



# Business Plan, Education and Training Centre

Education and Training Committee  
Lake of the Woods Development Commission

March 2012



March 8, 2012

Lake of the Woods Development Commission  
60 Fourteenth Street North, 2nd Floor  
Kenora, Ontario P9N 4M9

Grant Thornton LLP  
Suite 1600, Grant Thornton Place  
333 Seymour Street  
Vancouver, BC  
V6B 0A4  
T (604) 687-2711  
F (604) 685-6569  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

Attention: Jennifer Findlay, Economic Development Officer

Dear Jennifer:

In accordance with the terms of our engagement, we have completed an education and training centre business plan for the Lake of the Woods Development Commission, Education and Training Committee.

If we may be of assistance in the interpretation or application of our findings or in the furtherance of this project, please contact us at your convenience.

Yours sincerely,

A handwritten signature in black ink that reads "Grant Thornton LLP".

Doug Bastin, CMC  
Partner, Grant Thornton Consulting

# Contents

	<b>Page</b>
Executive summary	1
Introduction	5
Trade area/education and training demand	8
Facility purpose and objectives	13
Site and facility review	15
User group and demand assessment	19
Revenue and expense projections	22
Management/operating model considerations	26
Financial requirements, funding sources and partnership opportunities	29
Next steps and timelines	34
Schedule 1: Projected Lease Demand and Revenue	
Schedule 2: Projected Personnel Expenses	
Schedule 3: Projected Building Operating Costs	
Schedule 4: Projected Expenses	
Schedule 5: Statement of Projected Revenues and Expenses	
Appendix A: School Enrolment Data	
Appendix B: Property Assessment Notice	
Appendix C: Interviewees	
Appendix D: Site and Facility Maps and Existing Floor Plans	
Appendix E: Presentation	

# Executive summary

## Introduction

The following business plan was prepared for the Lake of the Woods Development Commission, Education and Training Committee, to support the proposed redevelopment of the Lakewood School for use as an education and training centre. Included in this report is analysis of education and training demand, the purpose for the facility, a review of the proposed site for redevelopment, an assessment of space requirements and interest from major tenants and additional users, as well as revenue and expense projections, a proposed management model and financial requirements.

## Facility purpose

The Lake of the Woods Development Commission expresses clear goals and initiatives to increase education and training opportunities in Kenora and realize the benefits associated with higher levels of education. The purpose for the proposed Lake of the Woods Centre, as articulated by the Education and Training Committee of the Lake of the Woods Development Commission, is as follows:

- The Centre will be developed with both education and training and, arts and culture components.
- The Centre will include classrooms, an auditorium/theatre appropriate for performances, larger events and lectures, and a daycare.
- The primary student market for the education and training component is adult learners, with additional opportunities for summer camps and a range of other groups.
- The facility will be actively managed by a joint advisory board to provide advice regarding programming that meets the needs of the community (current and future) and that seeks collaboration between partners.

Additional objectives to guide the development of the proposed Centre are:

- To develop a site for multiple opportunities for learning and growth that reflects the unique features of the area including the strength of First Nations and the beauty of our surroundings.
- To create a fiscally responsible organization that contributes to the economic, educational and cultural strengths of the community.
- To provide adaptable programming that meets community needs and that includes a range of disciplines including secondary completion and post-secondary levels.
- To provide a venue to showcase the community's and region's performing arts groups, in addition to visiting performing arts groups, ultimately attracting both residents and visitors.,

- To develop flexible classroom, shared spaces and services to facilitate multiple uses and users.

#### Site and facility review

The proposed 16 acre site for redevelopment is the Lakewood School which overlooks the Kenora harbour front and is backed by a ridge. The almost 80,000 square foot building is currently used primarily as an elementary school with additional community use, as well as a day care on site. Initially built 80 years ago with successive renovations, the building is in good condition relative to others held by the Keewatin Patricia District School Board.

The multi-level building contains a variety of classroom sizes and types, including smaller classrooms with adjacent offices, as well as purpose built rooms such as a computer lab, music room, library and resource rooms, administrative offices and kitchen/cafeteria. A large gymnasium with associated storage, change rooms and stage area constitutes 9,000 square feet of the facility.

The proposed education and training centre is a compatible use for the proposed redevelopment of Lakewood School, and the location and site size provide opportunities for the development of complementary buildings such as a residence, sweat lodge, and auditorium, as well as potential for expansion to accommodate a higher level performing arts space.

#### User group and demand assessment

The major user groups for the proposed education and training centre are Confederation College (and Contact North), Seven Generations Education Institute and the Keewatin Patricia District School Board (Adult Education). These groups have explicitly expressed interest in having a presence in the proposed facility. The existing day care centre, the Lakewood Early Learning Centre, has expressed interest in continuing, and expanding services, within the facility. Additional user groups that have expressed interest include:

- Kenamatewin Native Learning Centre;
- Ne-Chee Friendship Centre;
- Adult Learning Line (Literacy); and,
- Common Ground Research Forum.

Opportunities for ongoing discussion and partnerships may exist with the development of significant education strategies from First Nations in the Kenora area. Demand for arts and cultural spaces has been documented in previous studies, and the demand for a larger (450-500+ seat) venue continues to be unmet by the current infrastructure. Opportunities exist to explore opportunities for partnership and involvement with local arts and cultural groups.

The following table provides a summary of space demand.

Usage	Area for Dedicated Use (Net Square Feet)	%
<i>Anchor Tenants:</i>		
Seven Generations Education Institute	11,200	
Confederation College	12,515	
Keewatin-Patricia District S.B.	1,800	
Lakewood Early Education Centre	4,415	
Total Anchor Tenant Space	<b>29,930</b>	<b>61%</b>
Theatre/Performing Arts Space	9,000	18%
Additional space to be leased	9,957	21%
<b>Total Dedicated Space</b>	<b>48,887</b>	<b>100%</b>

### Projected revenues and expenses

The Lake of the Woods Centre is projected to realize annual income before debt service and taxes ranging from \$28,600 to \$30,500, as illustrated in the following table.

