

# **REPORT**

## ***Engineering Services***

**To:** Mayor Cote and Members of Council      **Date:** August 29, 2022

**From:** Lisa Leblanc  
Director of Engineering Services      **File:** 05.1035.10  
(Doc# 2140574)

**Item #:** 2022-604

**Subject: Massey Theatre Renovation Update**

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### **RECOMMENDATION**

**THAT** Council receives this report for information.

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### **PURPOSE**

The purpose of this report is to provide an update of the Massey Theatre Renovation project. The report provides an overview of project milestones completed to date, and outlines the work plan of future works, including removal of the large gymnasium and supporting spaces as per the 2015 approved plan for the project.

### **SUMMARY**

The City of New Westminster is proceeding with the planned renovation of the Massey Theatre Complex. Work will include upgrades to the existing building to meet modern life safety and accessibility requirements, as well as the repurposing of former classrooms and the small gymnasium to support a variety of contemporary arts, cultural, and community uses.

The decision to move forward with the renovation supports the plans that were developed in 2015 when the Ministry of Education and School District began discussions with the City to transfer ownership of the Massey Theatre. The building and lands currently occupied by the Massey Theatre Complex, including the North Wing, will be retained under the ownership of the City of New Westminster.

As part of the renovation scope of work, and consistent with the original plan for the Complex, the Theatre renovation scope will include removal of the North Wing portion of

the Massey Theatre Complex, which includes the large gymnasium formerly used by the High School, and the former cafeteria and dance studio spaces.

The Massey Theatre Renovation project advances the City's commitment to the performing arts and delivers on strategic priorities identified in the Arts Strategy 2019 – 2024 and Theatre Strategy 2019. The City will continue to work with the Massey Theatre Society (MTS) as the facility operator and a key project stakeholder.

## **BACKGROUND**

### **Key Milestones**

In September 2015, an Agreement-in-Principle was struck with the Provincial Government and the School District regarding City ownership of the existing Massey Theatre. A media release was issued in April 2016 and is available in Attachment 1.

In November 2021, the City became the owners of the Massey Theatre Complex and surrounding land and signed a 25-year lease agreement with MTS to operate the Theatre and ancillary spaces within the lease space. The Massey Theatre Lease space is over 83,000 square feet (7,711 m<sup>2</sup>) over four floors and is situated on a site area of 187,856 square feet (17,452.4 m<sup>2</sup>). Attachment 2 shows the existing site and building plans.

### **Minimum Viable Option Scope**

In 2015, with an agreement in place, building assessments that were focused on the MTS lease space were completed. A "Minimum Viable Option" (MVO) scope of work was established that identified building upgrades necessary to keep the building safe and operational. Building assessments of the North Wing, including the large gymnasium and supporting spaces, were not investigated because the intention was to remove them at the time of renovation of the Theatre. A summary of the 2015 MVO scope is included in Attachment 3.

The 2015 MVO renovation costs were estimated and approved by Council as a Capital Plan amount of \$9.5M with an assumption to receive a Provincial Government contribution of \$1.19 million for the demolition of the North Wing and reconstruction of a new exterior wall. As time has passed, construction costs have escalated and the building has continued to age, while funding sources have reduced. A reassessment of the MVO including detailed building assessments will be carried out in the pre-design phase as shown in the approved work plan (Attachment 4). This work will reestablish the final scope possible within the current approved 2022-2026 5 Year Financial Plan Bylaw amount of \$14.1M. It is possible that renovation work will be completed in phases spanning four years from 2022 to December 2025.

## **Arts and Theatre Strategies**

The Arts Strategy 2019 – 2024 and Theatre Strategy 2019 identified the renovation of the Massey Theatre as a strategic priority for the City. Both strategies articulate goals and objectives that will be advanced through the renovation of the Massey Theatre. More information about the strategies is available in Attachment 5. Renovation to the Massey Theatre is also consistent with the current and past City Strategic Plans as per the area of Facilities, Infrastructure and Public Realm priorities.

