

FEASIBILITY STUDY & BUSINESS PLAN FOR
THE TURRET ARTS SPACE



October 2018

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Table of Contents

A. FEASIBILITY STUDY

1. Introduction 1
2. Context 2
3. Need 5
4. The Concept 9

B. BUSINESS PLAN

5. Governance and Operating Model 11
6. Programming 20
7. Operations 21
8. Facility Plan 22
9. Revenue and Expense Projections 35
10. Capital Cost Estimate Summary 44

APPENDIX A: DETAILED CAPITAL COST ESTIMATES 46

A. FEASIBILITY STUDY

1. INTRODUCTION

The Khyber Building, located at 1588 Barrington Street in the heart of downtown Halifax, has had a long and storied history as a centre for community, art and creativity. A registered heritage property, the building was designed by architect Henry Busch, who also designed the bandstand in the Halifax Public Garden. The building was constructed in 1888 as the Church of England Institute and originally housed a library, lecture hall, billiards hall, gym and space for the women's auxiliary. In the 1940s the Church of England Institute closed its doors. After that, the building housed a variety of community organizations, eventually becoming a home for arts and LGBTQ+ organizations such as the Atlantic Film Coop, Wormwood Cinema, The Turret Club and the Gay Alliance for Equality. The building later became known as the Khyber Building, after the Khyber Café, which operated out of the ground floor of the building during the 1970s.

In 1994, the City of Halifax, which by that time owned the building, reached an agreement with a group of artists known as the No Money Down Cultural Society to operate the building as an art centre and dance club. In March 1995, the Khyber Arts Society was registered as a charitable organization and in 1998 opened the Khyber Club, which quickly established itself as a meeting place for visual artists and as an important venue for Halifax's emerging music scene. Musicians and visual artists such as Emily Vey Duke, Shary Boyle, Kelly Mark, Joel Plaskett, Sloan, Classified, and Buck 65 all spent formative years at the Khyber Building before launching international careers.

In 2014, Halifax Regional Municipality closed the building due to evidence of hazardous materials and the last tenants were evicted. It appeared that the Khyber Building was slated for demolition. However, the arts and LGBTQ+ communities, to whom the Khyber has meant so much over the years, once again came together to try to save the building. In 2015, the 1588 Barrington Building Preservation Society (herein, 'the Society') was formed with the intention of purchasing the Khyber Building from the City and creating an arts space. The first part of this plan was successfully realized in May 2018, when Halifax Regional Council approved the Society's application to purchase 1588 Barrington Street (the Khyber Building) for \$1.

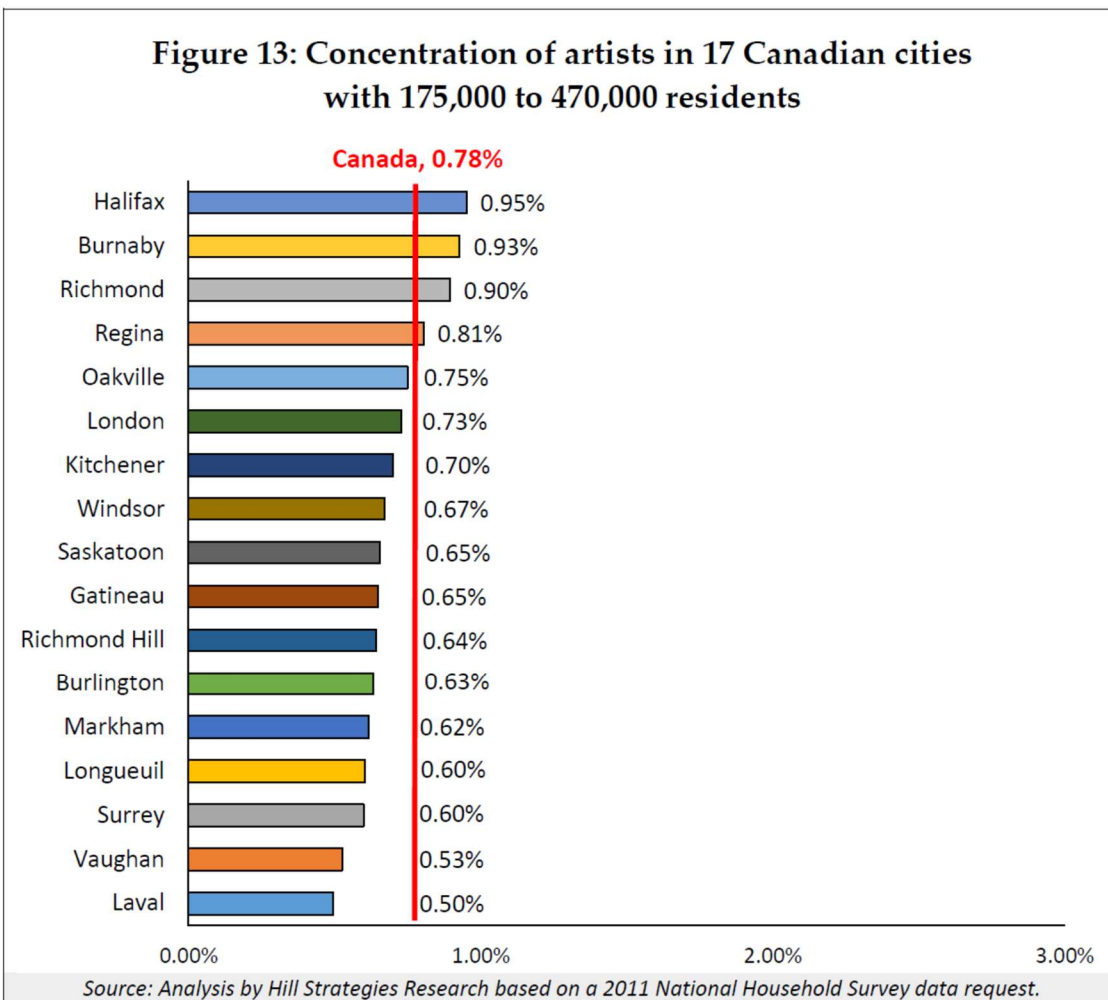
This feasibility study and business plan builds on and updates the earlier business plan submitted by the 1588 Barrington Street Building Preservation Society as part of its application to purchase the building. The study has been prepared by A. L. Arbic Consulting, a Halifax-based firm specialising in planning for not-for-profit arts and cultural projects.

As a tribute to the important role that 1588 Barrington Street played in Halifax's queer community when the building was home to The Turret Club, Halifax's second gay bar, the working name for the proposed facility is ***The Turret Arts Space***.

2. CONTEXT

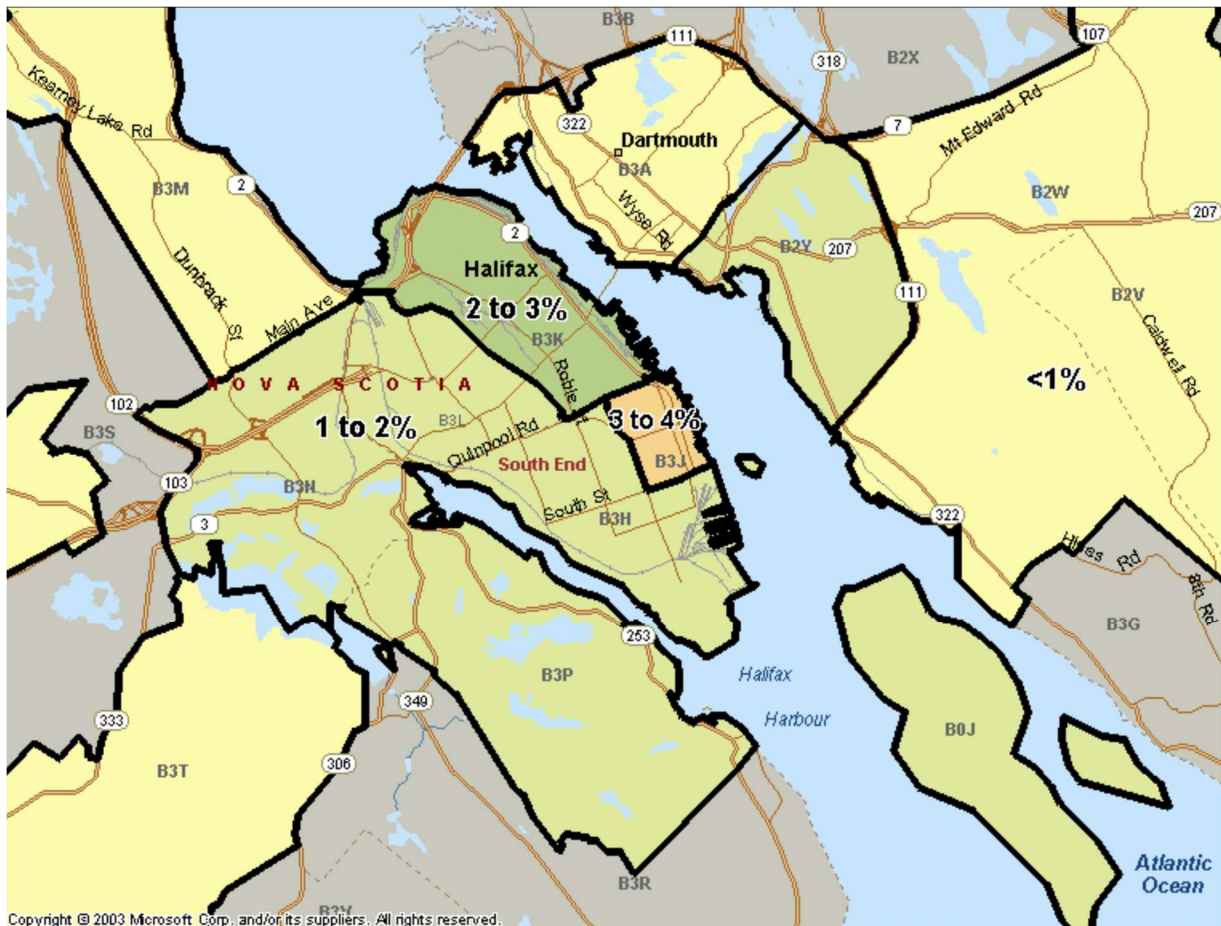
2.1 Size of Arts Community

Halifax is home to a large and active community of artists. In fact, as the chart below illustrates, **Halifax has the highest concentration of artists among 17 similar sized Canadian cities**, according to 2011 census data. Further, the number of artists living in Halifax exceeds national averages for the number of artists as a percentage of the overall labour force.



Although a neighbourhood-level breakdown of 2011 census data is not available, 2005 data illustrates that there are three postal regions in Halifax with particularly high concentrations of artists¹:

- B3J, Halifax Harbour South: This postal region had the highest concentration of artists in the Atlantic provinces in 2005. The 3.5% of the local labour force in this neighbourhood working as artists represented over 4 times the national average.
- B3K, Halifax Harbour North: The 2.4% of the total labour force in this neighbourhood employed as artists in 2005 was 3.5 times the national average;
- B3L, West-Central Halifax: The 2% of the residents of this neighbourhood employed as artists in 2005 was 2.5 times higher than the national average.



From its central location in downtown Halifax, The Turret will be easily accessible to these high concentrations of artists living in near-by neighbourhoods.

¹ Artists by Neighbourhood in Canada, Hill Strategies, 2005

2.2 Fit with Municipal Goals and Objectives

Creation of an arts space in the former Khyber Building fits nicely with the City's long-term economic goals and objectives. In its 2016-21 Economic Growth Plan, Halifax sets out four economic development goals:²

1. Promote and Maximize Growth;
2. Attract and Retain Talent;
3. Make Halifax a Better Place to Live and Work;
4. Align Economic Development.

The Turret will directly contribute to helping realize several of these long-term economic development goals. Halifax's Economic Growth Plan recognizes that quality of life is a significant part of talent attraction and retention, which will in turn lead to population growth. Research conducted during the course of developing the Economic Growth Plan suggested that a major barrier to youth retention was a perceived lack of cultural and creative activities in Halifax. As a result, the 2016-21 Economic Growth Plan establishes as an objective, enhancing Halifax's quality of life by cultivating the arts and culture scene in the Municipality. Facilities like The Turret will be key to ensuring that Halifax continues to produce new artistic growth and talent, which will in turn make it an even better place to work and live.