### Summary of Projected Revenue and Expenses\*

	2014	2015	2016	2017	2018
Total Operating Revenue	\$782,200	\$794,700	\$807,400	\$820,300	\$833,500
Total Expenses	753,600	765,700	777,800	790,900	803,000
Income Before Debt Service and Taxes	<b>\$28,600</b>	<b>\$29,000</b>	<b>\$29,600</b>	<b>\$29,400</b>	<b>\$30,500</b>

Source: Grant Thornton Research and Analysis

\*Figures are rounded

In year 1, a base lease rate of \$9.00 per square foot. Tenants will also be responsible for covering building occupancy costs in proportion to the size of the dedicated space they lease. In year 1, building occupancy costs are charged at a rate of \$7.00 per square foot.

### Proposed operating model

Using the stated purpose of the Centre, and drawing from the Centre for Social Innovation's model for Community Ownership, as well as research into comparable facilities, the proposed ownership model is intended to be:

*An owner-operator model for a collaborative organization that is a community asset with efficiency from service integration and representative management*

Attributes of the proposed model include:

- Stability of ownership and support from the City of Kenora, with opportunities for additional partnerships over time;
- Financial viability based on existing demand, with additional potential revenue-generating opportunities;
- Representation of anchor tenants on a Program Advisory Board; and,
- Responsiveness to community needs and interests.

A facility general manager is recommended to support this model, to ensure appropriate attention to building operations, administration and marketing.

#### Next steps

To support the successful progression of the proposed redevelopment of the Lakewood School into an education and training centre for Kenora, the following next steps are recommended:

- Identification of a qualified, dedicated project manager for the redevelopment project;
- Completion of a detailed program requirement study with each major tenant to guide proposed renovations of the facility; and,
- Completion of a property and site assessment to support associated opportunities for development on the site, including potential for a multi-unit residence, sweat lodge and/or round house, as well as expansion of the performing arts space outside the current building envelope.

# Introduction

## Project background

The Lake of the Woods Development Commission (LOWDC) has identified the need for additional education and training capacity in the Kenora area as a way to support the sustainable economic development of their community. This is included in the vision of the Economic Development Plan (2006, 2009) to recover from the economic impact of successive mill closures, create employment opportunities, and retain, and possibly increase, the local population to support the economic base required for a vibrant community.

The Education and Training Sub-Committee of the LOWDC was formed to support the establishment of Kenora as a regional centre of excellence for post secondary education and training programs and services. Work undertaken by the Education and Training Committee includes the Background Report published in January 2010, an Education and Training Strategy, a Strengths, Weaknesses, Opportunity and Threats (SWOT) analysis of options for the development of an education and training centre and work with local groups and representatives to develop shared goals and objectives.

In 2011, significant education and training providers (members of the Education and Training Committee) expressed an interest in further investigating opportunities for the development of an education and training centre in Kenora and have provided letters of interest as well as contributions towards the investigation of appropriate sites for development, and completion of a business plan for the development of an Education and Training Centre. The Committee initiated investigation of available and potentially suitable space in the Kenora area for the development of an education and training centre. A number of properties and existing buildings were identified, each with its own merits and constraints.

Following completion of the site reviews, the opportunity for potential repurposing of the Lakewood School was presented (the Lakewood School was not one of the sites initially considered) leading the Education and Training Committee to engage Grant Thornton to develop a business plan investigating options and opportunities for the possible redevelopment of the property into an education and training centre.

## Project timing, scope and methodology

Grant Thornton commenced the business planning process in September 2011 and completed the process in March 2012. The methodology used to prepare this Business Plan was based on the scope of the assignment. The project methodology is described briefly below.



### Project initiation

Project initiation activities included telephone and in person meetings with the Lake of the Woods Development Commission Economic Development Officer, as well as an in person meeting with the Education and Training Committee. In addition, a tour of Lakewood School site and building was facilitated by the Keewatin Patricia District School Board. In person, one on one interviews with Committee members and stakeholders were also conducted, and were continued by telephone. A list of those interviewed is available in Appendix C.

### User group definition/analysis

As considerable diversity within and among the Education and Training Committee exists with regard to the purpose of the Education and Training Centre, including multiple perspectives and approaches to the type of opportunity to be pursued, the primary student demographic, as well as the preferred operational and management model for the potential Centre, additional discussions and meetings with the Committee were conducted to articulate the purpose and objectives of the Centre. Additional discussion of the facility concept and purpose is provided in the main body of this report.

These discussions included members of both Lake of the Woods Arts Collective (LOWAC) and Lake of the Woods Centre for the Arts (LOWCA) to ascertain the extent to which performing arts uses and users required incorporation into the development of the business plan for, and eventual redevelopment of, the Centre. Following a site visit and consultation with interested members of LOWAC and LOWCA, these groups indicated that they may be interested in using the Centre, but will determine the extent of this interest after they review the completed business plan.

### Target market and demand analysis

Through discussions with education and training providers regarding student demand, as well as research including Statistics Canada, the Trends Opportunities and Priorities (TOP) Report, as well as Literacy Northwest and student demographics provided by Compass for Success, target market and demand analysis was conducted including level of education, the number of high school graduations, demographics and other factors that impact the target market and demand for education and training in the Kenora area.

### Infrastructure and site review

In addition to site and building visit, and discussion with the Keewatin Patricia School District Board (KPDSB) representative, property assessment, space breakdowns, valuation and assessment, and operating costs were examined to provide the basis for space analysis and calculation of projected redevelopment and facility operating costs.

