

CITY OF HAMILTON

CORPORATE SERVICES
Budgets and Finance

Report to: Chair and Members Audit & Administration Committee	Submitted by: Joseph L. Rinaldo General Manager Finance and Corporate Services
Date: March 2, 2007	Prepared by: Charlie Elliott ext. 2162

**SUBJECT: Hamilton Artists Inc. Funding Advance Request - \$27,500
(FCS07034) (City Wide)**

RECOMMENDATION:

That a \$27,500 advance on the approved \$750,000 Hamilton Future Fund grant requested by Hamilton Artists Inc. to fund a Feasibility Study be approved.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

In September 2006, Council approved a grant from the Hamilton Future Fund in the amount of \$750,000 to Hamilton Artists Inc. to assist with the purchase of a building. The approved grant is subject to the following conditions:

- i. Confirmation that other funds have been secured for this project (i.e., Provincial/Federal funding);
- ii. That if, for whatever reason, Hamilton Artists Inc. dissolves, the building purchased be returned to the City of Hamilton;
- iii. That the Future Fund Board of Governors be provided regular updates on the progress of this initiative; and
- iv. That an appraisal be undertaken for the building to the satisfaction of the City of Hamilton.

Hamilton Artists Inc. is in the process of securing funds from other levels of government i.e., Canadian Heritage and The Ontario Trillium Foundation. In order to secure funding

from the other levels of government, Hamilton Artists Inc. must complete a detailed feasibility study for the project at a cost of \$55,000. Canadian Heritage will assist with 50% of the cost of the feasibility study (\$27,500).

Hamilton Artists Inc. is requesting an advance on the approved conditional grant in the amount of \$27,500 to fund the remaining 50% of the cost of the feasibility study. A copy of the letter from Hamilton Artists Inc., requesting the advance is attached as Attachment 'A' to report FCS07034.

BACKGROUND:

On September 27, 2006, with approval of Committee of the Whole report 06-019 (Item 6.1), Council approved a grant from the Hamilton Future Fund in the amount of \$750,000 to Hamilton Artists Inc. subject to the conditions outlined in the Executive Summary above.

The \$750,000 grant from the City of Hamilton is to partially fund the purchase of a building on James Street North. The building will provide Hamilton Artists Inc. a permanent home and presence in the James Street North neighbourhood, as well as, subsidized housing for artists and storefronts for incubating cultural organizations.

The total cost of the project is estimated to be \$1.94 million. It is expected the balance of the project funding (\$1.19 million) will be provided from corporate and public fundraising and grants from the Provincial and Federal governments, specifically The Ontario Trillium Foundation and Canadian Heritage – Cultural Spaces Program.

In order to secure funding commitments from the senior levels of government, Hamilton Artists Inc. must conduct a feasibility study for the project at a cost of \$55,000. Canadian Heritage is funding 50% (\$27,500) of the feasibility study.

At the City Council Meeting of February 15, 2007, (Item 5.15) correspondence from Donna Lee Macdonald, Hamilton Arts Inc. requesting advance of Future Fund Grant monies for the Feasibility Study was received and referred to the General Manager of Finance and Corporate Services for a report to Audit and Administration Committee.

Attachment 'A' to report FCS07034 is the correspondence received by Council requesting an advance on the approved grant from the City of Hamilton in the amount of \$27,500 to fund 50% of the feasibility study cost.

ANALYSIS/RATIONALE:

Hamilton Artists Inc. has selected a property to purchase for which the owner is willing to accept a conditional offer of up to one year, in order to accommodate a feasibility study and project management criteria, as required by Canadian Heritage.

Providing the \$27,500 advance on the \$750,000 grant will allow Hamilton Artists Inc. to complete the feasibility study and secure a funding commitment from Canadian Heritage for the purchase of the property.