² Halifax Economic Growth Plan, 2016-2021, <http://www.halifaxpartnership.com/en/home/economic-data-reports/economic-strategy/default.aspx>

3. NEED

The Society consulted extensively with the arts community to develop its original application to purchase the Khyber Building. As part of the preparation of this feasibility study, the consultant contacted key stakeholders and potential users in order to confirm ongoing interest in and support for the project. Both sets of consultations have confirmed that there is an acute need for affordable, accessible creation/development space in Halifax's downtown core.

3.1 Loss of Affordable Arts Spaces

As a result of a marked increase in commercial development in Halifax's central core, it has become increasingly difficult for artists and arts organizations to find affordable creation, administrative and performance space on the Halifax peninsula. The shuttering of the Khyber Building was just one in a string of closures that have forced artists and arts organizations to leave the downtown in search of affordable space. Other closures include:

- **The Living Room:** Theatre Nova Scotia operated this small, affordable venue in Halifax's North end for over 10 years. The space was mainly used for rehearsals, auditions, and readings, though at certain times of year (e.g. the Fringe Festival) it was also used for performances. **The Living Room closed in 2018 after the owner sold the building. In the three years prior to closing, the Living Room was booked an average of 159 days annually;**
- **The Waiting Room:** This four-year-old rehearsal/performance space housed in former warehouse space in Halifax's North-end primarily catered to independent theatre companies and individual artists. **The Living Room closed in 2018 after it was announced that the building will be demolished to make way for a new residential development. In the three years prior to closing, the Waiting Room was booked an average of 110 days per year;**
- **Bloomfield Centre:** This former school property, which closed in 2005, had housed working space for up to 22 artists;
- **Roy Building:** Before it was demolished in 2013, this heritage building, also located on Barrington Street, housed a number of arts organizations over the years including Halifax Makerspace, Strategic Arts Management and the Nova Scotia Cultural Network;
- **CBC Radio Building:** Before it was demolished in 2016, the CBC Radio Building in downtown Halifax had been turned into an informal arts incubator/administrative hub. Tenants included the Atlantic Film Festival, the Centre for Art Tapes, Atlantic Filmmakers' Cooperative, the Linda Joy Media Arts Society, Debut Atlantic, the St. Cecilia Concert Series, Mocean Dance and Live Art Dance.

The closure of these facilities, which provided essential and affordable creation and office space to many emerging and established artists and arts groups in Halifax, has had a tremendously disruptive impact on the local arts community. Many artists and arts groups have been forced to relocate to other facilities that either do not meet their needs or are out of the downtown core and are, therefore, removed from the audiences they serve. These closures contributed to a serious shortage of affordable development, creation and administrative space for artists and arts organizations in Central Halifax.

To further complicate matters, several more affordable development/performance spaces in Halifax are either slated to close or are under threat of closure, including the following:

- **6050 Almon Street:** Earlier this year it was announced that this building was slated for redevelopment and all tenants would be evicted by the end of 2018. The building had housed art and music studios, as well as Radstorm, a not for profit all-ages venue, communal jam space, screen printing studio, and zine library, which has now relocated because of the impending demolition;
- **5663 Cornwallis Street:** This building, which currently houses Eyelevel Artist-Run Centre, the Atlantic Filmmakers Cooperative, Arcturus Studio, Halifax Independent Filmmakers Festival, and Halifax Black Film Festival, has recently been sold to a developer and tenants have been told they must be out of the building by the end of 2019;
- **Bus Stop Theatre:** The Bus Stop Theatre is a busy 80-seat black box performance/rehearsal venue located in Halifax's North end and operated by the Bus Stop Theatre Co-op. **The theatre, which has been in operation since 2003, is booked for performances, rehearsals or workshops 250+ days annually. It has been reported that the owner of the building plans to sell it, and while the Bus Stop Theatre Co-op hopes to purchase the building, it is not certain they will be able to do so, leaving the future of the venue uncertain;**
- **1880 Hollis Street:** This building, which houses the Khyber Arts Society, is owned by NSCAD University. NSCAD has recently announced that it intends to close its Fountain and Academy Campuses, and sell the buildings, including 1880 Hollis Street.

Between the arts-based spaces that have already closed, and the impending closure of the additional venues described above, the need in Halifax for affordable, accessible space for the creation and presentation of work by emerging and established independent professional artists will reach a critical point within the next few years. This is precisely the need that The Turret seeks to fill.

3.2 Fit with Other Proposed New Arts Facilities

Because there are also proposals being developed for several other new/expanded arts facilities in Halifax, it is useful to review these proposals to illustrate how The Turret will fill a specific niche, and will complement, rather than duplicate, these other projects.

3.2.1 Culture Link

The Culture Link project proposes to turn Halifax's former World Trade & Convention Centre into a performance and media production hub that includes the following facilities:

- a 16,000 sq. ft., 1700-seat multi-purpose theatre space for live music, theatre and dance performances;
- a 160-seat cinema;
- a 5,000-sf. media production facility, which includes a studio with green screens, motion capture technology, in-house recording equipment suitable for film, television, and virtual reality, production offices, hair/make-up and wardrobe rooms and an editing suite;
- two dance studios of 2500 sf. and 1500 sf. each;
- administrative space for non-profit organizations and for-profit start-ups.

It is expected that Culture Link will cater to more established artists, larger arts organizations and creative industries who require larger production/performance/administrative spaces and are able to pay the higher costs associated with those types of facilities. By contrast, the target user groups for The Turret will be young/emerging/marginalized artists and independent arts organizations, who require smaller, lower-cost creation, presentation and office spaces. In this way the two projects are quite distinct and highly complementary. Without affordable creation, presentation and administrative facilities like The Turret, younger, emerging, independent and marginalized artists in Halifax will lack the supports needed for them to grow and evolve to the stage where they are in a position to make use of and are able to afford the types of facilities being proposed in Culture Link.

3.2.2 Halifax Waterfront Cultural Hub

This project, led by the province of Nova Scotia, proposes to bring together the Art Gallery of Nova Scotia (AGNS) and the Nova Scotia College of Art and Design (NSCAD) in a single location on the Halifax waterfront. This new facility would replace the existing AGNS and the Fountain and Academy campuses of NSCAD.

The missions of these two institutions are very distinct from the mission of The Turret, with NSCAD's primary focus being the delivery of undergraduate, graduate and extension education programs in art and design, while the AGNS' primary audience is the general public and its primary purpose is the collection and exhibition of works of art produced by established professional artists.

This proposed hub will not include creation space or offices that can be rented by artists or arts groups, as is proposed in The Turret. In this way, The Turret will provide an important bridge between the student and professional aspects of the hub – providing creation space for artists who may have graduated from NSCAD and are in the early stages of their professional career, but who have not yet reached the stage where they are established enough to have their works collected by/exhibited in the AGNS.

3.2.3 Dalhousie Arts Centre Expansion

Dalhousie University is developing plans for a 37,000-square-foot, \$38.5 million expansion to the Dalhousie Arts Centre. This expanded facility will include a new 300 seat concert hall, teaching and practice rooms Arts and space for the University's costume studies program.

The primary user groups for these proposed facilities will be Dalhousie students, established professional artists and large performing arts organizations. Once again, the facilities proposed for The Turret will be complimentary to the proposed arts centre expansion by providing a bridge that will help assist burgeoning professional artists who may have graduated from Dalhousie to establish careers that one day might allow them to perform at the Arts Centre as professionals.

This scan of other new arts facilities being proposed in Halifax illustrates that The Turret will not replicate, but in fact be highly complementary to these other facilities. Arguably, the long-term success of these larger arts facilities will depend on the presence of developmental/creation/experimentation facilities like The Turret, which are essential for creating the established professional artist of the future, who will then be positioned to take advantage of facilities like Culture Link, the Halifax Waterfront Cultural Hub and the Dalhousie Arts Centre.

4. THE CONCEPT

The proposed concept for The Turret responds to the pressing need for an affordable and accessible arts recreation, administration, exhibition and presentation space in central Halifax described in the previous chapter.

4.1 Mission

The Turret is a collaborative multidisciplinary space that nurtures creativity, encourages experimentation and supports the development of artists and new artistic expression.

4.2 Mandate

The primary mandate of The Turret includes:

- *managing a multi-tenant facility dedicated to the creation and production of artistic works by emerging and established professional artists in the Halifax Regional Municipality, including visual arts, music, theatre, literary arts and inter-arts;*
 - *fostering innovative collaborations and conversations between artists and arts organizations working in a variety of disciplines;*
 - *advancing the public's appreciation of the arts by facilitating and coordinating exhibitions, educational programs and other experiences delivered by resident and visiting arts organizations and artists.*
-

4.3 Vision

Our vision is a critically engaged community where artists connect and thrive in a space that is physically, economically and culturally accessible.

4.4 Values

The Turret values:

- **Creativity** and the role creative activities can play in forming a more critically engaged, innovative and connected community;
- **Flexibility** and fostering a dynamic environment in which experimentation can take place;
- **Accessibility** and providing opportunities for all artists and their audiences, including those from marginalized communities, by eliminating or minimizing physical, cultural, and financial barriers;
- **Sustainability** and operating in ways that seek to be financially and environmentally responsible;
- **Cooperation** and interacting in ways that are productive and respectful;
- **Autonomy** and the artistic and operational independence of the organizations and artists who utilize our space;
- **Heritage**, including the architectural character of 1588 Barrington Street and the importance of preserving it.

B. BUSINESS PLAN

5. GOVERNANCE AND OPERATING MODEL

5.1 Governing Authority

The Turret will be governed by the board of the 1588 Barrington Building Preservation Society. The Society has been registered as a not-for-profit society in the Province of Nova Scotia since September 2015. The current Board of Directors is composed of six directors, including representatives of two of its founding partners, Neptune Theatre and the Khyber Arts Society, as well as other members drawn from the arts, LGBTQ+, and business communities in Halifax. Collectively, Directors of the Society bring to The Turret project decades of experience in:

- artistic programming, event management and curation;
- audience development;
- facility operations;
- fundraising (operating and capital);
- sponsorship;
- government and public relations.

Emily Davidson, President: Emily Davidson is a visual artist, musician, and graphic designer (BFA NSCAD, 2009). She is a founding member of Friends of the Khyber and has been involved with the Khyber Arts Society as an exhibiting artist and patron for over ten years. She has previously served board terms for several not-for-profit organizations including the Nova Scotia Rainbow Action Project (Chair), Anchor Archive Zine Library, Inkstorm Screenprinting Collective, and the Nova Scotia Public Interest Research Group. She is also a past president of the Nova Scotia College of Art and Design Students' Union (SUNSCAD).

Justin Reitzel, CPA, Treasurer: Justin Reitzel is Senior Accountant at Lyle Tilley Davidson Chartered Professional Accountants in Halifax and has been with the firm since 2012. He is a graduate of Dalhousie University and has successfully completed the CPA Professional Education Program. Justin has a wide range of experience in providing assurance services to many different clients including a number of not-for-profit organizations. Lyle Tilley Davidson has a long history with the theatre and arts community in Nova Scotia including an extensive history with the East Coast Music Awards, Music Nova Scotia and Eastern Front Theatre.

Michael Erwin, Secretary: Michael Erwin has had a career in theatre for the past 20 years, starting as the rental technician in his high school auditorium. He has earned a diploma in Technical Theatre Production from Sheridan College, and a Masters Certificate of Project Management from Schulich School of Business. Currently, Michael is the Production Manager at Neptune Theatre, and is an active member of the Greater Halifax Arts Coalition.