### Facilities requirements

Based on the stated purpose and objectives of the Education and Training Centre, additional interviews with anchor tenants Confederation College and Seven Generations Education Institution (those that had provided letters of interest) as well as the KPDSB (Adult Education) were conducted. In follow up, specific requests for education and training space were circulated to those users, as well as to the existing day care centre in the Lake Wood School and Contact North (who works in tandem with Confederation College). Requests included description of administrative and classroom demand, current lease rates, peak periods, as well as identification of additional site elements, such as day care,

residence, food service, library, which were of interest to each potential tenant. Additional education and training providers mentioned in initial interviews were researched and requests for demand were circulated. Responses regarding demand for space were combined to provide a user group and space demand for the proposed Centre. Lease rates used in this Business Plan are based on interviews with local commercial realtors who provided a range of actual institutional and commercial lease rates in the Kenora area.

#### Developing the management model of the Centre

The discussion agreement regarding the purpose and objectives of the proposed Education and Training Centre, included consideration of a variety of management models. This included models with both positive and negative attributes to provide a full spectrum of options. Additional research into alternate management models appropriate for the stated purpose and objectives of the Centre, as well as the identified primary student body and education and training providers, were examined. This included review of the August 12, 2010 SWOT Summary and Draft Conclusions, materials from the sessions delivered by Centre for Social Innovation, as well as the results of the joint process undertaken with performing arts groups.

#### Partnership opportunities, funding sources and financial requirements

Financial projections, based on demand and lease rates and estimated operating expenses, were developed. High level development costs for the renovation of the existing building, including redevelopment of the existing gymnasium into a theatre/auditorium, were estimated. Opportunities for additional partnership opportunities and potential funding sources were identified.

#### Reporting

Throughout the course of the project, several status reports were provided to the Education and Training Committee for information and for discussion. A summary of draft findings was presented to the Committee in Power Point format in mid-December 2011. A copy of the presentation is available in Appendix E. Following the presentation of draft findings to the Committee, a Business Plan was prepared, presenting the results of the project steps noted above. The Business Plan is presented in the remainder of this report.

# Trade area/education and training demand

## Introduction

The City of Kenora is a community of approximately 17,000 which represents the amalgamation of the towns of Kenora, Keewatin and Jaffray Melick in 2000. Kenora is located 200 kilometres east of Winnipeg and 560 kilometres northwest of Thunder Bay on the northeast of Lake of the Woods. Lake of the Woods is a popular vacation destination and the location of over 8,000 summer cabins and homes. Kenora is second only to Thunder Bay as the largest centre in northwest Ontario and provides government and commercial services to the surrounding area, with an estimated 22,000 in the local service area.<sup>1</sup>

This section of the report provides an overview of economic, demographic, and education characteristics of the area and their impact on the demand for education and training. Some information is available for Kenora specifically, while other information is drawn from the Northwest Training and Adjustment Board's February 2011 Trends, Opportunities Priorities Report and provides information for the Kenora District.

## Economic environment and employment

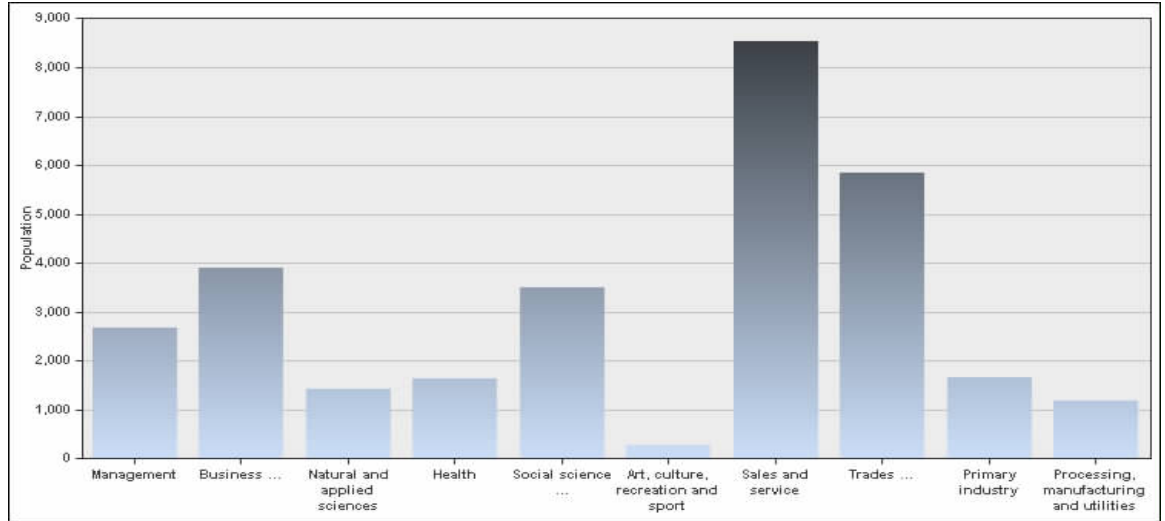
Kenora relies on three major industries, forestry, tourism and mining, in addition to the government service and retail sectors. Even with job losses in the forestry sector since 2005, the forestry industry is still a major factor for employment and economic activity in Kenora, and the surrounding area. Rising commodity prices have increased interest and activity in the mining sector, both exploration and extraction, including gold, copper, nickel, platinum and uranium as well as high quality stone and rare metals. There are increasing numbers of exploration projects (70 in 2008) with associated temporary employment opportunities, as well as demand for skilled trades associated with successful mining projects. The demand for skilled trades is noted by the Conference Board of Canada and referenced in the Education and Training Committee Background Report, stating "The Conference Board of Canada estimates Ontario will face a shortage of more than 360,000 skilled employees by 2025, and that could further escalate to a shortage of more than 560,000 skilled employees by 2030". Kenora continues to be heavily reliant on forestry and agriculture when compared to the province of Ontario as a whole, with mining and heavy construction an equally large component of the economy in the Kenora District (TOP Report 2011).

---

<sup>1</sup> Source: Kenora Community Profile

[http://www.kenora.ca/portal/uploadedFiles/Business/Economic\\_Development/Economic\\_Development\\_Overview/Community%20Profile%20-%20August%202008.pdf](http://www.kenora.ca/portal/uploadedFiles/Business/Economic_Development/Economic_Development_Overview/Community%20Profile%20-%20August%202008.pdf).

