

# Staff Report



To	<b>Committee of the Whole</b>
Service Area	Public Services
Date	Tuesday, April 1, 2025
Subject	<b>Results of the Feasibility Study for Potential Future Arts and Culture Uses of the Drill Hall</b>

## Recommendation

1. That the Drill Hall Feasibility Study be received.
2. That the building at 72 Farquhar Street, known as the Drill Hall, be declared a surplus asset; and that there be no further financial investment into the building other than general maintenance and security.
3. That staff be directed to advance disposition of the building at 72 Farquhar Street in accordance with the City process and protocol.
4. That staff continue to work with the culture community to identify and address needs and gaps in cultural spaces across all artistic disciplines.

## Executive Summary

### Purpose of Report

To report on the feasibility of future arts and culture uses at the Drill Hall.

In June 2024, Council directed staff to lead a feasibility study and community engagement to determine options and opportunities for the unfinished building located at 72 Farquhar Street.

### Key Findings

The Drill Hall, as a spacious heritage building with a blank slate for development, presents a compelling opportunity for development as a community cultural hub. That said, there are significant obstacles to establishing a viable and sustainable arts and culture hub at this site. The Drill Hall is currently unoccupiable and would require significant capital investment before opening the doors to the public. Furthermore, annual City investment in operations would be required to ensure successful operations and sustainability at this site.

Through community engagement and consultation, the study found a need for access to affordable spaces for artists to rehearse, perform, create, exhibit, and meet. A culture hub could inspire creativity, support a connected community, encourage public appreciation of the arts, and offer world-class artistic facilities enabling local artists to thrive in their work. Located at a gateway to the downtown core, a culture facility in the Drill Hall could add to Guelph's vibrant cultural community, support downtown activation, preserve local heritage, attract visitors with easy access to public transit hubs, and add to economic growth.

Due to site limitations, including structural barriers and lack of loading facilities, the Drill Hall is not well suited to be a performing arts space but could serve well as a visual arts centre focused on studio and exhibition space.

During the study, some potential operating partners and tenants, as well as a potential developer, were identified. While each would bring value and perhaps modest investment to the initiative, all would require City support through further capital investment and annual operating funding. While timing did not allow all the details to be realized, staff continue to provide information as requested by interested community partners as they assess their capacity and interest in the facility.

### **Strategic Plan Alignment**

Culture Plan 2030 supports growing and caring for community spaces and places by leading or advocating for development of culture spaces. This strategic plan commits to cultivating capacity and building foundations in which cultural contributors can build, create, survive and thrive. Specifically, Culture Plan 2030 encouraged consideration of cultural uses at the Drill Hall to address needs and gaps in cultural spaces in Guelph.

### **Future Guelph Theme**

City Building

### **Future Guelph Objectives**

City Building: Grow and care for our community space and places

### **Financial Implications**

In June 2024, Council redirected \$25,000 from the Community Investment operating budget to conduct a feasibility study. Funding was used to hire an external consultant and conduct community engagement, with staff leading coordination and report writing. The overall study costs were approximately \$22,000.

Using square footage new construction cost estimates, the total capital investment to transform the Drill Hall into a visual arts centre is estimated to be over \$7.4 million, with more detailed costing required based on final configuration, features, and finishes. The consultants suggest this investment could be achieved with \$2.5 million from the City matched by \$3 million to \$5 million in funding from the provincial and federal governments, and \$2 million to \$5 million raised through donations and sponsorships.

The operational model proposed by the consultants estimates annual operating expenses at \$950,000 to \$1.3 million. The consultants indicate annual operating support from the City could be in the range of \$170,000 to \$230,000. The additional revenue required for a balanced budget would be generated through provincial and federal grants, fundraising and sponsorships, and earned revenue.