Sobaz Benjamin, Director: Sobaz Benjamin was born in London, England and has also lived in Toronto; the Caribbean Island of Grenada; and currently lives in Halifax. He studied political science and mass communications (BA, honours 1997) and film and video production (BFA, 2001) at York University. He is an independent documentary film writer, director, producer and picture editor and Vice President of Sankofa Films. He is the founder, and Executive Director of an innovative arts-based youth engagement, empowerment, and reintegration program called In My Own Voice (iMOVE), a partnership with the Community Justice Society and funded by the Federal Justice Department. For over eighteen years Sobaz has used video and audio production as tools of identity and community development in diverse educational and community settings.

Joanne Kerrigan, Director: Joanne Kerrigan has been working in the arts in Halifax since 1999, creating short films, sound collage, site specific installation, live video remix and directing and managing music video production. Joanne has been a Centre for Art Tapes scholar, a director in the Atlantic Filmmakers Cooperative program Film Five and in the Atlantic Film Festival's 10x10 music video program with Norwood Cheek. She been involved in arts administration and governance with Moving Images Group, the Linda Joy Media Arts Society, the Atlantic Filmmakers Cooperative, the Association of Atlantic Area Artists and the Khyber Arts Society. She also works in and teaches communications and writing.

Craig Leonard, Director: Craig Leonard is an artist and musician living in Halifax. He has exhibited work nationally and internationally, including the Oh Canada exhibition that was launched at Mass MoCA in North Adams, MA. His band Catbag (with Mitchell Wiebe and Dave Ewenson) has released three albums since 2007, while his project Guilt (with Matthew Grimson) was released in 2012 to critical acclaim. He currently serves as Chair of the Board of Directors of the Khyber Arts Society. He has taught Intermedia at the Nova Scotia College of Art & Design since 2006.

5.2 Board Accomplishments to Date

In recent years the Society, (including previous activities completed by the Friends of the Khyber), has been active in promoting the importance of preserving the Khyber Building. The group's activities have included:

- launching a broad-based public awareness campaign that has included outreach to local media and HRM council members. The group has also initiated a Friends of the Khyber poster campaign and established a presence at community events, including the annual Pride Parade;
- creating a national social media campaign that has garnered significant attention and formed the basis for fundraising/outreach activities;
- initiating a t-shirt sale campaign (promoted through national summer tour by Joel Plaskett) that garnered more than \$8,000 in sales;
- holding a 2015 benefit concert at the Shore Club, with earnings in excess of \$10,000;
- holding a private Concert with Joel Plaskett in the November of 2017;
- securing public funding, including:
 - Provincial support of \$7,500 for the completion of the preliminary design; drawings and cost estimates from David Garrett and Graeme Duffus;
 - Provincial support of \$15,000 to cover project management contract costs;
- Successfully applying to HRM to purchase 1588 Barrington Street for \$1.00 and securing a financial contribution of \$250,000 from HRM towards development costs and the removal of hazardous materials.

5.3 Governance Structure

The Society's by-laws state that the Board of Directors may have up to 14 members. The Society plans to expand the board to this full complement of members during the fundraising and development stages of the project. However, once The Turret is operational and tenant selection has been finalized, the composition of the Board will be adjusted to allow for greater representation from tenant organizations. The proposed composition of the Society's Board of Directors when it reaches its operational stages includes the following:

- 1 Director nominated by the Khyber Arts Society;
- 1 Director nominated by Neptune Theatre;
- 2 Directors selected from the resident member organizations/tenants;
- 4-7 Directors-at-Large, recruited from the artistic, cultural and business communities.

Once at full capacity, in addition to an Executive Committee, consisting of the President, Vice-President, Secretary, and Treasurer, the Society will have three other standing committees:

Governance Committee:

The Governance Committee will be comprised of at least three board members who meet regularly year-round, one of whom acts as Committee Chair. The responsibilities of this committee will include:

- overseeing Director orientation and ongoing education for Directors;
- developing and refining officer and committee descriptions and scopes of work;
- evaluating Board recruitment needs, developing position profiles to fill vacancies, and actively directing recruitment;
- monitoring Board and committee make-up to ensure diversity and capacity;
- developing and updating governance policies and procedures; and
- recommending and drafting changes to the Society's governing documents, where required.

Finance Committee

The Finance Committee consists of the Treasurer, who shall Chair this committee, and other Board members as required. The committee may recruit external expertise as members of or advisers to the committee to achieve its objectives. Responsibilities of the committee will include:

- overseeing the prudent use of Turret's financial resources;
- developing financial policies and procedures around record keeping and reporting including: budgeting, forecasting, internal and external financial reporting, bookkeeping, cash management and timely payment of obligations, particularly to the Canada Revenue Agency;
- monitoring financial resources to (1) ensure that stated policies are adhered to and funds are used for appropriate purposes and (2) ensure sufficient funds are acquired to support short and long-term operational requirements.
- in conjunction with staff, developing, monitoring and amending the organization's business plan.

Development Committee:

The Development Committee will lead the Board's funding and fundraising programs, supporting the drafting and implementation of long-range and annual work plans to support facility sustainability and program development. During the acquisition/project activation period the committee will also support the public fundraising process. Committee members will assist hired fundraiser(s) with the process of identifying, cultivating, and soliciting donors to meet the goals of both the Capital and Sustainability funds. Once the building renovations are complete, the regular responsibilities of the committee will include:

- working with staff (as appropriate) to develop both long and short-range fundraising plans and oversee the fundraising activities of the Society;
- Identifying and recruiting leadership and volunteers for development activities;
- educating the Board on the role and techniques of development programs;
- encouraging the participation of all Directors in fundraising activities and programs;
- attending all fundraising events;
- assuming public relations duties related to all fundraising efforts; and
- providing an annual programming update to be included in reports to funders and other stakeholders.

5.4 Operating Model

A resident tenant model has been developed to provide administrative spaces at below-market rent to the Khyber Arts Society, Eyelevel Artist-Run Centre and up to 7 other arts/cultural organizations. As tenants of the building, these organizations will also have preferential access to creation, presentation and meeting spaces in the building at rates that are competitive with other similar spaces in HRM.

In addition to office spaces rented to arts/cultural organizations and arts creation/presentation space that can be rented on a weekly/daily basis, the operating model for The Turret includes a limited amount of commercial space that will be rented to commercial entities whose businesses are complementary to the aims and objectives of The Turret. Rent for commercial spaces will be charged at market rates.

5.4.1 Anchor Resident Organizations

The two anchor tenants of The Turret will be the Khyber Arts Society and Eye Level Gallery, both of which are well-established arts organizations with a strong track record of arts programming.

Khyber Arts Society

Established in 1995, the Khyber Arts Society (KAS) has become an internationally recognized artist-run centre. The mission of the Society is to foster critical thought, facilitate creative dialogues and support artistic experimentation through the public presentation of contemporary art. The KAS challenges notions of traditional gallery frameworks and encourages public understanding and appreciation of contemporary art through responsive and relevant programming and outreach. Moreover, the KAS works to prioritize, centre and promote the presentation of work by emerging and marginalized local, national and international artists.

“As a beacon tenant of the 1588 Barrington Building, the KAS will provide a physical and flexible space for the support of socially-engaged primary and membership programming. The KAS greatly looks forward to cultivating relations with 1588 Barrington Building tenants, as well as a wide variety of arts communities that engage in artistic research, experimentation, production, education and distribution.” – Craig Leonard, Chair, Khyber Arts Society.

Eyelevel Artist-Run Centre

Among the first funded artist-run centres in the country, Eyelevel Artist-Run Centre is dedicated to the presentation and promotion of contemporary visual art. Through initiatives such as exhibitions, performances and special projects, Eyelevel has established itself as a supportive environment that fosters the research and development of innovative artistic practices.

“We are looking at using two 1588 Barrington Street offices to develop an alternative artist-run centre. Our vision includes a flexible presentation space and/studio space and a flexible office space. This space would be used for opportunities for emerging artists as with the Y-Level curated exhibitions, exhibition opportunities for our membership and public access to the Eyelevel Bookstore.” – Katie Belcher, Artistic Director, Eyelevel Artist-Run Centre.

5.4.2 Other Resident Organizations/User Groups

Other organizations that have expressed interest in being resident in The Turret or using The Turret’s creation/presentation space include:

Afcoop: The Atlantic Filmmakers Cooperative is a 44 -year old non-profit resource centre for independent filmmakers. Afcoop offers training programs, equipment rentals, screenings and networking opportunities to emerging and established Nova Scotian filmmakers.

“Halifax is very much in need of affordable, long-term space for non-profit arts organizations and activities. Securing the Khyber Building for this purpose is a vital and important step in ensuring that Halifax remains the vibrant cultural place that it is today.” Martha Cooley, Executive Director, Atlantic Filmmakers Cooperative

Halifax Fringe Festival: The Halifax Fringe Festival began in 1991 and has grown every year since. In its 27th year, the Festival featured over 55 productions and 350 individual performance in 10 venues over the course of 11 days.

Halifax Pride: Beginning primarily as a protest march in 1988, Halifax Pride has since grown into a 10-day cultural festival that includes numerous events celebrating the unique character of Halifax’s diverse 2SGBTQ+community and welcoming upwards of 120,000 participants every summer.

“We strongly stand behind the importance of this space re-emerging as the thriving arts and community hub it once was and are very excited about the proposed project... Ultimately, we think that this is a very exciting project for Halifax and its art, queer and not-for-profit communities. We hope you see the immense value of supporting this worthwhile project and the role this would play in the continued growth and development of the creative community in Halifax.” – Adam Reid, Executive Director, Halifax Pride

Mayworks Festival: Mayworks was originally conceived in 1986 by the Toronto and York District Labour Council and the idea has since spread to many cities across the country. The goal behind Mayworks is to bring workers and artists together and to use art to explore themes of justice, solidarity and liberation. The first annual Mayworks Halifax festival took place in 2009 and has since grown exponentially from year to year and has now become Nova Scotia's largest social justice themed cultural event. It attracts over a thousand diverse audience members who take interest in issues of social, economic and environmental justice. The multi-disciplinary nature of the festival allows it to draw followers from multiple arts communities including theatre, dance, visual art, film and music.

"It is no secret that the lack of affordable space for artistic showcasing in Halifax has been a longstanding problem facing artists and arts organizations in this city. The closure of the 1588 Barrington building has only served to make this problem all the more acute. Reopening the building as a space for artistic showcasing and improving upon its previous iteration, would help quench this need." – Sebastien Labelle, Director, Mayworks Festival of Working People and the Arts.

Nocturne at Night: This Fall festival brings art and energy to the streets of Halifax between 6 p.m. to midnight. The completely free annual event showcases and celebrates the visual arts scene in Halifax. The Nocturne program and map guides residents and visitors alike to a variety of exhibitions in galleries and public spaces throughout the city.

"Some of the best Nocturne projects have taken place inside the walls of The Khyber. We have always seen this space as one with potential to be collaborative, accessible, and supportive to the arts organizations in the city. We champion the society's plan to make this happen." - Lindsay Ann Cory, Executive Director, Nocturne Art at Night

OBEY Convention: The OBEY Convention presents a festival of contemporary and underground music and art in Halifax every spring. Incorporating artists from multiple genres and disciplines. They present a tightly curated programme like no other in the country. Audiences see the best in electronica, avant-rock, jazz, modern composition, noise, ambient, visual art, spoken word and beyond.

"I can't even begin to explain the complications, frustrations and struggles OBEY Convention has faced in the years since the closing of the 1588 building in finding safe, inclusive, arts-focused spaces to partner with in presenting our programme of world-class music; it's quite literally one of our biggest challenges year by year. And we are but one group among so many who work eagerly to create, build, foster and enliven the cultural sector of Halifax. Needless to say, OBEY Convention would be thrilled, nay, completely HONORED to take up tenancy in 1588 Barrington Street." - Andrew Patterson, Executive Director, OBEY Convention

RadStorm: RadStorm is a collectively managed applied arts and performance space that currently houses several independent collectives, including the Anchor Zine Archives, InkStorm Screen Printing Collective, and SadRad music collective.

“A proposal to establish a barrier-free downtown location for the arts in Halifax promises a vital and needed anchor to a large network of artist, suppliers, patrons and supporters who are forced to be transient yet who wish desperately to remain in central Halifax and to contribute to life in the city core.” – Laura Shepherd, Rad Storm Collective

Youth Art Connection: Youth Art Connection (YAC) is devoted to supporting youth from a diversity of socio-economic and cultural backgrounds to make positive change in their lives and their community through the power of the arts.