The following data from Statistics Canada shows the distribution of employment by occupation for Kenora.

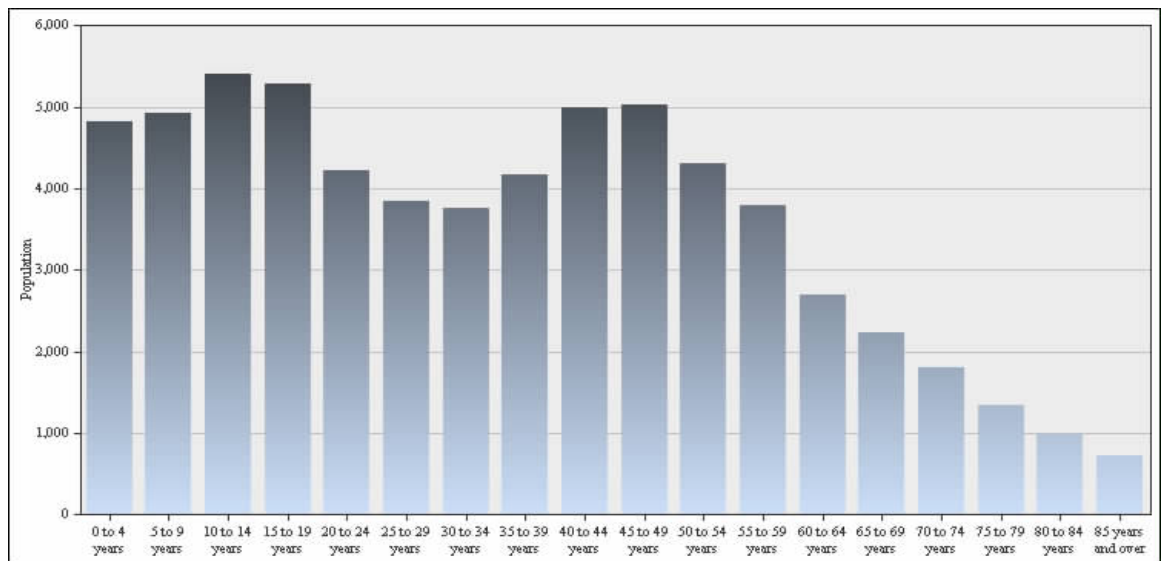


Statistics Canada. 2007. *Kenora, Ontario (Code3560) (table). 2006 Community Profiles. 2006 Census.* Statistics Canada Catalogue no. 92-591-XWE. Ottawa. Released March 13, 2007.

<http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/index.cfm?Lang=E>  
 (accessed December 12, 2011).

### Age demographics

Kenora has concentrations of population from 10-19 years of age, and from 40-49 years of age, which indicates a current and developing market for both high school completion and transition to post secondary education, as well as continuing education or retraining opportunities for adult learners.



Statistics Canada. 2007. *Kenora, Ontario (Code3560) (table). 2006 Community Profiles. 2006 Census.* Statistics Canada Catalogue no. 92-591-XWE. Ottawa. Released March 13, 2007.

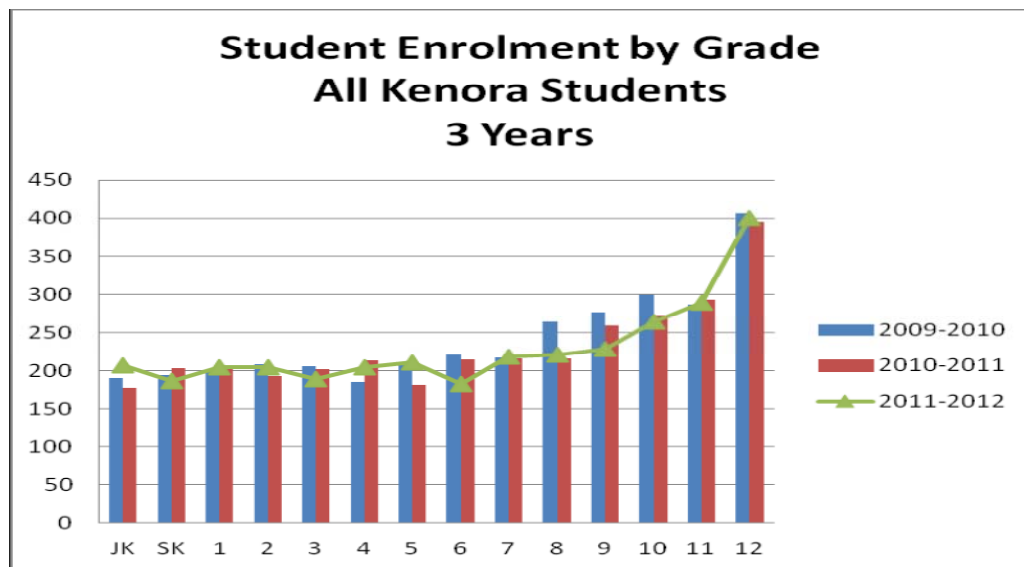
<http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/index.cfm?Lang=E>  
 (accessed December 12, 2011).