## **The Massey Theatre Society**

The Theatre Strategy recognizes the key role of the Massey Theatre Society (MTS) as trustee and long-term operator of the Massey Theatre. The Massey Theatre and Complex Lease and Working Agreement is a 25-year lease between the City and MTS and the basis of extending the service life of the building. The Lease establishes MTS as a key partner.

Shared goals outlined in the Lease state that the City and Society will collaborate over the term of the Agreement through shared investment to improve and sustain the physical asset and its specialized functions for the use and enjoyment of all citizens of New Westminster, support the advancement of the arts and cultural sector in the City and region, and to activate and develop the facility to its fullest potential artistically, culturally and socially.

The Working Agreement includes a “Major Decisions” clause which commits to coordination and collaboration between the City and Society on capital improvements (City or Society-initiated) and any other intervention that will materially affect the operation of the Theatre.

## **Service Reconnection Work**

The demolition of the old High School and subsequent transfer of ownership of the Theatre complex to the City requires that the Massey Theatre’s utility, security and fire protection services operate independently. Commencing in September 2021, this service reconnection work has been functionally completed, enabling operation of the Massey Theatre independent from the High School. It is expected to be fully signed-off in Fall 2022 pending final approval of the electrical distribution system.

## **EXISTING POLICY AND PRACTICE**

The following corporate policies and agreements relate directly to the Massey Theatre.

- 2021 Massey Theatre Lease and Working Agreement
- 2019 City of New Westminster Theatre Strategy
- 2019 – 2024 Arts Strategy

Corporate level policy will be applied in considering the financing strategy for the Theatre Renovation:

- 2017 Corporate Asset Management Policy
- 2009 Corporate Reserve Policy

In considering scope of work for the Theatre Renovation, applicability of the following climate related policies will be considered:

- 2021 Green Building Policy for Civic Buildings
- 2021 Efficient Equipment Selection Policy
- 2020 Corporate Energy and Emissions Reduction Strategy (CEERS)
- 2019 Climate Action Budgeting Framework – Bold Step 1

The recently adopted eMobility Strategy and the updated Public Art Policy also need to be considered.

## **ANALYSIS**

To operate for another 25 years, the Massey Theatre requires significant upgrades to achieve Building Code compliance and provide an acceptable level of life safety, accessibility, operational efficiency and overall functionality. Staff performed an initial analysis that determined that the North Wing, including large gymnasium, cafeteria and dance studio spaces, should not be added to the scope of work for the Theatre renovation. Key findings to support this recommendation were:

Strategic goal alignment – providing only basic upgrades to the Theatre per the 2015 MVO scope aligns with the City's commitment under the 2019 Theatre Strategy, Arts Strategy 2019 – 2024, and 2021 Lease and Working Agreement with MTS.

Budget alignment – in current market conditions, the base MVO scope already likely exceeds the available project budget of \$14.1 million, and significant scope review and value engineering will be required to keep the project within budget. Retaining the North Wing and completing the necessary Building Code and life safety improvements would require additional budget that is not included in the City's approved 5 year Financial Plan.

Value and Suitability – As noted in the Financial Implications section of this report, increasing the overall project budget to incorporate works necessary to retain the North Wing will present financial challenges that are not readily resolved within the timeframe of the Massey Theatre Renovation project. Early analysis suggests that the assumed renovation cost for the North Wing would not represent significant financial savings as contrasted against new construction once issues related to functional obsolescence, life-safety, accessibility, energy performance, and building code compliance are considered. Furthermore, a comprehensive business case to support the retention and programming of the gymnasium and adjacent spaces has not been sufficiently developed. It is noted that the City's inventory of gymnasium space will be increasing by approximately 7,427 square feet (690m<sup>2</sup>) in 2023/24 with the completion of the tømøsewtx<sup>W</sup> Aquatic and Community Centre project.