“We foresee value in locating the YAC office and youth programming activities with the Khyber for all of the above reasons, and for the myriad of new connections and synergies that will evolve from being part of the arts incubator ecosystem that the Khyber Building Society is creating.” – Ryan Veltmeyer & Ann Deny, Co-Founders & Co-Executive Directors, Youth Art Connection

6. PROGRAMMING

Programming at The Turret will be delivered through a combination of internal bookings by Resident Organizations and external rentals by other local artists and arts groups. It is anticipated that programming will include but not be limited to:

- visual arts, crafts and new media exhibitions;
- live music presentations;
- spoken word presentations;
- other performing arts presentations;
- events, receptions and galas;
- education events including lectures, conferences, seminars and workshops.

6.1 Resident Programming

Khyber Arts Society

The Khyber Arts Society will encourage public understanding and appreciation of contemporary art through responsive and relevant programming and will actively and continuously maintain a pro-survivor framework and an intersectional, anti-oppressive, anti-racist analysis in its programming and operations. The Khyber Arts Society and neighbouring tenants will provide a physical, flexible and accessible space for the support of socially-engaged programming and will cultivate relationships with a variety of arts communities that engage in artistic research, experimentation, production, education and outreach.

Eyelevel Artist-Run Centre

Eyelevel's vision of their occupancy in The Turret is as a headquarters for their wide range of programming, featuring flexible presentation space, an artist-in-residence studio space, and office space. Their space use would create opportunities for emerging artists, exhibition opportunities to their membership, and public access to the Eyelevel Bookstore.

6.2 Other Programming

With multiple other arts organizations and artists resident in the building, as well as non-residents artists and arts organizations who will be able to book space for shorter periods of time, The Turret's creation/rehearsal/presentation space will be a creative hub for artistic development, experimentation and presentation, particularly for emerging artists.

7. OPERATIONS

7.1 Staffing

The Society will hire a Facility Manager who will oversee the operations of The Turret. The primary responsibilities of the Facility Manager will include:

- managing the day-to-day operations of the facility and ensuring a high-quality environment for all users and tenants;
- overseeing contracted building repairs, maintenance and cleaning services and ensuring the building meets health and safety requirements
- managing tenant leases and working with the Board of the Society to ensure that the tenant spaces are fully occupied;
- coordinating bookings of The Turret's creation/rehearsal/presentation and meeting spaces;
- fostering cooperative tenant relations and balancing the needs of individual tenants with those of the organization as a whole;
- overseeing the financial operations of The Turret, which includes preparing and maintaining an annual budget for the organization and managing all aspects of the finances including bookkeeping, expenditure management and revenue tracking;
- liaising with the board directors and actively engaging in developing and implementing policy and procedures;
- acting as the face of the organization and developing positive community relationships.

7.2 Operating Season and Hours

It is anticipated that administrative and creation/rehearsal uses of The Turret will take place mainly on weekdays, during the day time, but that exhibitions, presentations and events will also take place on weekends and during evenings, allowing for maximum flexibility for users of the space.

8. FACILITIES

The proposed facilities will provide much-needed and affordable creation, collaboration, and presentation space within the regional core and will generate sustainable operating revenues from a combination of not-for-profit tenants (below market), commercial tenants (market) and facility rentals.

8.1 Facility Design Team

The facility plan for The Turret was developed by the following design team, in consultation with the Board of the Society, real estate consultant Ross Cantwell and representatives of artists and arts organizations who are potential users of the space.

Graeme F. Duffus, Architect, MNSAA, G.F. Duffus & Company Ltd. Halifax

Graeme Duffus has worked on a wide variety of architectural projects since 1971, with a special emphasis on heritage buildings. Graeme has prepared conservation plans for numerous heritage buildings and undertaken over 300 projects with varying degrees of repair up to full restoration. Major heritage projects include the preparation of plans for the restoration of the exterior fabric of Halifax City Hall, Province House, Government House and the Provincial Court House on Spring Garden Road.

David Garrett, Architect, MNSAA, David F. Garrett Architects, Halifax

David Garret been working in institutional, commercial and residential architecture in Nova Scotia for more than 20 years. His firm has won four Nova Scotia Home Awards and two Lieutenant Governor Awards for Architecture.

Roy McBride, Structural Engineer, PEng, BMR Structural Engineering Ltd., Halifax

Roy McBride is a senior structural engineer with BMR. He has a wealth of experience in all types of structures and is particularly expert in the area of building restoration. Roy has previously provided structural evaluations to HRM concerning the Khyber Building.

Peter Henry, Architect, MNSAA, Peter Henry ARCHITECTS, Halifax

Peter Henry has been a practicing architect and Adjunct Professor at the Dalhousie School of Architecture for over thirty years. Peter has a speciality in the design of small-scale theatre/performance spaces.

8.2 Facility Goals and Strategies

The concept for renovating the Khyber Building and creating a multi-tenant arts space sought to achieve the following goals:

- creating a dynamic facility that provides stable, affordable administrative space for a range of not-for-profit arts and related groups;
- creating a flexible creation/rehearsal and presentation space that supports artistic exploration, collaboration and presentation;
- providing sufficient leasable space to ensure a sustainable business plan;
- maintaining the exterior of the Khyber Building and as much of the heritage interior space and architectural fabric as possible; and
- meeting current building standards for accessibility, public safety, and hazardous materials.

These goals are accomplished by implementing the following design solutions.

Elevator Installation and Street Level Entrance

An important element of the facility plan, which will allow all levels of the Khyber Building to be fully accessible, involves the addition of an elevator and the creation of a new emergency exit. The new elevator will be installed in the space currently occupied by the Khyber fire escape. This fire escape will be removed and repurposed as an elevator shaft, which also eliminates the need for costly re-framing. This emergency egress will be replaced through the addition of an adjacent emergency egress stair adjoining the Khyber Building with Neptune Theatre, by easement agreement with Neptune. This shared-use of the emergency egress allows connection from Neptune Theatre to the Khyber Building at levels where connection is desirable. It also creates a new, sidewalk-level, enclosed and accessible Barrington Street entrance to the lower levels of both Neptune Theatre and the Khyber Building, eliminating public safety concerns with the existing below grade and deeply set-back entrances.

Expansion of Leasable Space

A significant element in the proposed plans is the addition of a fourth floor to the building, which will create an additional 2,000 ft² of office and meeting space that can be leased to non-profit organizations and increase the building's revenue-generating capacity. This rooftop addition is set back about 20 feet from the front of the building to allow the tall and architecturally significant corner turret to have expression, independent of the addition.

Reducing Snow Loading from Adjacent Building

The addition of a fourth floor will also help address the issue of snow shadowing and increased new snow loads on the Khyber Building resulting from the height of the new building immediately to the north on the former Tip Top Tailor (CD Plus) site. This issue was identified in a 2014 BMR report on the current structural condition of the Khyber Building and will need to be addressed as part of any improvements to the Khyber Building. It is assumed that the owner of the new adjacent building will assume a level of responsibility to address this problem.

Hazardous Materials Removal

The approach of the design team to the remediation of hazardous materials within the Khyber Building is to:

- utilize information from earlier investigations;
- conduct additional testing within the building, including areas not tested in earlier investigations, such as the roof interstitial area;
- identify areas of hazardous material (asbestos, lead paint, etc.);
- evaluate the heritage value of each area;
- develop an area by area protocol for remediation in conjunction with Halifax Real Estate Services; and
- carry out the remediation.

Part of the terms of the purchase of the building include a grant of \$250,000 from HRM to put toward the cost of renovations and the removal and disposal of hazardous materials from the building.

8.3 Floor Descriptions and Plans

The total size of the building, including the proposed addition of a new fourth floor, will be 13,234 sf². The following section describes the functions proposed for each of the floors, followed by floor plans illustrating the uses and amenities on each floor.

Basement Level

The basement area will provide ground-level entry space for an emerging retail proprietor (or a not-for profit organization) who shares the values of the Society, along with storage space for tenants. Non-leasable basement space will provide space for mechanical, electrical, and heating systems.

First Floor

The first floor will provide prime commercial space for a compatible hospitality provider (e.g. a coffee shop, wine bar, etc.) and/ a small retail or service outlet. The inclusion of commercial space enhances the sustainability of The Turret and adds a multi-use component that will help contribute to creating a vibrant, high-energy hub.

This floor will also include barrier-free, gender-neutral washrooms.

Second Floor

The second floor will focus on the creation and presentation of contemporary art across a wide variety of disciplines, with the prioritization and promotion of work by local, national and international artists from marginalized communities. A dynamic dialogue will be fostered by the presence of two established artist-run-centres – the Khyber Arts Society and Eyelevel Artist-Run Centre.

The Khyber Arts Society will be located on the second floor in the Ballroom, with connected office space. The KAS will provide a physical, flexible and accessible space for the support of socially-engaged programming and will cultivate relationships with a variety of arts communities that engage in artistic research, experimentation, production, education and outreach.

Eyelevel Artist-Run Centre will be located in the front two rooms of the second floor of The Turret. Eyelevel's vision of their occupancy in The Turret is as a headquarters for their wide range of programming, featuring flexible presentation space, an artist-in-residence studio space, and office space. Their space use would create opportunities for emerging artists, exhibition opportunities to their membership, and public access to the Eyelevel Bookstore.

Third Floor

The main focus of the third floor will be a flexible creation space suitable for rehearsals, readings, auditions and other development activities. The space can also be used for music, spoken word and other types of performances that do not require a stage or backstage areas. A seated audience of 75 in a flat floor configuration or on risers can be accommodated in this space, or approximately 40 seated at tables.

In addition to this creation/rehearsal/presentation space, the third floor will provide office space for four artist organizations/artists; will house an office for The Turret's Facility Manager; and will feature barrier-free, gender-neutral washrooms for tenants and other users of the facility.