### First Nations

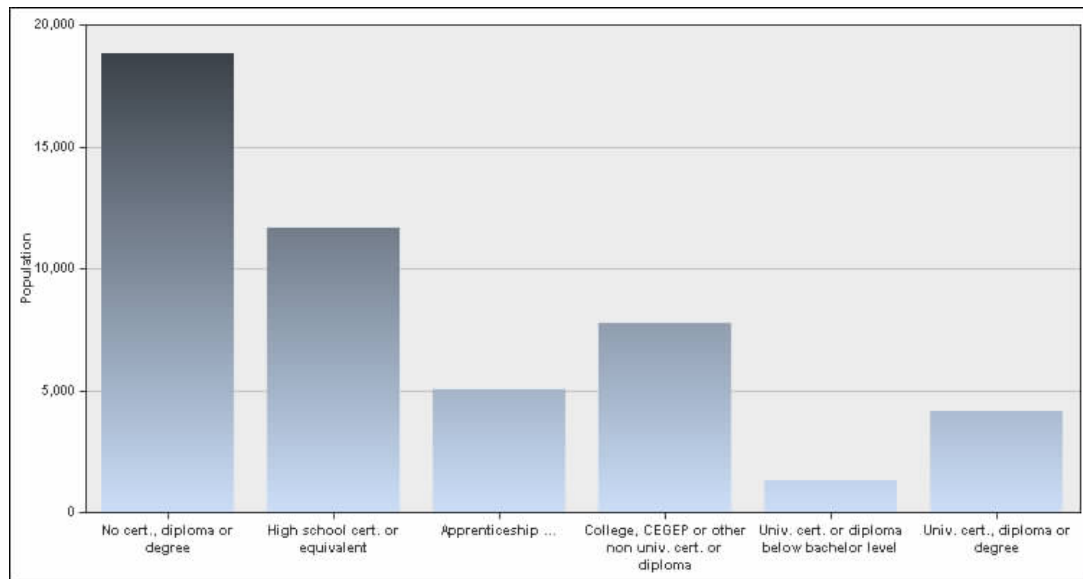
Over 16% of the population of Kenora is of First Nations descent, and with a higher percentage of younger generations of First Nations (relative to the non-aboriginal population), there will be a large number of First Nations youth completing high school, seeking post secondary training and education opportunities and entering the workforce in the near future. With 53 First Nations in the Kenora District (TOP Report), opportunities for providing education and training of interest to First Nations learners, in collaboration with First Nations communities and education and training providers, are an important consideration in the development of an education and training centre.

### High school completion and post secondary transition

Student enrolment data demonstrates an increase in enrolment every year for students in grade 12. It has been observed in previous work by the Commission and Committee, and borne out by the data below that a number of students graduate in year four but return to improve their marks. Many may not be ready to continue their education in a post secondary institution and/or are not prepared to travel from Kenora to either Winnipeg, Thunder Bay or further, to pursue education and training. On average, 50% of students do not continue to a post secondary institution immediately after their fourth year of high school upon graduating (Compass North).



Recognized in the 2010 Background Report prepared for the Education and Training Committee, and reflected in the post secondary attainment rates from Statistics Canada, a significant number of Kenora’s residents have no certificate, degree or diploma. This presents an opportunity for additional education and training programming, including high school completion, apprenticeship, college and certificate programs, as well as university transfer and programs.



Statistics Canada. 2007. *Kenora (District), Ontario (Code 3560)* (table). *2006 Community Profiles*. 2006 Census. Statistics Canada Catalogue no. 92-591-XWE. Ottawa. Released March 13, 2007.

<http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/index.cfm?Lang=E>  
(accessed December 12, 2011).

Additional information from Compass North on Kenora Area student demographics is attached in Appendix A.

### Arts and culture

Local interest in and demand for additional space for performing arts continues to be a topic of discussion by a number of groups, committees and organizations.

Kenora is home to numerous artists from performing to visual arts and is host to musical, theatrical and other festivals and performances. Space to host performances, both for local and visiting artists, is limited and the need for a large (500+seat) performance venue has been well documented in the Performing Arts Centre Draft Final Report November 2002 prepared by Nelson Architecture for the City of Kenora, Keewatin-Patricia District School Board and the Lake of the Woods Business Incentive Group, as well as in the Proposed Performing Arts and Conference Centre & Downtown Opportunity Assessment, September 2007 prepared by Grant Thornton for the City of Kenora.

The need for a performing arts space has been well documented and has led to the creation of the Lake of the Woods Centre for the Arts Charitable Corporation (LOWCA). This group, as well as the Lake of the Woods Arts Collective (LOWAC) and individual artists, festivals and events, have continued interest in the development of additional spaces or venues for performing and visual arts. The recent completion of an open tent for performances and events on the waterfront provides an additional venue for open air festivals and events, but does not fully address the demand for a performing arts centre.

The City of Kenora recently constructed a steel framed tent on the city's harbour front to host open air events. In addition to the tent, performances in Kenora currently utilize church, community centre, and school spaces, as well as space in the Lake of the Woods Discovery Centre. However, larger capacity indoor space has not yet been pursued and opportunities exist to investigate partnerships with LOWCA and LOWAC to develop a performing arts space, possibly to complement the development of education and training spaces.

As described in the project methodology, representatives of LOWCA and LOWAC were engaged individually and collectively in discussions around the potential redevelopment of the Lakewood School. In these discussions, representatives from these two groups indicated that they would like to see the results of this Business Plan prior to deciding if and how they would like to be involved in this project going forward.

### Conclusion

Previous economic development and education and training demand analysis are congruent with the current assessment of the need for education and training opportunities in Kenora. There is significant education and training demand for high school completion, upgrading, transition to post secondary, as well as apprenticeship and post secondary program offerings in the Kenora area.

Some evidence of this is the trend of increasing Grade 12 enrolments as students are taking longer to graduate, or are returning to improve grades, and/or are not ready to continue to post secondary outside of Kenora. The numbers of graduates per year is increasing, more so in the First Nations student population however, on average half of students (within KPDSB and the Kenora Catholic District School Board) do not continue to a post secondary institution immediately after graduating. Age and educational attainment, as well as the changing economic trends, indicate opportunities both for high school completion and post secondary transition programs, as well as opportunities for programming targeted at professionals or retraining for adults.

# Facility purpose and objectives

## Introduction

This section provides a link from the current proposed development to the drivers behind the initiative, as well as a description of the proposed purpose and objectives for the development of an education and training centre at the Lakewood School site as confirmed by the Education and Training Committee.

## Drivers

Drivers of demand for education and training include the availability of household income, the cost of education, the opportunity cost of education (educational costs versus employment), funding for educational costs and the role of the public sector to support educational opportunities. Supply drivers for education include the availability of programming, teachers and administrators, government funding to establish education and training facilities, and changes in program delivery (i.e. online, intensive and cooperative programs).