ALTERNATIVES FOR CONSIDERATION:

Should the \$27,500 advance to fund the feasibility study not be approved, Hamilton Artists Inc. cannot secure a funding commitment from the Federal Government's Canadian Heritage Cultural Spaces Program. Confirmation that other funds have been secured for this project is a requirement for the \$750,000 grant from the City of Hamilton. Therefore, if the advance is not approved, funding for the project may not be realized and the project may not be completed.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The \$750,000 grant to Hamilton Artists Inc. is recorded as a commitment against the Hamilton Future Fund. Since the \$27,500 advance would come from the funds already committed, there would be no financial implications.

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

N/A

CITY STRATEGIC COMMITMENT:

By evaluating the "Triple Bottom Line", (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced. Yes No

Environmental Well-Being is enhanced. Yes No

Economic Well-Being is enhanced. Yes No

Does the option you are recommending create value across all three bottom lines?

Yes No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? Yes No

February 1, 2007

Joe Rinaldo
Director of Finance
City of Hamilton
City Hall
Hamilton, Ontario

ATTACHMENT "A"

to FCS07034.- page 1 of 2



**HAMILTON
ARTISTS INC.**
AN ARTIST RUN CENTRE

FEB 2 2007

Dear Mr. Rinaldo,

I would like to take this opportunity to update you regarding our building project. Please accept the information in point form below:

- we have started a relationship with Artsbuild as our consultant to assist us with the management of the project
- we are finalizing the terms of reference for a Request for Proposals for our Feasibility study
- we have furthered our discussions with Canadian Heritage – Cultural Spaces and The Ontario Trillium Foundation

We have also selected a sight with a Land owner who is willing to accept a conditional offer of up to one year in order to accommodate our feasibility study and project management criteria as requested by Canadian Heritage. It is our hope to be able to formulate a conditional offer to purchase early in 2007 with a one year closing date. We will contact your office at that point to allow for the city's assessment of our chosen site.

We would like to request an advance from our Future Fund grant for the following expenses:


Feasibility Study	\$27,500	(50% of \$55,000)
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Canadian Heritage will be assisting with the other 50% of the Feasibility Study. I have been reassured from the purchasing department at City Hall that this quote given to us from Canadian Heritage is a reasonable expectation given the perimeters of our Feasibility Study. We would ask that our grant from the city be understood as one piece of the funding pie to the project as a whole and not specifically to the building purchase. Indeed, in our negotiations with Canadian Heritage, we may be able to access assistance with acquisition costs as well as renovations and equipment purchases, enabling our organization to create a Building Capital Reserve account, a feature that has been strongly recommended by our consultant at Canadian Heritage. Therefore, please accept this letter as a formal means of request for an advance from our Future Fund grant.

I am enclosing a letter from the Ontario Trillium Foundation expressing their interest in participating with our project. I am not able to provide a letter from Canadian Heritage at this point, but you may contact our assigned consultant Mr. Jeffrey Matt (416) 973 1322 for any clarification.

I trust all is in order. I am available for any questions.

Sincerely


Donna Lee Macdonald
Administrative Director

Cc Brian McHattie, Councillor Ward 1
Mr. Ron Marini, Director of Downtown Development

3 Colbourne Street, P.O. Box 37047
Hamilton, Ontario L8R 3P1

TEL: 905.529.3355 FAX: 905.529.9080 EMAIL: inc@hamiltonartistsinc.on.ca

www.hamiltonartistsinc.on.ca



November 22, 2006

Joe Rinaldo
Director of Finance
City of Hamilton
City Hall
71 Main Street West
Hamilton, Ontario

Dear Mr. Rinaldo,

Please accept this letter as an indication that the Ontario Trillium Foundation is interested in participating with Hamilton Artists Inc. in their project to develop a contemporary arts centre in the James Street North District.

For the last two years, I have personally been in communication with their Administrative Director Donna Lee Macdonald and can attest for her competence and ability to deliver projects.

It trust this is the information required. If you have any questions, please do not hesitate to call me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan West", written over a horizontal line.

Susan West
Regional Program Manager
Ontario Trillium Foundation