Fourth Floor

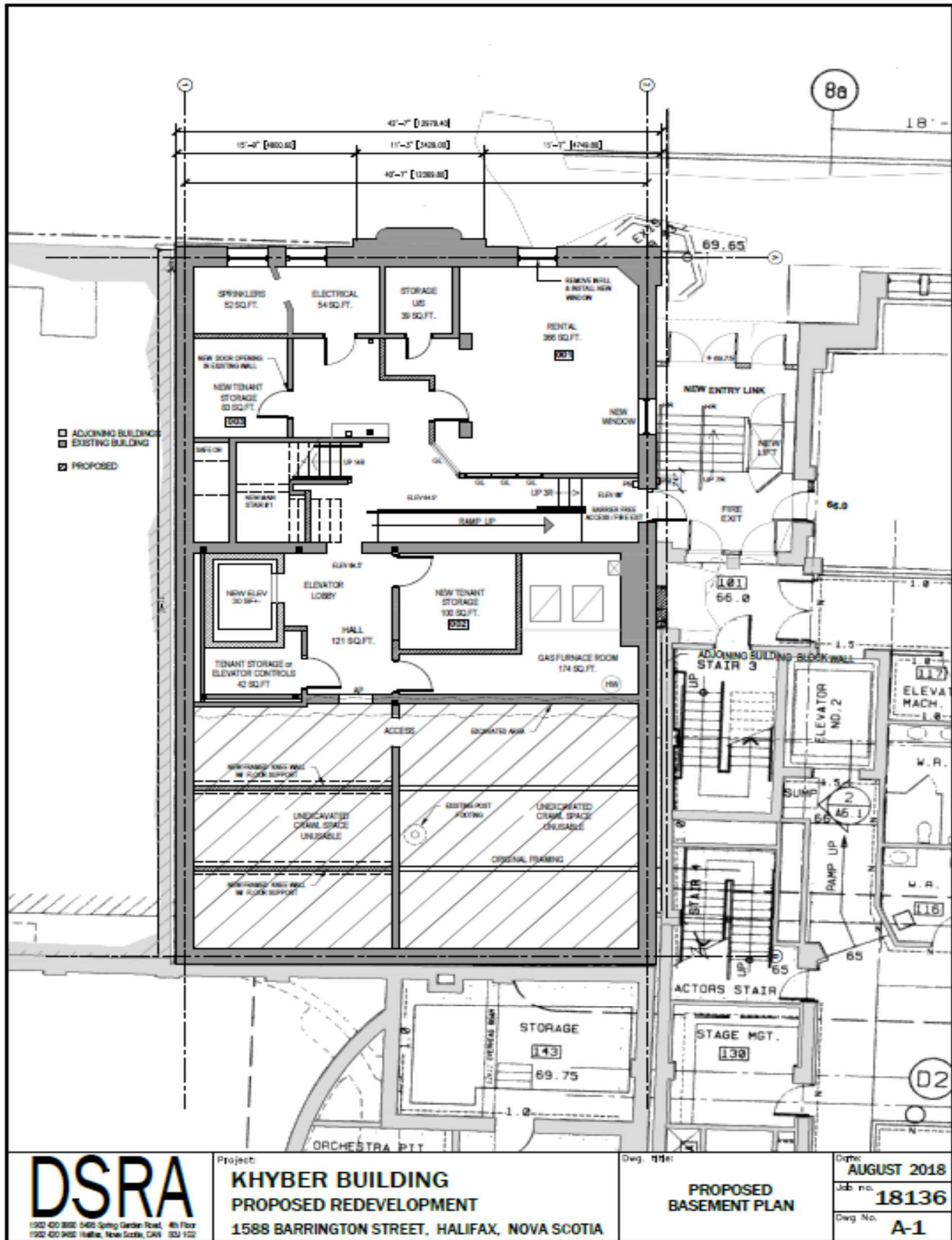
The addition of a fourth floor to the building will allow for the creation of three additional and much-needed office spaces, which will be leased to not-for-profit arts and LGBTQ+, organizations. This floor also provides an attractive common meeting room area, which will be available for rent by tenant organizations and other arts and community organizations. This arrangement will encourage organic networking between non-profit arts and community organizations and increase efficiency for all tenants through the sharing of resources and other forms of support and collaboration. A large roof-top deck adjacent to the meeting room will also make this a unique and highly desirable space for rentals by outside user groups.

8.4 Floor Plans

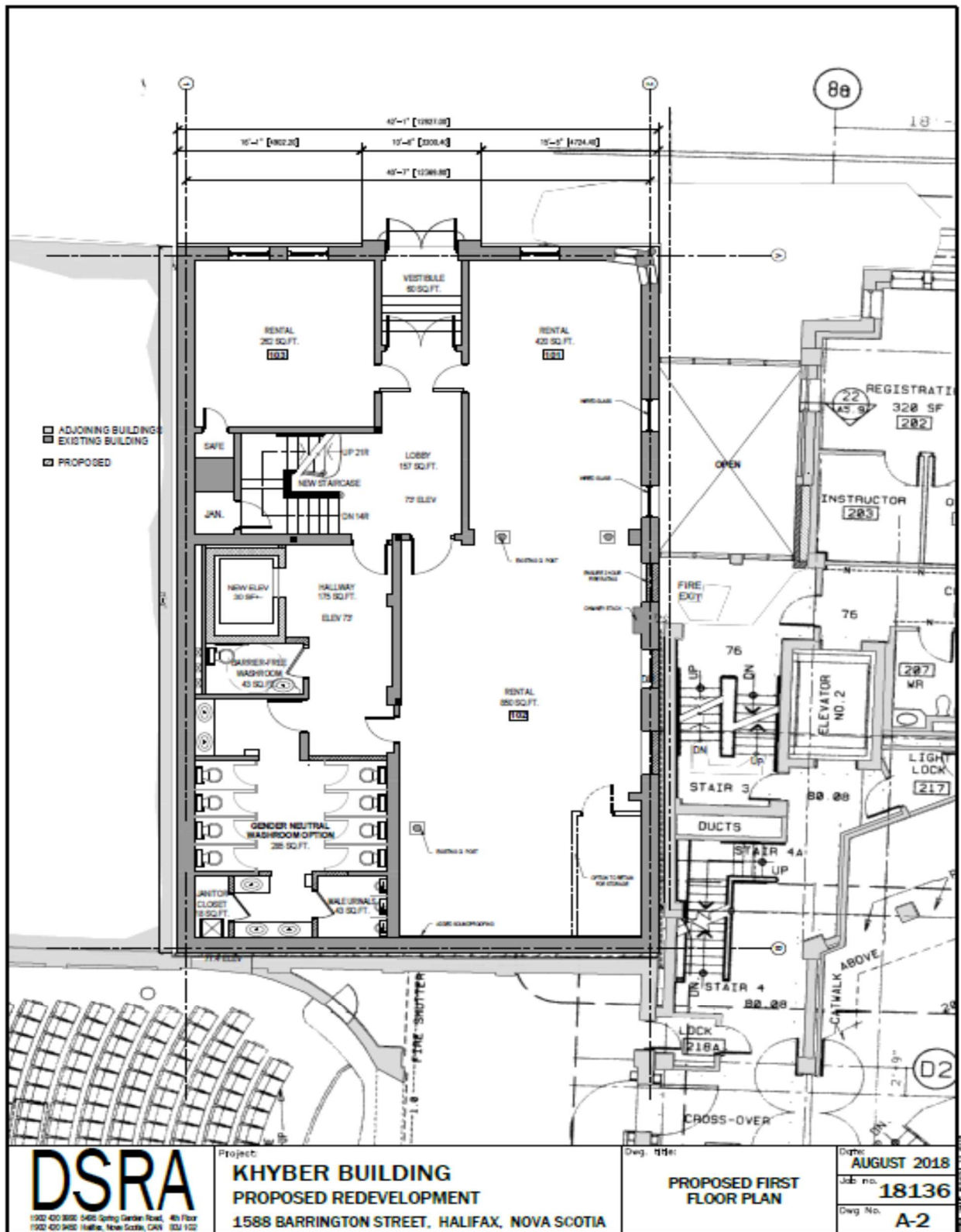
The plans on the following pages illustrate the layouts of each of the floors described above, as well as the proposed link to the adjacent Neptune Theatre building.³

³ Please note that room sizes are approximate and are subject to refinement during the detailed design phase.

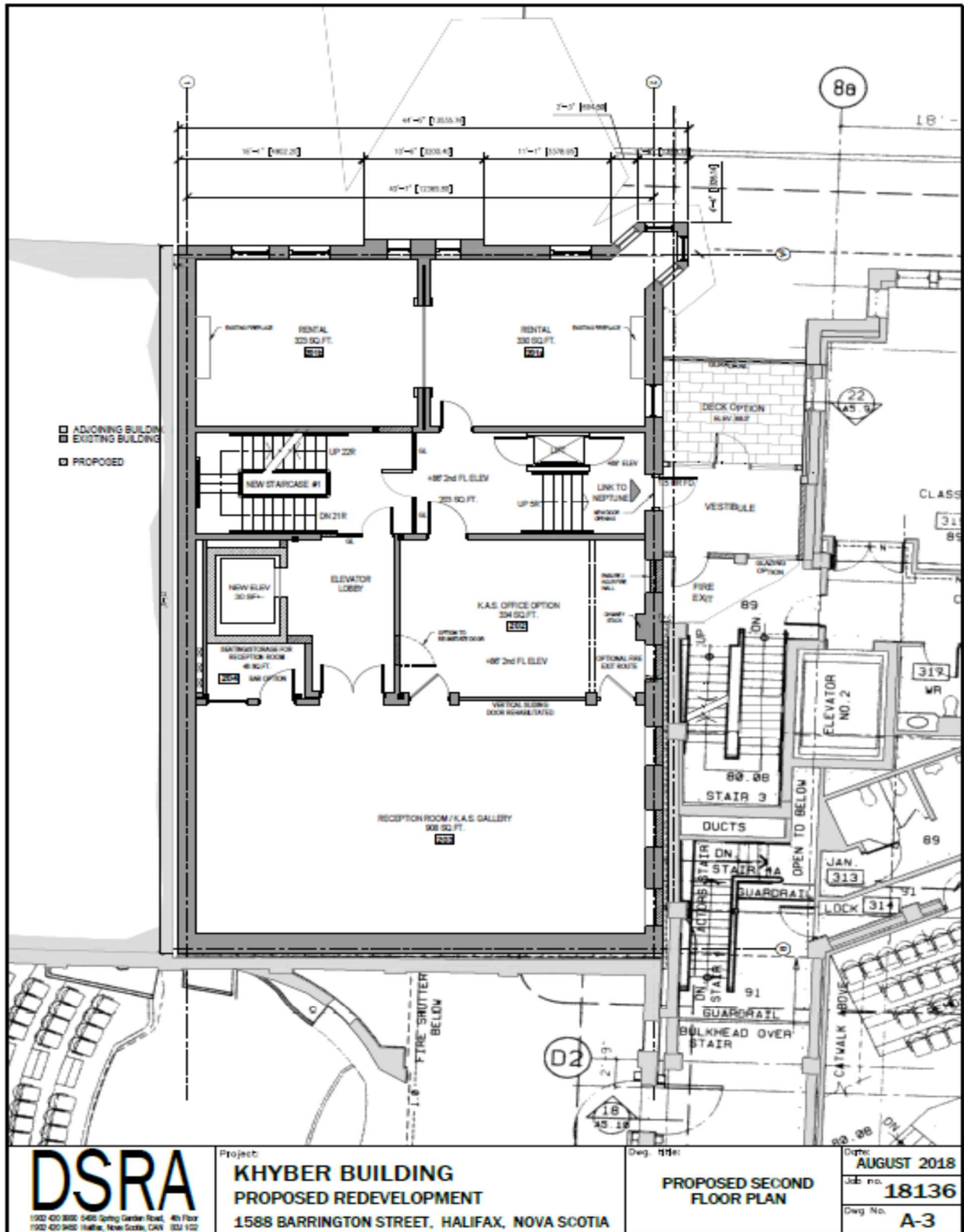
The Turret Arts Space - Feasibility Study & Business Plan