Lake of the Woods Development Commission, Education and Training Committee  
The Education and Training Committee is mandated to “increase the presence of training and post secondary institutions and opportunities in the Kenora area, as per the City of Kenora Economic Development Plan”. This is linked to and in support of the other strategic initiatives including the focus on business investment and attraction, tourism development and marketing, downtown revitalization, First Nations partnerships, and economic infrastructure.

To further their mandate, the Education and Training Committee undertook strengths, weakness, opportunities and threats (SWOT) analysis in 2010 to examine a number of possible models and approaches for post secondary education, research and development and niche programming in Kenora. This Summary and Draft Conclusions was presented to the Education and Training Committee to assist with option analysis and decision making. The options for increasing education and training capacity in Kenora were as follows:

- New university campus of an existing university
- New university
- Research facility
- Multi-purpose facility
- Local education and training consortium



Although the development of a new campus of an existing university would build on the foundation of an established institution, there would not be local influence or control over the programming offered. The creation of a new university would result in the highest number of jobs and students of the options provided, however, it is not recommended in the report due to the significantly higher cost and risk and the lack of government support for a development of this kind.

The research conducted for this study indicates that both the multi-purpose facility and local education and training consortium are appropriate and flexible approaches for providing additional education and training options in Kenora. In addition, the local education and training consortium is described as a plausible option for adaptation of the existing Education and Training Committee.

#### Lake of the Woods Centre concept

Through extensive discussions with individual Committee members and education and training providers, the following purpose and objectives for the education and training centre were agreed to by all members of the Education and Training Committee. The purpose and objectives were then used to inform further definition of potential management and operational models.

#### Lake of the Woods Centre purpose

- The Centre will be developed with both education and training and, arts and culture components.
- The Centre will include classrooms, an auditorium/theatre appropriate for performances, larger events and lectures, and a daycare.
- The primary student market for the education and training component is adult learners, with additional opportunities for summer camps and a range of other groups.
- The facility will be actively managed by a joint advisory board to provide advice regarding programming that meets the needs of the community (current and future) and that seeks collaboration between partners.

#### Lake of the Woods Centre objectives

- To develop a site for multiple opportunities for learning and growth that reflects the unique features of the area including the strength of First Nations and the beauty of our surroundings.
- To create a fiscally responsible organization that contributes to the economic, educational and cultural strengths of the community.
- To provide adaptable programming that meets community needs and that includes a range of disciplines including secondary completion and post-secondary levels.
- To provide a venue to showcase the community's and region's performing arts groups, in addition to visiting performing arts groups, ultimately attracting both residents and visitors.,
- To develop flexible classroom, shared spaces and services to facilitate multiple uses and users.

# Site and facility review

## Introduction

This section provides a description of the proposed facility and site for redevelopment.

## Site characteristics

The Lakewood School site is located less than two kilometres from downtown Kenora on a main road with a transit turnaround and traffic light currently in place. The site is approximately 16 acres in size with no immediate residential neighbours and is backed by a ridge. Parking is currently sufficient to meet the needs of an elementary school for staffing, drop off and pick up. Grounds are primarily turf but also include gravel and pavement areas. Turf is currently maintained using minimal resources and student labour.

There is a track on a flat field area at the front (water side) of the building. The field is not regulation size and is not currently used by many/any local groups due to the existence of recently developed soccer and track facilities elsewhere. The area under the field has been levelled with fill to address previous drainage issues. There is also a level area adjacent to the gym and a secured play area for use by the day care facility.

## Facility characteristics

The building is 80 years old and has undergone successive renovations during its lifetime. The building has four storeys and is 79,940 square feet in total area (based on architectural assessment). It is currently being used as an elementary school with the upper of the four floors currently not in use. A recent school valuation report/facility condition report rates the Lakewood School Facility Condition Index<sup>2</sup> at 5.5 per cent. This compares to the Board average of 27.8 per cent.

The top two floors have several larger classrooms at the back and smaller classrooms at the front. The rooms at the front of the building have water views and the back has ridge/forest view. Many of the smaller class rooms have adjunct offices for teachers/learning assistants.

There are administrative offices and principal's space on the main level with access through the main entrance and a teacher's lounge and break area. There is a library space as well as a curriculum library/resource room for teachers. The mezzanine level is the only space that is not wheelchair

---

<sup>2</sup> A facility condition index provides a benchmark to compare the condition of facilities. It is derived from consideration of maintenance, repair and replacement deficiencies of the facility against the current replacement value of the facility. In this case, a lower per cent is desired.

accessible but the inclusion of a lift (possibly in the area currently housing the kiln) would address these access concerns. There is a music room with acoustic panelling and adjacent storage for a larger ensemble, band or even orchestra. There is also a computer lab and science lab (including water and gas supply) neither of which is currently in use.

A gym, with a 500-person seating capacity, a stage, storage space and change rooms, is in use by community groups almost every night of the week, although capacity for alternative recreational space exists in the community. The existing gym space totals about 9,000 square feet (5,000 square foot gym with approximately 4,000 square feet of locker room, storage and other associated areas).

There is a daycare centre on-site and facilities such as scaled bathrooms, a secure play area, boot room and kitchenette are in use on the first floor. The day care currently provides before and after school care primarily for students of Lakewood School although due to locals shifts in demand, described by the day care provider, they are investigating provision of primarily toddler and infant care, as well as Best Start Hub programming.

There is a cafeteria space available and kitchen/preparation space which is currently used to prepare snacks and refrigerate food but does not support the preparation of significant volumes of food. The serving capacity is stated at 600 students, although this space would require renovation to be used for any additional purpose or for greater capacity. The cafeteria has outside access for delivery.