## Report

The City of Guelph acquired the property at 72 Farquhar Street, known as the Drill Hall, in 2017 from Metrolinx as part of a land exchange that helped bring two-way GO Transit rail service to the community. The building's foundation and structure were in a failing condition. Rehabilitation work was completed to address this condition. The City designated the building per by-law (2018) -20332 under part IV of the Heritage Act as having cultural heritage value or interest after the land transfer from Metrolinx. The original building form (or shape), gable roof, window openings on three sides, a large arched window, and post and beam construction elements of the Drill Hall are protected under the Heritage designation.

In 2021, the City invested just under \$4.8 million into the building to repair structural components and, during the same time, staff completed a [market findings report](#) to investigate potential commercial uses for the site. The study found there was no market interest from private sector developers given the restrictions on the site and building (e.g. adjacent to rail corridor, non-residential development) and the lack of space to develop parking.

In October 2021, with the [Real Estate Assets Update](#), Council directed staff to prepare an open proposal to solicit uses for the property at 72 Farquhar Street in conjunction with finalizing the stabilization of the property.

In 2023, the City issued a public Request for Expression of Interest for the use of the Drill Hall. Two submissions were received. The first submission proposed a business hub representing three entities using the space. The second submission proposed the Drill Hall be used as a visual arts centre.

In June 2024 through [Drill Hall Responses to Expression of Interest and Planned Future Use](#), staff shared details on the findings from the expression of interest. The first of the two proponents, Business Centre Guelph-Wellington, withdrew their submission. The second proponent, Guelph Centre for Visual Arts (GCVA), was not recommended as a partner as their proposal included the expectation of significant capital and operating support from the City, though the Request for Expression of Interest stated the City would not have any financial contribution to the project. Without City support, the feasibility of the proponent's budget was unclear.

At the time, staff recommended declaring the Drill Hall as a surplus asset and selling the property.

Following delegations and community discussion, there was interest in the concept proposed by GCVA and a desire to better understand the costs and benefits of such an initiative through a transparent process. Instead of selling the property, Council directed staff to lead a feasibility study and community engagement for the potential use of the Drill Hall as an arts and culture hub.

At the June 2024 Council meeting, the following motion was passed:

That staff be directed to allocate up to \$25,000 from the unspent 2024 Community Investment Strategy account, to be used towards conducting a City led feasibility study and community engagement process for potential future arts and culture uses of the Drill Hall, with a report back to City Council no later than March 31, 2025.

## **Community engagement**

On October 16, 2024, 18 Guelph culture community leaders joined City staff to tour the Drill Hall and collectively imagine what the building could become. Ideas included creating a cultural hub to fill gaps in the currently available culture spaces; enable affordability; be accessible, safe and welcoming; and connect community to arts and heritage activities and education.

The community identified the conditions for success to include good governance; a sustainable operating model; Indigenous presence, knowledge and practice prioritized; and youth involvement.

Beyond a space to create and experience culture, a hub could serve the community as an economic driver, a community-based educational campus in the core of the City, an artful place to connect, and a testament to our local heritage.

The culture leaders acknowledged that the Drill Hall presents opportunities and challenges. As a blank slate, there is potential for a hub that integrates a full Guelph experience (art, history, food), studios and office spaces on the upper floors, teaching and workshop facilities, exhibition space, multi-media art installation, rehearsal space and more. On the other hand, the empty shell has many challenges including pillars and beams limiting floor space, lack of natural light (critical for some visual art creation), floor load capacity on upper levels, lack of onsite parking, and lack of a loading dock and unloading zones.

The culture leaders cautioned that this space could create competition for funding and resources, and that stabilizing current art and heritage organizations should be a higher priority.

## **Indigenous engagement**

Through engagement on both Culture Plan 2030 and the Indigenous Relations Framework, the local urban Indigenous community identified need for access to safe and accessible spaces to gather and practice art, culture, traditions, and ceremonies.

The lack of outdoor space at the Drill Hall presents a significant limitation for this site to adequately serve as an Indigenous cultural space. However, it is recognized that relationship-building with and dedication of space for Indigenous artists needs to be prioritized. Building strengthened partnerships and shared understanding with Indigenous peoples and creating new opportunities that improve the visibility and contributions of Indigenous cultural heritage would be advanced by creating a staff position leading Indigenous programs and outreach to inform the planning of a potential community arts centre.