The Turret Arts Space - Feasibility Study & Business Plan



The Turret Arts Space - Feasibility Study & Business Plan



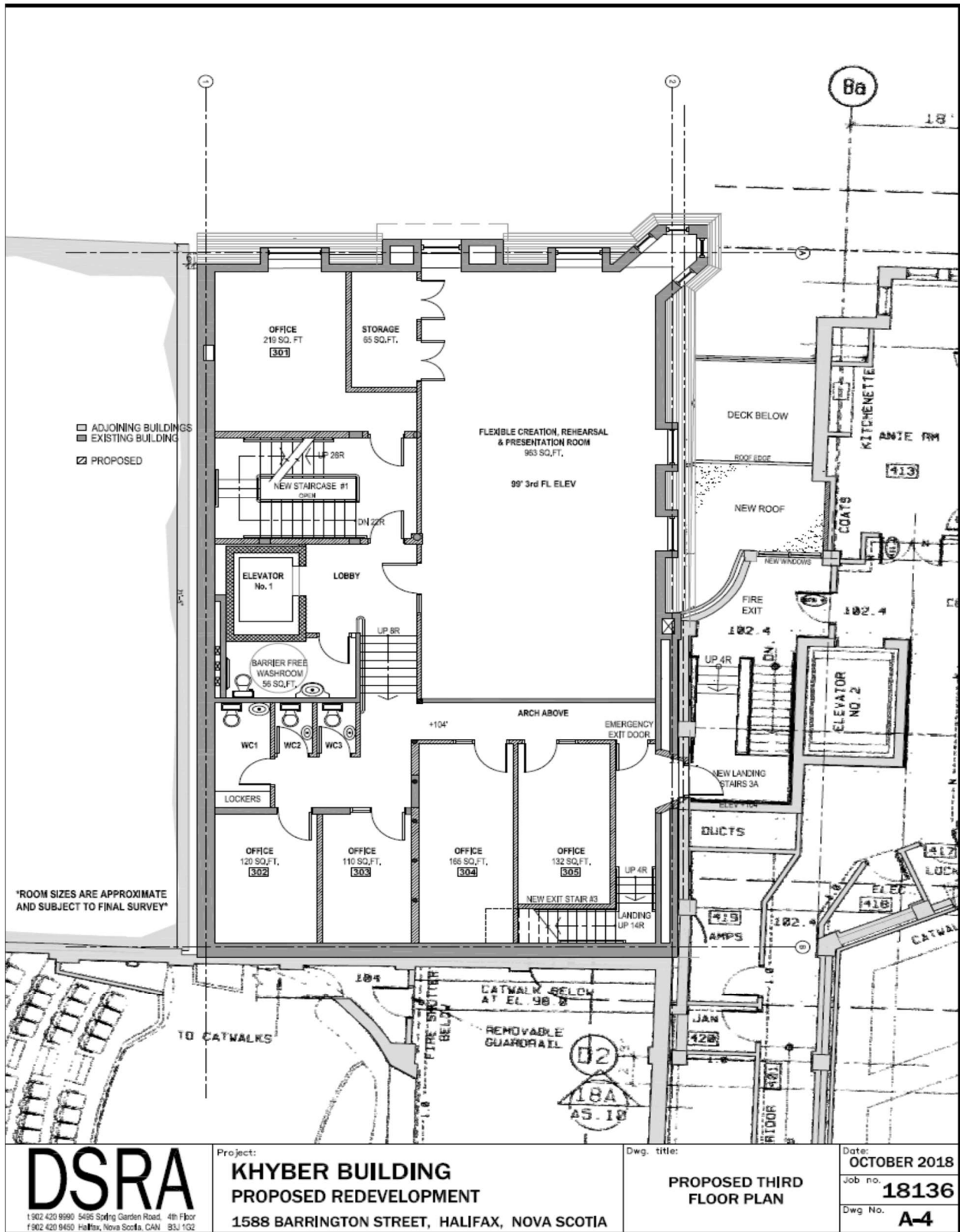
DSRA
 1902 400 8882 5488 Spring Garden Road, 4th Floor
 1902 400 9482 Halifax, Nova Scotia, CAN B2L 1Y2

Project: **KHYBER BUILDING**
PROPOSED REDEVELOPMENT
 1588 BARRINGTON STREET, HALIFAX, NOVA SCOTIA

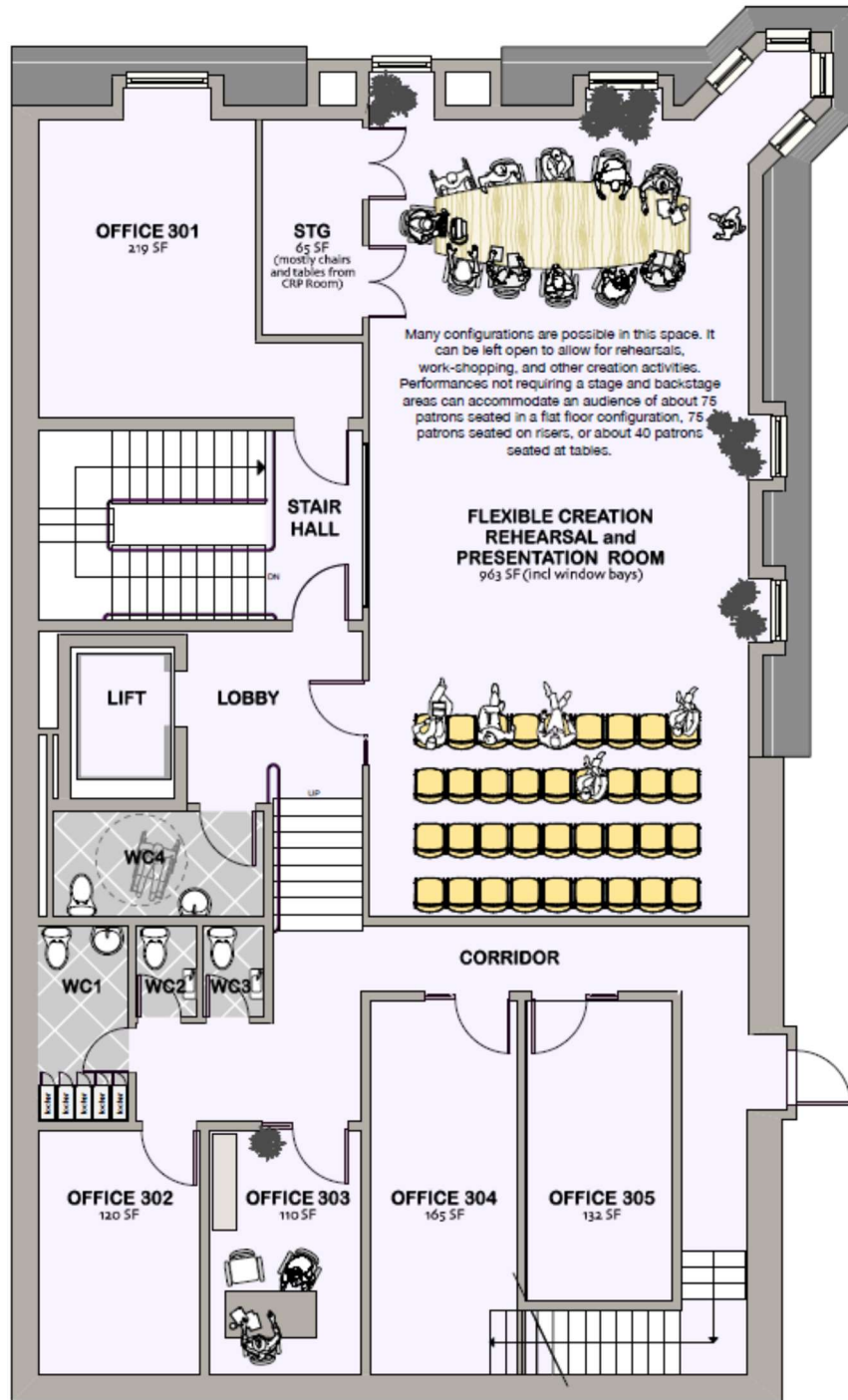
Drawn: [Name]
 Date: [Date]
PROPOSED SECOND FLOOR PLAN