All rooms are wired for public address (PA) systems and WiFi. Many class rooms have smart board features to support instruction. HVAC and heating systems have been recently updated and can be accessed remotely. Cameras, intrusion alarms and other security is web accessible and in place

Summary of space (square feet)

Level	Gross	Net
Basement	3,827	
Lower	20,468	15,103
Main	22,140	14,213
Second	15,027	8,264
Third	9,239	5,655
Fourth	9,239	5,652
<b>Totals</b>	<b>79,940</b>	<b>48,887</b>

### Building renovation considerations

The building and site currently function as a school and as indicated previously in this report ranks well in terms of a recent school valuation report/facility condition report prepared by the KPDSB. It would be prudent to have an independent evaluation of the building by a third party, consisting of an architect and related engineering disciplines, prior to the purchase of the building. In particular, the original four storey school building, due to its age should be thoroughly assessed.

The proposed education and training centre use for the building is compatible with the current use and it is anticipated that the existing building could readily accommodate the proposed programmatic functions of the Education and Training Centre. Issues of operations scheduling, use of common elements, security etc. of the individual stakeholders will need to be determined to confirm if these and other issues will have planning implications with associated costs. Further investigations and a planning study would need to be undertaken to validate these issues and to confirm the extent of renovations/upgrades necessary to support the programmatic changes.

While not critical to the success of the project, it would be worth considering the addition of some new programmatic element in a strategic location of the building to create a new identity for the Centre that would be recognizable to the community. This could be something related to the creation of a public gathering space within the building that could be utilized for a number of events by the building occupants and/or the public. This kind of space could also be utilized by the theatre to accommodate large occupant loads both during and after performances and during intermissions. No such space currently exists within the building at this time. This kind of high profile public space may also assist in fund raising efforts.

The estimated order of magnitude cost to upgrade the interior of the building to meet the proposed redevelopment is between \$3.3 and \$4.2 million. This estimate excludes any change to the building exterior as well as landscape and site work and has been prepared without the benefit of any of the recommendations for further study of the existing building as noted above.

### Theatre/auditorium

The current gym space totals approximately 9,000 square feet with 5,000 of that in the gym itself and another 4,000 of locker rooms, storage and other associated space. The renovation budget estimate includes between \$1.6 and \$1.85 million to upgrade the gym and adjacent area for use as a performing arts venue/theatre. Conversion of the gym assumes work within the existing building envelope to develop a venue with approximately 450+ fixed seats with appropriate lighting, audio/control room, storage area and lobby. The existing building envelope does not provide sufficient space for the stage wing access typically provided in a true performing arts venue. More extensive renovations and/or redevelopment outside the building envelope would require additional investment.

The conversion of the existing gym into some form of performing arts theatre will need to be carefully studied, as this building type can have very stringent functional, operational, acoustical and building systems demands. It is recommended that at the appropriate time a theatre consultant be retained to work in collaboration with the architect and engineers to investigate the implications of this requirement. Depending upon the level of sophistication of the theatre requirements, this may not be the preferred option for development. It should be noted that there is adequate available site area to

accommodate other options for the creation of a theatre facility, if a decision is made not to locate it in the existing building.

### Residence

There is interest in, and evidence to support, the development of an on-site residence to accommodate the housing needs for out-of-town students attending the proposed Centre, as expressed by many of the major education and training providers, as well as documented in previous accommodation studies for the City of Kenora. While part of the property may lend itself to the development of a multi-unit residence, the area has been leveled with fill and the suitability of the site for development requires focused technical consideration, and the funding, development and management of residences, either on or off site, is beyond the scope of this project.

### Conclusions

The proposed location for the Lake of the Woods Centre is the Lakewood School, just outside of the harbour front area of Kenora, Ontario. Both the proposed Centre and the downtown core would benefit from this close proximity. The existing building is currently operating as an elementary school with a daycare providing before and after school care within the building. It is anticipated that the proposed educational programs for the Centre would be a compatible use that could be readily accommodated at an affordable cost as opposed to new construction. The building is four-storeys and is approximately 79,940 square feet in size. Of this total space, the usable (or net) space measures 48,887 square feet. This coincides with the preliminary programmatic requirements for the stakeholders identified within this report.

# User group and demand assessment

## Introduction

This section describes the user groups and expressed demand for the use of an education and training centre at Lakewood School. Education and training providers were identified by the Education and Training Committee, with several represented on the Committee itself. Interviews with Committee members and education and training providers were conducted in person, as well as by telephone. An email request for expression of interest in space in the proposed centre was circulated to major user groups, and responses form the basis for demand analysis.

Additional users, those who may not be permanently located in the centre but may rent available space on a regular or an as-needed basis, were also identified. An email request for expression of interest was circulated and responses reflect potential additional interest but are not factored in the revenue and expense projections. While not all additional users identified responded to the email request, there is sufficient evidence to suggest that there would be interest from community groups once the space is available.

## Major user groups – education and training

Based on the purpose and objectives noted in the previous section, a number of potential user groups/anchor tenants were identified. Representatives of the following organizations, with the exception of the Early Learning Centre, are involved with the work of the Education and Training Committee. The need for a day care was identified by almost all potential users and was included in the calculations of major user groups. A request for response with detailed demand for administrative, classroom and specialized spaces was circulated to potential major user groups, those that have responded with their anticipated demand for space in the proposed Centre have been included in the calculations for demand.

**Seven Generations Education Institute** – This institute provides high school completion, as well as adult education and training programs including aboriginal teacher education, police foundations, culinary skills, Bachelor of Arts and other programs.

**Confederation College (Contact North)** – This college provides a variety of high school completion, skilled trade, college degree and university transfer programs in partnership with Contact North.

**Keewatin-Patricia District School Board (Adult Education)** – KPDSB's adult education program provides course study assistance, marking and test/student administration.

**Lakewood Early Learning Centre** – This centre currently provides before and after school care in Lakewood School.

The opportunities to attract additional anchor tenants may be explored in the future to increase utilization of the Centre, which, in turn, will increase revenue generation.

