will enhance Arts Commons' capacity to address the capital and lifecycle needs of the facilities. Maintaining or enhancing the efficiency of its operations and assets reduces impact on the environment.

Economic

Once completed, the Campus will contribute to Calgary's economy by becoming one of the largest performing arts campuses in Canada. The naming of the Campus, through a transformational philanthropic gift, will enable Arts Commons to build on its success as it continues to raise additional funds.

Service and Financial Implications

Other:

Costs associated with philanthropic naming will be part of the ACT and OPT project costs and this capital funding will be utilized to support a future incremental capital budget appropriation request. The expected capital cost for the Campus is \$610 million. The Expansion phase is expected to cost \$270 million and is fully funded. The Modernization phase and OPT is expected to cost \$272 million and \$68 million, respectively with \$120.5 million and \$14 million currently unfunded. Any additional financing costs have not been reflected in the values and a funding source will need to be identified where financing costs are required/present. Refer to Attachment 4 for further details on capital funding.

Any mismatch in timing of capital expenditures and the capital naming contribution funds may require the use of City cash sources such as working capital or debt financing in future. Refer to Attachment 3 for the proposed partner naming terms. Administration and Arts Commons will

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continue to seek opportunities to reduce the funding shortfall and optimize funding sources for the overall Campus. Administration will return to Council with any future funding, capital budget, and borrowing requirement requests for the Campus.

RISK

Reputational risks exist with each philanthropic naming; such risks are mitigated through a due diligence review including verification of donor's background and reputation. Gift agreements also incorporate provisions allowing Arts Commons to remove the donor's name from the Asset in situations if the donor's reputation is tarnished due to their later actions.

Financial risk exists that the donor's contributions will not be received during the agreed payment schedule or the donor's contribution is less, requiring additional City indebtedness or City funding sources in future. Administration will continue to work with Arts Commons and the donor to ensure timely communication and documentation (through a Gift Agreement).

There is a reputational risk to The City if this philanthropic naming is not approved as The City may appear as a barrier to the viability of the development and operation of a significant cultural capital project. Council's adoption of Administrations' recommendation to approve naming of the Campus within the Campus boundaries in accordance with the Policy will mitigate this risk. Approval of this report does not commit The City to Modernization and OPT phases of the Campus. The Expansion phase is fully funded, and Arts Commons and The City will continue to seek funding opportunities for Modernization and OPT before proceeding with the construction phases.

ATTACHMENTS

1. Background and Previous Council Direction (Confidential)
2. Campus Map (Confidential)
3. Proposed Partner Naming Terms (Confidential)
4. Funding Summary (Confidential)
5. Presentation (Confidential)

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Katie Black	Community Services	Approve
Carla Male	Corporate Planning & Financial Services	Consult
Timothy Keane	Planning & Development Services	Inform
Doug Morgan	Operational Services	Inform
Michael Thompson	Infrastructure Services	Inform