



COMMITTEE OF THE WHOLE

ADMINISTRATIVE REPORT

Topic: Horizon Stage Ownership

Introduction:

This report provides background information on the history of Horizon Stage ownership, recent clarification of ownership and its impacts on Parkland County.

Facts (Background Information):

In late 2015 Parkland County was made aware of discussion between Parkland School Division (PSD) and the City of Spruce Grove regarding their Joint Use Agreement. During these discussions PSD made the statement that they were 50% owners of Horizon Stage. The PSD believed this happened as part of the division of assets when the PSD and the County separated in 1995.

As a result of this statement, Parkland County researched the details of the transactions in 1995. Legal opinion was obtained and indicates that it is likely that the Horizon Stage is 50% owned by the PSD and 50% by the City of Spruce Grove.

Parkland County has maintained a cost share agreement with the City of Spruce Grove (Facility Operator) for the past 22 years, based on the belief that the County was 50% owner of the Horizon Stage and that County residents utilize and benefit from the use of Horizon Stage. In addition Parkland County has representation on the Theatre Advisory Board which provides advice and recommendations on program and operation.

Analysis:

The current Horizon Stage Cost Share Agreement expires at the end of 2017. It is very similar in format, terms and conditions to our other Recreation Cost Share Agreements.

Operational contributions are based on past Parkland County resident usage of the facility being cost shared on. In Horizon Stage's case our current Agreement is based upon a past usage rate of 20.55%. Our maximum annual Operating Contribution is \$133, 473. The change in ownership would not have changed this level of operational funding; assuming cost sharing remained in place.

In terms of Capital Contributions Parkland County may or may not cost share on them; which is the same as all of our Recreation Cost Share Agreements. The difference with the Horizon Stage agreement is the maximum percentage paid on the project would not exceed 50%, due to the fact that we were believed to be 50% owners of the facility. In our other Recreation Cost Share agreements, where we are not an owner, the maximum percentage paid for a capital project would not exceed the usage rate the agreement is based upon. In Horizon Stage's case this would have

meant a maximum limit not to exceed 20.55%. In terms of past Capital Cost share requests for Horizon Stage we have always cost shared at the 50% level. Since 2005 there have been \$868,000 worth of capital projects and we have paid out \$434,000 in support. If we had followed the same approach as our other Cost Share Agreements and paid capital funding support at the usage rate the agreements were based upon at that time, which was 20%, we would have paid out \$173,600 in support, \$260,400 less than what the County did over that time. There are no Capital projects occurring at the facility in 2017.

A Theatre Advisory Board was established to act in an advisory capacity for the owners, City of Spruce Grove and Parkland County, providing advice on the operations of the facility. The Board is made up of 11 members, consisting of seven (7) from the City of Spruce Grove (Facility Operator) and four (4) from Parkland County. One of the Board appointees from each municipality may be a member of Council. The Board reports to each Council on an annual basis on the events and activities occurring at the Stage. The current Memorandum of Agreement for the Theatre Advisory Board also expires at the end of 2017.

Given the following rationale, Administration is maintaining the status quo on the Horizon Stage Cost Share Agreement for 2017:

- This is a facility that regardless of ownership Parkland County would likely have cost shared on. It is unique in the fact it is the only performance theatre in the region and provides significant benefit in arts and culture for Parkland County residents.
- The current operational funding support would be the same regardless of the ownership
- There are no capital projects occurring in 2017, if a request did come forward Administration would recommend cost sharing in a similar fashion to our other cost share agreements and that is to the maximum usage rate the agreement is based on; not the 50% previously recommended as part owner. The current agreement allows us this flexibility.
- The Theatre Advisory Board is in place and operational for 2017
- The Parks, Recreation and Culture Master Plan will be completed soon and a notable component of the Plan is Cost Sharing. Administration is anticipating potential new direction and approaches to cost sharing in terms of what and how we cost share on facilities in Parkland County. The current Agreement expires at the end of 2017 and discussions/negotiation for a new one will begin in Q3 of 2017 and take any new directions, supported by Council from the Master Plan, into account.
- One item to be discussed, as part of our negotiations for a new agreement, will be the over contribution on capital projects and how that might be addressed.
- The proposed new agreement will be brought to Council for feedback, consideration and approval.
- Given Parkland County is not an owner of the facility it is unclear as to what might happen with the Theatre Advisory Board after 2017. If the owners, PSD and the City of Spruce Grove, decide to maintain the Advisory Board the County will, as a significant cost share partner, seek consideration for County representation at some level on the Board.

Alternatives:

1. Council could provide other direction to Administration.

Conclusion/Summary:

Administration supports acceptance of the report for information.

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