## **External consultation – Crocus Cultural Strategies**

Crocus Cultural Strategies was engaged to provide recommendations on the Drill Hall's potential to fill a gap in local cultural spaces, and to identify the conditions, governance structures, and funding models for successful culture hubs. The questions that guided their work:

1. What are the characteristics of a facility that would address the community's need for arts and culture spaces?
2. To what extent does the Drill Hall address those needs?

3. What is the right organizational structure and operating model for the Drill Hall to operate in an economically sustainable manner?

The consultants determined the Drill Hall has the potential to create a must-see destination for artists and art enthusiasts, and to cultivate a strengthened grassroots network of artists and arts collectives centred around this dynamic community asset. Advancing this vision would require a cohesive approach to building the profile of artists and of Guelph as an incubator and accelerator of modern contemporary visual arts in the region. With reasonable investments starting with the Drill Hall, the City of Guelph has the potential to realize that vision.

While the facility is not well-suited as a performance space, it does have favourable characteristics for a visual art centre. The main floor of the Drill Hall is approximately 6,100 square feet, which could permit an exhibition gallery space of 4,000-4,500 square feet, with a lobby that includes a small café and shop carrying local arts, crafts and products. The second floor of the Drill Hall has 6,000 square feet of floor space and could house a combination of individual and shared studio spaces, workshop, and storage. The 1,400 square foot third floor requires at least half the floor space for mechanical and electrical equipment, allowing for approximately 600 square feet for administrative office space.

There is a significant gap and a need for creation and exhibition spaces in Guelph for local, professional and early career visual artists, particularly within an environment that encourages collaboration and broad community participation.

The Drill Hall has most, if not all, of the characteristics required to address the community's need for arts and culture spaces. With support from government, community and business, and a diverse range of programs for residents and visitors to participate in, the consultants deem a community visual arts centre would be sustainable.

Crocus Cultural Strategies states that projects such as these are typically planned and executed over several years. If the City and/or community partners wish to advance the concept of a visual arts centre at the Drill Hall, they recommend the next steps include the development of a Strategic Master Plan (to articulate in more detail the programmatic response, physical components, organizational plan, and concept-level architecture) and a Fundraising Feasibility Study.

The consultants conclude the benefits to current and future residents of preserving and enhancing this valued heritage building as a public asset which contributes to a vibrant cultural sector with renewed economic, social and educational opportunities, ultimately outweigh the complexity of a well-planned adaptive reuse of heritage project. Expanding upon the vision and goals of Guelph's Culture Plan 2030, the Drill Hall presents the City of Guelph with the potential to become a premiere destination for contemporary visual arts.

### **Advancing the Drill Hall as a visual arts centre**

The Drill Hall is feasible as a visual art centre. At this point, it is only viable with committed leadership, capital funding, and a commitment of annual operating support from the City. The study shows that starting capital could be achieved in partnership with other levels of government, and private investment through donations, sponsorship, and fundraising.

The operating model suggested by the consultants includes the need for fund development to secure government grants and private funding for capital and operating stability. Further work is required to understand the availability and probability of provincial and federal infrastructure grants to support capital investment and the community's capacity for private contributions.

Alongside the funding research, further work is required to establish a Strategic Master Plan for the Drill Hall as a visual arts centre, identifying program objectives, architecture concept plans, detailed costing, and an organizational plan. External expertise would be required to undertake this work. The cost of this work was not included in the scope of this study.

At the time of writing the report, a local arts organization and developer did express interest in the building. Although timing did not allow all the details to be explored, they indicated an annual investment from the City to support operating costs would be required to fully realize their plan. The interested parties continue to explore outstanding questions around land uses or zoning, funding models, heritage-built form modifications, and elevation growth opportunities.