The land upon which the North Wing of the Massey Complex resides, will be retained by the City and will be available to support future civic priorities.

**MASSEY THEATRE RENOVATION WORK PLAN**

Summarized in Attachment 4 are the key assumptions, dates and activities associated with the work plan. The initial objective is to complete building investigations, refine project scope and phasing strategy, update Class D cost estimates, and develop draft finance strategy prior to end of 2022, in alignment with the 2023 Budget and 2023-2027 5-year Financial Plan process. Design development and preparation of tender documents will then progress through 2023, and the project will be awarded for construction early in 2024. All construction will be targeted for completion by early 2026.

**SUSTAINABILITY IMPLICATIONS**

The 2015 MVO was approved prior to declaration of a climate emergency and prior to adoption of the City’s various environmental, energy and GHG emissions reduction policies.

It is now necessary to explicitly consider the City’s current policies and establish the corresponding project requirements and scope inclusions. Findings will be reported by staff to Council as detailed planning progresses.

**MASSEY THEATRE OPERATIONAL IMPACTS DURING CONSTRUCTION**

To mitigate impact to MTS operations and viability, a multi-phased construction schedule requiring only short-term and defined Theatre closures has been assumed. Multi-phased construction will take longer and bring higher costs. Conversely, a single construction phase brings schedule and cost advantages, but requires an extended and full closure of the Theatre which will significantly impact operations and displace not-for-profit and cultural users. In alignment with the terms of the Lease and Working Agreement, City staff are committed to reaching agreement with MTS on the final construction phasing strategy, Theatre closures, and other “Major Decisions”.

**FINANCIAL IMPLICATIONS**

The 2022-2026 Approved 5 Year Financial Plan includes \$14.1M for the Massey Theatre Renovation project to be funded from the City’s Facility Reserves. To date Council has approved over \$4M in Capital Budget Funding to advance critical works and service connections.

Early pre-design work, including final scope development and cost estimates, is critical to avoid growing financial risk such as cost escalation of approximately 1% per month. At the same time, the City has not been successful in securing grant funding for projects of this type. The ability to borrow more and/or utilize City’s asset replacement reserves will

be a challenge. Short- and long-range funding strategies will be required if the Massey Theatre Renovation Capital Plan needs to grow beyond \$14.1M.

The work plan included in Attachment 4 of this report is designed to produce the information needed to develop a proper understanding of building conditions, which will inform the final scope and estimated cost of the project. From here, informed decisions regarding project scope, schedule and cost baselines can be made. These include decisions relating to variances from City policy and practice, as well as decisions to support a comprehensive financial strategy to fund the project.

### **INTERDEPARTMENTAL LIAISON**

This report was prepared collaboratively with the Finance Department, Office of the CAO (Community Arts and Theatre) and, the Parks and Recreation Department.

### **OPTIONS**

There are two options for Council's consideration, they are:

1. Receive this report for information;
2. Provide staff with different direction.

Staff recommend Option 1.

### **CONCLUSION**

The City is moving ahead with the Massey Theatre Renovation project based on the Minimum Viable Option scope which was developed in 2015 and approved by Council in 2016. Retention and renovation of the North Wing, including former large gymnasium, cafeteria and dance studio spaces, will not be included in the scope of works; cost to remove that portion of the building is included in the amount noted in the 5 year Financial Plan. The approved work plan contained in this report enables staff to advance the Massey Theatre Renovation project in a timely, rational and informed manner, with a commitment to engage with the Massey Theatre Society and seek direction from Council at key decision points in the pre-design, scope development and planning phases.

### **ATTACHMENTS**

- Attachment 1 - 2016 Media Release re: Agreement-in-Principle
- Attachment 2 - Building Plans
- Attachment 3 - 2015 MVO and 2016 Council Resolution
- Attachment 4 - 2022 Work Plan
- Attachment 5 - Arts and Theatre Strategies

## **APPROVALS**

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