Date: **AUGUST 2018**
 Job no. **18136**
 Draw No. **A-3**

The Turret Arts Space - Feasibility Study & Business Plan

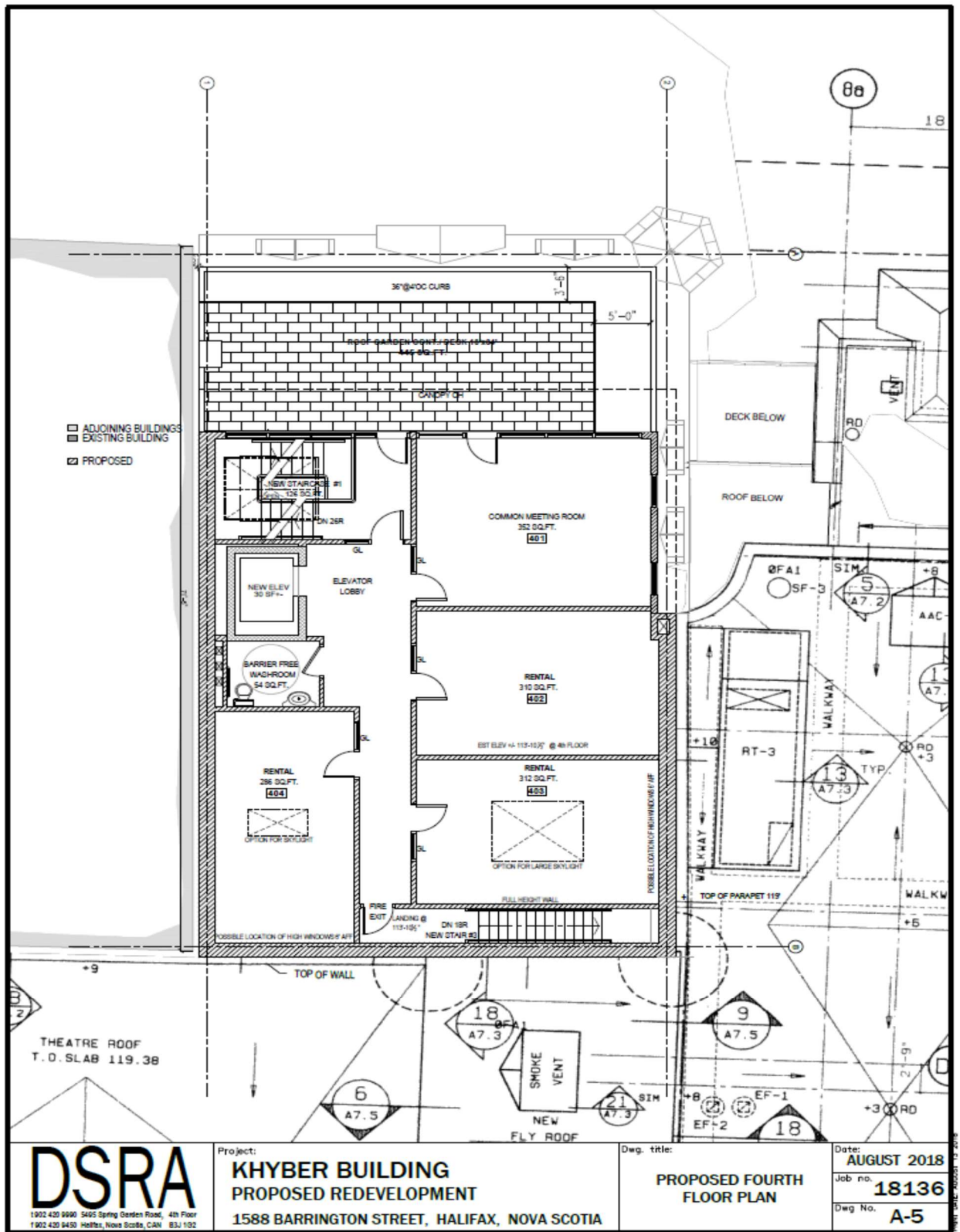


Third Floor Detail



Proposed Floor Plan
Peter Henry ARCHITECTS

The Turret Arts Space - Feasibility Study & Business Plan



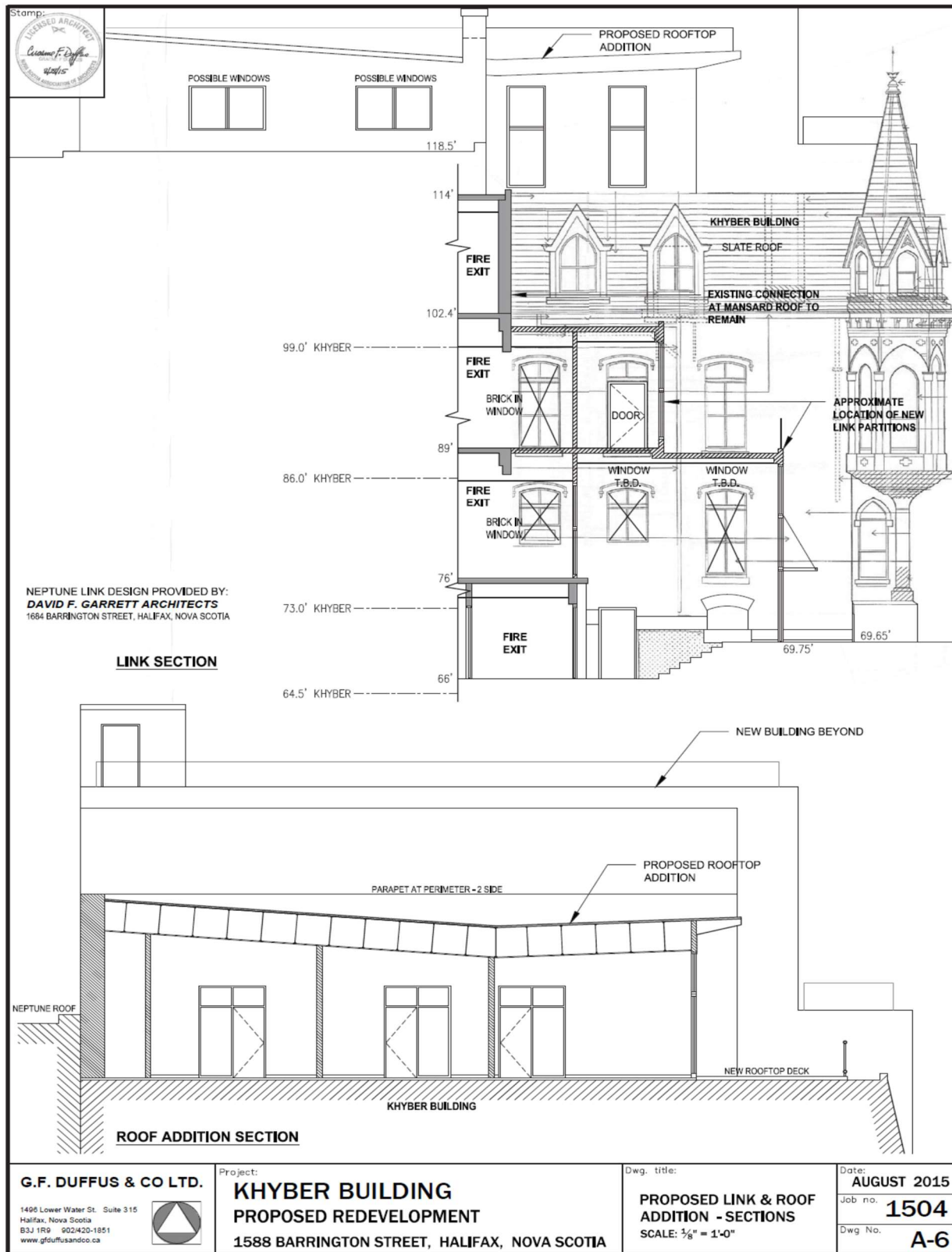
DSRA
 1902 420 9490 5495 Spring Garden Road, 4th Floor
 1902 420 9450 Halifax, Nova Scotia, CAN B3J 1G2

Project: **KHYBER BUILDING
 PROPOSED REDEVELOPMENT**
 1588 BARRINGTON STREET, HALIFAX, NOVA SCOTIA

Dwg. title: **PROPOSED FOURTH
 FLOOR PLAN**

Date: **AUGUST 2018**
 Job no. **18136**
 Dwg No. **A-5**

The Turret Arts Space - Feasibility Study & Business Plan





PROPOSED KHYBER/NEPTUNE CONNECTOR
1584 BARRINGTON STREET, HALIFAX, NS
David F. Garrett • Architects

9. OPERATING REVENUE & EXPENSE PROJECTIONS

This chapter sets out projections for operating revenues and expenses at The Turret during its first three years of operation.

9.1 General Assumptions

In order for projections of operating revenues and expenses to be credible, they must be based on clearly stated assumptions grounded in a common understanding of what is being projected.

It must be noted that although no one can predict the future with certainty, the assumptions that underlie revenue and expense projections must be considered reasonable at the time the projections were prepared. It must also be noted that the assumptions are presented as planning tools for the purposes of the projections. Assumptions, and therefore projections, are both subject to modification in the future as circumstances change and as operating decisions are finalized.

These projections have been prepared under some key general assumptions that must be noted:

- that current demand for creation, rehearsal and office space will remain unfulfilled, or not completely fulfilled, by another development suited to the needs of users in the arts sector;
- that utilities and other related building costs remain similar to historical figures. These projections do not attempt to predict large fluctuations in energy, insurance or other such operating costs that could be caused by any number of unforeseen events;
- the Society will apply to be a full GST registrant, charging HST on rent and leasing income and receiving the full rebate on HST expenditures.

9.2 Revenues

Revenue for The Turret is anticipated to be generated through two primary sources:⁴

- ongoing long-term commercial and office leasing
- short-term (daily or weekly) rental of the Creation/Rehearsal/Presentation Space

9.2.1 Office and Commercial Leasing

Office rental rates were chosen to balance, to the greatest extent possible, the costs of operating the building with the ability of non-profit arts groups to pay. Based on interviews and surveys with arts groups, it is clear that both relatively small offices and below market rental rates are required.

For these projections, an office leasing cost of \$18/sf has been assumed, with a very favorable rate of \$10.50/ sf for storage and for the Khyber Arts Society (Suites 202 and 203), under a long-standing understanding of the KAS's role in maintaining and advocating for the building for several years. The current market rate for commercial office space in downtown Halifax sits at \$14.59, with an additional \$13.65 per square for operating costs, totaling \$28.24 per square foot in total leasing costs⁵. At \$18/sf (gross rent) he proposed rental rate for commercial space in The Turret at represents a significant discount from market costs.

Since first floor retail leasing costs are generally higher than office rental rates, it is anticipated that the first-floor commercial spaces in The Turret will be rented to for-profit ventures at rental rates more in line with market rates at \$31/ sf² (gross).

A 30% gross up factor has been added to the leasable square footage of each space to apportion an allowance for common area spaces (stairwells, hallways, elevators, lobby, etc.) to each tenant.

With below market rents and high demand in the arts community for affordable office space in the downtown area, no allowance for office space vacancy has been made.

The Turret has one key retail tenant (One Block Barbershop) already committed to leasing the commercial space in the basement (Suite B001). Given a competitive rental rate and the key

⁴ While it is assumed that The Turret will have a membership program, the primary purpose of this program will be providing a point of engagement with patrons and community, rather than revenue-generation. As such, no revenue from memberships have been included in the business plan projections. It is also assumed that the Society will engage in fundraising activities and will apply for operating funds from various government operating programs. However, because it is impossible to project with any certainty potential income from government sources or to project income from fundraising without carrying out a fundraising feasibility study, no projections have been made regarding the amount of revenue that the Turret will generate from fundraising activities and government sources.

⁵ Turner Drake & Partners, 2018 June HRM Office and Warehouse Survey.
<https://www.turnerdrake.com/survey/attachments/194.pdf>

The Turret Arts Space - Feasibility Study & Business Plan

location in a renewed downtown Halifax with increased residential units from developments such as The Roy, the Maple and the Alexander, is it anticipated that other retail spaces in The Turret are going to be in high demand.

These assumptions lead to the following projected annual revenue from leasing office and commercial space:

Space	Function	SF	Incl.30% gross - up	Cost/SF	Montly Rent	Yearly Rent
Basement						
Suite B001	Commercial/retail	366	476	\$ 18.00	\$ 714	\$ 8,564
Suite B002	Tenant Storage	100	130	\$ 10.50	\$ 114	\$ 1,365
Suite B003	Tenant Storage	83	108	\$ 10.50	\$ 94	\$ 1,133
First Floor						
Suite 101	Commercial/retail	420	546	\$ 31.00	\$ 1,411	\$ 16,926
Suite 102	Commercial/retail	850	1105	\$ 31.00	\$ 2,855	\$ 34,255
Suite 103	Commercial/retail	262	341	\$ 31.00	\$ 880	\$ 10,559
Second Floor						
Suite 201a	Office rental	330	429	\$ 18.00	\$ 644	\$ 7,722
Suite 201a	Programming/exhibition space	323	420	\$ 18.00	\$ 630	\$ 7,558
Suite 202	Office Rental	334	434	\$ 10.50	\$ 380	\$ 4,559
Suite 203	Gallery	968	1258	\$ 10.50	\$ 1,101	\$ 13,213
Third Floor						
Suite 301	Building Manager Office	194				
Suite 302	Office rental	120	156	\$ 18.00	\$ 234	\$ 2,808
Suite 303	Office rental	110	143	\$ 18.00	\$ 215	\$ 2,574
Suite 304	Office rental	165	215	\$ 18.00	\$ 322	\$ 3,861
Suite 305	Office rental	132	172	\$ 18.00	\$ 257	\$ 3,089
Fourth Floor						
Suite 401	Meeting room	352		See accompanying chart		
Suite 402	Office rental	310	403	\$ 18.00	\$ 605	\$ 7,254
Suite 403	Office rental	312	406	\$ 18.00	\$ 608	\$ 7,301
Suite 404	Office rental	286	372	\$ 18.00	\$ 558	\$ 6,692
TOTAL Office/Commerical Rent					\$11,619	\$139,433

9.2.2 Creation and Collaboration Spaces

The Turret has two short-term rental spaces – a third floor creation space and a fourth-floor meeting/collaboration space. Both are anticipated to be in high demand given the closure of similar spaces in recent years. However, it is also important to keep rental rates affordable for arts groups, many of which have limited available funding. While groups require accessible and arts-friendly spaces, they will also go where they can afford to be.

Projected revenues from creation and meeting/collaboration spaces are based on the following assumptions:

- the creation/rehearsal space will be used for a minimum of 39 weeks per year by non-profit groups. As an example, this level of usage could be fulfilled by 13 theatre productions using the space for 3-week rehearsals. Overall, the space is projected to be used 250 days of the year, but given the amount of demand noted in the interview phase, particularly with the closure spaces such as the Living Room and the Waiting Room, this usage estimate is considered to be very reasonable;
- use of the meeting / collaboration room, suited to smaller meetings or program activity, is estimated to be 125 half-day blocks annually, which is a conservative usage estimate for this type of space.

These assumptions lead to the following projected revenues from The Turret’s creation and collaboration spaces:

	Rates		Usage		Revenue		Total Revenue	Total Usage
	Non Profit	For Profit	Non Profit	For Profit	Non Profit	For Profit		
Creation Space- Daily	\$ 85	\$ 170	40	10	\$ 3,400	\$ 1,700		50
Creation Space- Weekly (5 days)	\$ 350	\$ 700	39	1	\$ 13,650	\$ 700		200
Subtotal- Creation Space					\$ 17,050	\$ 2,400		250
Collaboration Room- 1/2 day	\$ 25	\$ 50	100	25	\$ 2,500	\$ 1,250		125
Total-Rental Revenue					\$ 19,550	\$ 3,650	\$ 23,200	

9.3 Expenses⁶

9.3.1 Facility Costs

At a total square footage of 13,234, the projected per square foot facility cost is \$5.71 before property tax, which is in line with the consultant's anticipated per square foot cost of \$5-\$6 per square foot, based on the experience of other similar facilities.

These costs reflect the following:

- efficiencies of heating and maintaining a newly renovated space;
- anticipated costs of insurance for a multiuser space;
- anticipated maintenance services such as snow clearing and elevator maintenance;
- and costs of contracting a cleaning service for a space that will be used mostly for office and daytime usage.

These assumptions lead to the following projected facility costs:

Facility	
Utilities	\$ 32,500
Building repairs and maintenance	\$ 10,000
Maintenance services	\$ 10,000
Insurance	\$ 8,000
Cleaning services and supplies	\$ 15,000
Total Facility Costs	\$ 75,500

⁶ Expenses do not include HST because it is assumed that the Society will be an HST registrant.

9.3.2 Administrative Expenses

Projected administrative costs are based on the following assumptions:

- the building manager will be paid an annual salary of \$40,000 and the position incurs CPP and EI expenses. A salary rate has been chosen to make the position competitive in the local arts community and to reflect the level of expertise and skill required to take on the work. With several rental clients to deal with on a daily, weekly and annual basis, and without any administrative support, this position is anticipated to be full-time and fully active.
- Professional fees include an annual Review Engagement and other sundry professional fees as required;
- General administration includes a modest allowance for office supplies and printing;
- Phone and internet are estimated at \$150/month;
- Board insurance and sundry expenses are estimated at \$1500 annually;
- the Downtown Halifax Business Commission Levy, which is paid by all commercial building owners, is been calculated using the current rate of \$0.0842 per \$100 of assessment, based on the current assessed value of the building.