Despite the positive indicators supporting the potential of the Drill Hall as a visual art centre, the City's current priority to balance affordability with the need for significant investments in housing, critical infrastructure upgrades, and existing public services leaves little capacity to commit to further capital investment and ongoing operating support for the Drill Hall.

Disposition of the building would not limit arts and culture uses at this location and may create an opportunity for private investment in a visual arts centre.

Alternatively, a path for the City to support the Drill Hall as a visual arts centre could be through a public-private partnership where staff are directed to complete further study on funding and fundraising potential and initiate strategic master planning in partnership with an arts organization or collective group of organizations. Council would be acknowledging that additional funding and adjustments to future work planning would be required for this approach. Any actual budget requests would be referred to the 2026 confirmation budget process.

### **Supporting arts and culture to 2030 and beyond**

Regardless of the outcome of the Drill Hall facility, the City recognizes there is a need and desire for a cultural hub in Guelph to cultivate community collaboration and support the local culture economy. In accordance with Culture Plan 2030 recommendations, staff will continue to work with the culture community to identify needs and gaps in cultural spaces across all artistic disciplines, and to collaborate on solutions that address challenges in the sector.

### **Financial Implications**

In June 2024, Council redirected \$25,000 from the Community Investment operating budget to conduct the feasibility study. Funding was used to support an external consultant and community engagement, with staff leading coordination and report writing. The overall study costs were approximately \$22,000.

While conducting the feasibility study and community engagement, Council supported continuing maintenance of the current structural elements and primary systems of the building, estimated at approximately \$125,000 annually.

## **Estimated capital and operating costs for the Drill Hall as a culture hub**

Since 2017, the City has spent just under \$5 million on rehabilitation of the building foundation and structure. The Drill Hall is an empty shell, and, prior to this study, no use had been identified for the building and no further work has been completed to prepare it for occupancy. Beyond the approved budget to continue to maintain the facility, no additional operating or capital budget has been added for the development of this facility. There is no water, wastewater, fire systems, elevator, floors, or interior walls in the building.

Based on the 2024 [Altus Group](#) costing guide, a benchmark for new build construction for museum or gallery space is \$610 to \$905 per square foot, where the high end of this range includes items such as specialized humidity controls and acoustic treatments that are more common with a museum space. Additional funding may be required for further design, legal and zoning changes plus considerations for the heritage designation and individual studio needs. The Drill Hall's main floor and second floor are each around 6,100 square feet each, and based on the costing guide, an estimated range of capital investment needed would be between \$7.4 million to \$11 million to establish the facility. More detailed costing would be required to account for final configuration, features and finishes that would be established through the detailed design process for the transformation project.

Any capital investment into the Drill Hall would require the review and deferral of other capital priorities as the City capital reserves do not have sufficient balances to add in new projects after the prioritization exercise undertaken during the 2025 budget confirmation process to meet Council's direction of achieving a balanced capital reserve fund forecast. Capital transfers to reserves could be increased but this would increase the property tax levy.

The external feasibility study reports that the capital cost to transform the Drill Hall into a visual arts centre is estimated to be between \$7 million and \$10 million. The consultants suggest this investment could be achieved with \$2.5 million from the City matched by \$3 million to \$5 million in funding from the provincial and federal governments, and \$2 million to \$5 million raised through donations and sponsorships. It is recommended to complete a fundraising feasibility study to understand the local capacity and likelihood of opportunities from other levels of government.

The operational model identified in the study includes annual operating expenses estimated at \$950,000 to \$1.3 million. The consultants indicate that annual operating support from the City could be in the range of \$170,000 to \$230,000. The additional revenue required for a balanced budget would be generated through annual provincial and federal grants, fundraising and sponsorships, and earned revenue.

## **Consultations and Engagement**

Guelph culture leaders, organizations, and artists

Facilities and Energy Management

## **Attachments**

Attachment 1 – Crocus Cultural Strategies: City of Guelph Drill Hall Feasibility Study

## **Departmental Approval**

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