These assumptions lead to the following projected annual administrative costs for The Turret:

Administrative Costs	
Building Manager	\$ 43,200
Professional fees	\$ 4,000
General administration	\$ 3,500
Phone, internet	\$ 1,800
Board insurance and meeting costs	\$ 1,500
DHBC Levy	\$1,262
Total Administration	\$ 55,262

9.4 Summary of Operating Projections

The following table summarizes the anticipated baseline or Year 1 annual operating budget:

The Turret Arts Space- Operating Model	Annual (Baseline) Year 1
Revenue	
Office and commercial leasing	\$ 139,433
Creation space and collaboration room rentals	\$ 23,200
Total Revenue from Business Operations	\$ 162,633
Expenses	
Facility	
Utilities	\$ 32,500
Building repairs and maintenance	\$ 10,000
Maintenance services	\$ 10,000
Insurance	\$ 8,000
Cleaning services and supplies	\$ 15,000
Total Facility Costs	\$ 75,500
Administrative Costs	
Building Manager	\$ 43,200
Professional fees	\$ 4,000
General administration	\$ 3,500
Phone, internet	\$ 1,800
Board insurance and meeting costs	\$ 1,500
DHBC Levy	\$1,262
Total Administration	\$ 55,262
Total Expenses	\$ 130,762
Surplus before property tax allowance	\$ 31,871

As indicated on the previous page the surplus after identified facility and administrative costs it is projected to be just under \$32,000 before property tax is taken into account⁷. It is difficult to accurately project the amount of property taxes the Society will have to pay on the building because there are two unknown factors that will determine the amount of property taxes:

1. Assessed value of the building: The value of the building is currently assessed at \$1,498,600. However, it is not known when this assessment was conducted, so the value may have increased since this assessment was done. When the sale of the building to the Society is completed, this will trigger an automatic reassessment of the property value, which may result in an increased assessment. Further, the capital improvements proposed by the Society will also increase the value of the building. As such, it is not possible to project the assessed value of the building upon completion of the sale and renovations.
2. Property tax rate: The other factor that cannot be predicted with any certainty at this point is the property tax rate that will be applied to the property. The building is currently zoned commercial, so if the full commercial property tax rate of 3.3735% was applied to the current value of the building, the property taxes would be \$50,555 annually. However, it is unlikely that the Society would be required to pay full commercial property taxes on the full value of the building, since the Society is a not-for-profit entity and 87% of the building tenants will also be not-for-profit organizations. As a registered not-for-profit, the Society can apply to HRM's property tax relief program for non-profit organizations. There are a number of levels of tax relief that are possible through this program:
 - conversion to a residential tax rate: Under this option, the Society would pay full property taxes on the building, but at a residential rate, which is currently 1.2055%. Based on the current residential property tax rate and the current assessed value of the building, that would translate to approximately \$18,000 in property taxes annually.
 - award of a tax exemption:
 - 25 % exemption (i.e. paying 75% of the residential rate)
 - 50% exemption (i.e. paying 50 % of the residential rate)
 - 75% cent exemption (i.e. paying 25% of the residential rate)
 - 100% property tax exempt

Clearly, achieving the highest level of property tax exemption possible will have a positive impact of The Turret's financial bottom line and should be a high priority for the Society. It will also allow the Society to set aside any surplus after property tax in a capital reserve fund to support future capital replacement.

⁷ It is assumed that capital fundraising will cover all building and equipment costs, thereby avoiding interest expense on a mortgage or loan. Further, with 100% capital funding, amortization of capital funding will be taken in line with depreciation of the building and equipment therefore netting out any impact on the bottom line.

9.5 Multi-Year Projections

The following chart summarizes a proposed multi-year model that assumes the following:

- lease and rental rates remain constant for the first 3 years, to ensure that groups are able to build lease/rental costs into their operating budgets. A 5% step-up is projected in Year 4 (and every 4th year thereafter)
- costs rise 2% per year in line with the current rate of inflation

The Turret Arts Space- Operating Model	Annual (Baseline) Year 1	2% Cost Increase, Year 2	2% Cost Increase, Year 3	5% Revenue Increase, 2% Cost increase, Year 4
Revenue				
Office and commercial leasing	\$ 139,433	\$ 139,433	\$ 139,433	\$ 146,405
Creation space and collaboration room rentals	\$ 23,200	\$ 23,200	\$ 23,200	\$ 24,360
Total Revenue from Business Operations	\$ 162,633	\$ 162,633	\$ 162,633	\$ 170,765
Expenses				
Facility				
Utilities	\$ 32,500	\$ 33,150	\$ 33,813	\$ 34,489
Building repairs and maintenance	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612
Maintenance services	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612
Insurance	\$ 8,000	\$ 8,160	\$ 8,323	\$ 8,490
Cleaning services and supplies	\$ 15,000	\$ 15,300	\$ 15,606	\$ 15,918
Total Facility Costs	\$ 75,500	\$ 77,010	\$ 78,550	\$ 80,121
Administrative Costs				
Building Manager	\$ 43,200	\$ 44,064	\$ 44,945	\$ 45,844
Professional fees	\$ 4,000	\$ 4,080	\$ 4,162	\$ 4,245
General administration	\$ 3,500	\$ 3,570	\$ 3,641	\$ 3,714
Phone, internet	\$ 1,800	\$ 1,836	\$ 1,873	\$ 1,910
Board insurance and meeting costs	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592
DHBC Levy	\$ 1,262	\$ 1,287	\$ 1,313	\$ 1,339
Total Administration	\$ 55,262	\$ 56,367	\$ 57,495	\$ 58,644
Total Expenses	\$ 130,762	\$ 133,377	\$ 136,045	\$ 138,766
Surplus before property tax allowance	\$ 31,871	\$ 29,256	\$ 26,589	\$ 31,999

In this scenario, in Year 4 The Turret nets a similar surplus to that of Year 1 (\$31,000+), before property taxes, while maintaining consistency in the rental and leasing amounts.

10. CAPITAL COST ESTIMATE SUMMARY

Capital cost estimates for implementing the facility plans outlined in chapter 8 of this report were prepared by Renaud Francoeur of QS Online Cost Consultants Inc. As the summary table below illustrates, the total estimated cost of converting the former Khyber Building into The Turret Arts Space is \$3,150, 279.⁸

Turret Arts Space: Class C Capital Cost Estimate Summary	\$
Building Costs	\$2,104,347
Site and Ancillary Work	\$244,276
General Requirements and Fees	\$312,367
Total Excluding Contingencies	\$2,660,990
Allowances	\$489,289
Total Estimated Project Costs (not including HST)	\$3,150,279

⁸ Detail capital costs estimates are included in an appendix to this report.

APPENDIX A: DETAILED CAPITAL COST ESTIMATE SUMMARY

QS Online

TURRET ARTS SPACE
RENOVATION AND ADDITION

CLASS C ESTIMATE - UPDATE

TURRET ARTS SPACE
RENOVATION AND ADDITION

CLASS C ESTIMATE - UPDATE

Prepared for:

DSRA Architecture Inc.
5495 Spring Garden Road, 4th Floor
Halifax, Nova Scotia

Prepared by:

QS Online Cost Consultants Inc.
P.O. Box 25177 Clayton Park PO
Halifax, Nova Scotia

October 10, 2018

The Turret Arts Space - Feasibility Study & Business Plan

ESTIMATE SUMMARY								
Project: Turret Arts Space				Date: 10 Oct 2018				
Estimate: Addition & Renovation - Update				GFA: 14,073 SF				
Description: Historic Building								
Location: Halifax, Nova Scotia								
Element	Ratio	Elemental Cost		Elemental Amount		Rate per SF		%
		Quantity	Unit Rate	Sub-Total	Total	Sub-Total	Total	
A SHELL		14,073 SF			626,369		44.51	23.5
A1 SUBSTRUCTURE					13,567		0.96	0.5
A11 Foundations	0.139	1,951 SF	0.45	872		0.06		
A12 Basement Excavation	0.001	17 CY	746.76	12,695		0.90		
A13 Special Conditions	0.139	1,951 SF	0.00	0		0.00		
A2 STRUCTURE					211,439		15.02	7.9
A21 Lowest Floor Construction	0.139	1,951 SF	0.61	1,185		0.08		
A22 Upper Floor Construction	0.861	12,122 SF	9.79	118,634		8.43		
A23 Roof Construction	0.139	1,951 SF	46.96	91,620		6.51		
A3 EXTERIOR ENCLOSURE					401,364		28.52	15.1
A31 Walls Below Grade	0.108	1,517 SF	0.00	0		0.00		
A32 Walls Above Grade	0.000	1 SF	257,602.00	257,602		18.30		
A33 Entrances	0.000	5 No	2,400.00	12,000		0.85		
A34 Roof Coverings	0.139	1,951 SF	28.18	54,972		3.91		
A35 Projections	0.000	1 Sum	76,790.00	76,790		5.46		
B INTERIORS		14,073 SF			844,692		60.02	31.7
B1 PARTITIONS & DOORS					271,672		19.30	10.2
B11 Partitions	1.271	17,882 SF	9.87	176,572		12.55		
B12 Doors	0.004	56 No	1,698.21	95,100		6.76		
B2 FINISHES					307,031		21.82	11.5
B21 Floor Finishes	1.000	14,073 SF	6.50	91,475		6.50		
B22 Ceiling Finishes	1.000	14,073 SF	4.50	63,329		4.50		
B23 Wall Finishes	3.635	51,159 SF	2.98	152,228		10.82		
B3 FITTINGS & EQUIPMENT					265,989		18.90	10.0
B31 Fittings & Fixtures	1.000	14,073 SF	5.65	79,489		5.65		
B32 Equipment	1.000	14,073 SF	0.46	6,500		0.46		
B33 Elevators	0.000	2 No.	90,000.00	180,000		12.79		
B34 Escalators	0.000	0 No.	NaN	0		0.00		
C SERVICES		14,073 SF			633,285		45.00	23.8
C1 MECHANICAL					288,497		20.50	10.8
C11 Plumbing & Drainage	1.000	14,073 SF	3.75	52,774		3.75		
C12 Fire Protection	1.000	14,073 SF	1.75	24,628		1.75		
C13 HVAC	1.000	14,073 SF	12.50	175,913		12.50		
C14 Controls	1.000	14,073 SF	2.50	35,183		2.50		
C2 ELECTRICAL					344,789		24.50	13.0
C21 Service & Distribution	1.000	14,073 SF	6.50	91,475		6.50		
C22 Lighting, Devices & Heating	1.000	14,073 SF	13.00	182,949		13.00		
C23 Systems & Ancillaries	1.000	14,073 SF	5.00	70,365		5.00		
BUILDING COST					2,104,347		149.53	79.1
D SITE & ANCILLARY WORK		9,887 SF			244,276		17.36	9.2
D1 SITE WORK					59,000		4.19	2.2
D11 Site Development	0.703	9,887 SF	3.94	39,000		2.77		
D12 Mechanical Site Services	0.703	9,887 SF	1.01	10,000		0.71		
D13 Electrical Site Services	0.703	9,887 SF	1.01	10,000		0.71		
D2 ANCILLARY WORK					185,276		13.17	7.0
D21 Demolitions	0.000	1 Sum	185,276.00	185,276		13.17		
D22 Alterations	0.000	1 Sum	0.00	0		0.00		
NET BUILDING COST AND SITE					2,348,623		166.89	88.3
Z1 GENERAL REQUIREMENTS & FEE					312,367		22.20	11.7
Z11 General Requirements Details		14,073 SF		0		0.00		
Z12 General Requirements %		10.0 %		234,862		16.69		
Z13 Fee		3.0 %		77,505		5.51		
TOTAL CONSTRUCTION ESTIMATE					2,660,989		189.08	100.0
Z2 ALLOWANCES					489,289		34.77	
Z21 Design & Pricing Allowance		10.0 %		266,099		18.91		
Z22 Escalation Allowance		2.5 %		73,177		5.20		
Z23 Construction Allowance		5.0 %		150,013		10.66		
TOTAL CONSTRUCTION ESTIMATE - WITH CONTINGENCIES					3,150,279		223.85	
TAXES					0		0.00	
Tax		0.0 %		0		0.00		
TOTAL CONSTRUCTION ESTIMATE					3,150,279		223.85	

QS Online