#### Additional user groups and uses

In addition to the “anchor” tenants noted above, there is considerable potential demand from other education and training providers in the Kenora. Following the primary student group of adult learners with a focus on high school completion as well as post secondary transition and attainment, a number of potential additional user groups were identified. Many user groups may not need dedicated administrative space, and may prefer to access classroom and/or presentation space on an as-needed basis.

A request for response for interest in potential space in the proposed Centre was circulated to potential user groups. Those that responded with their anticipated demand have been included in the calculations for additional demand.

- Kenamatewin Native Learning Centre;
- Ne-Chee Friendship Centre;
- Adult Learning Line (Literacy); and,
- Common Ground Research Forum.

Opportunities for ongoing discussion exists with the development of significant education strategies from First Nations in the Kenora area (both individual and through Tribal Council/Treaty 3). These discussions may also provide partnership opportunities for the development of onsite specialized spaces, such as a sweat lodge, round house and/or residence.

#### Arts and culture

Local demand for arts and cultural space for performances at the 500+ seat range has lead to the development of the LOWCA group, and is reflected in the Economic Development Plan of the City of Kenora, Economic Development Commission. Currently, the LOWCA group is making use of a local church and studio and instructional spaces there, as well as in adjacent community centres and schools. Opportunity exists for the conversion of the Bethesda Church into a performance centre with studio and instructional space, although the resulting capacity would allow for only 200-300 seats.

Discussions pertaining to the current needs for performing arts space, as well as studio, instructional and other spaces, took place during this process. Additional discussions about use of the space for arts and cultural activities will also take place following the completion of this study.

#### Summary of space demand

A summary of demand is provided in the table below. The four anchor tenants indicated that collectively they would require an estimated 29,930 square feet of space, representing 61% of the total usable area. The theatre/performing arts venue would require an estimated 9,000 square feet of space,

representing 18% of the total usable area. The preliminary allocation of the theatre/performing arts space includes approximately 5,000 square feet of space for the seating area (approximately 450 seats) and approximately 4,000 square feet of space for lighting and audio control equipment, storage, and crush space. At this time, there is an additional 9,960 square feet of usable space that is uncommitted. The Education and Training Committee has indicated that, for the purposes of this study, it should be assumed that this additional space can be leased or rented.

Usage	Area for Dedicated Use (Net Square Feet)	%
<i>Anchor Tenants:</i>		
Seven Generations Education Institute	11,200	
Confederation College	12,515	
Keewatin-Patricia District S.B.	1,800	
Lakewood Early Education Centre	4,415	
Total Anchor Tenant Space	<b>29,930</b>	<b>61%</b>
Theatre/Performing Arts Space	9,000	18%
Additional space to be leased	9,957	21%
<b>Total Available Space</b>	<b>48,887</b>	<b>100%</b>



# Revenue and expense projections

## Introduction

This section presents a summary of the projected revenues and expenses for the proposed Lake of the Woods Centre. For the purposes of this analysis, the assumed opening date for the facility is 2014.

## Projected revenue and expenses summary

The financial schedules appended to the report present the following projections for the proposed Lake of the Woods Centre as a whole<sup>3</sup>:

- Schedule 1: Projected Lease Demand and Revenue;
- Schedule 2: Projected Facility Personnel Expenses;
- Schedule 3: Projected Building Operating Expenses;
- Schedule 4: Projected Expenses; and,
- Schedule 5: Statement of Projected Revenues and Expenses.

The following table presents a summary of the projected revenue and expenses for the facility as a whole, with more detail presented in the appended schedules. As shown below, the Lake of the Woods Centre is projected to realize annual income before debt service and taxes ranging from \$28,600 to \$30,500. It should be noted that the primary revenue source is “Lease Revenue”, which enables the facility to realize an operating profit. This revenue is generated by lease rents paid by the four anchor tenants, in addition to the theatre and the anticipated tenants for the 9,957 square feet of usable space that has not yet been committed.

## Summary of Projected Revenue and Expenses\*

	2014	2015	2016	2017	2018
Total Operating Revenue	\$782,200	\$794,700	\$807,400	\$820,300	\$833,500
Total Expenses	753,600	765,700	777,800	790,900	803,000
Income Before Debt Service and Taxes	<b>\$28,600</b>	<b>\$29,000</b>	<b>\$29,600</b>	<b>\$29,400</b>	<b>\$30,500</b>

Source: Grant Thornton Research and Analysis

\*Figures are rounded

<sup>3</sup> The projections do not include the individual operations of each of the four anchor tenants and the theatre/performing arts venue.

### Projected revenue

The revenue projections for the proposed Centre are based on the lease space commitments previously outlined and on market lease rates for comparable space in Kenora.

At the time of report writing, there were four anchor tenants that expressed an interest in leasing a portion of the building on an annual basis. A summary of the lease space allocation is shown below.

### Summary of Projected Lease Space Allocation to Tenants (2014)

	Dedicated Space (sf)
Seven Generations Education Institute	11,200
Confederation College (Contact North)	12,515
Keewatin-Patricia District School Board	1,800
Lakewood Early Learning Centre	4,415
Theatre/Performing Arts Space	9,000
Additional space to be leased	9,957
Total Space (usable and common area, including theatre/performing arts venue)	<b>48,887</b>

Source: Grant Thornton Research and Analysis

### Assumptions regarding base lease and building operating payments

As discussed previously in the report, there is a total of 48,887 square feet of usable space in the building. It is assumed that 100% of this space will be leased. In year 1, a base lease rate of \$9.00 per square foot. Tenants will also be responsible for covering building occupancy costs in proportion to the size of the dedicated space they lease. In year 1, building occupancy costs are charged at a rate of \$7.00 per square foot. A summary of the base lease payments and the building operating cost payments for the tenants is presented below.

### Summary of Projected Lease Revenue (2014)\*

	Base Lease & Occupancy Costs
Seven Generations Education Institute	\$179,200
Confederation College (Contact North)	200,240
Keewatin-Patricia District School Board	28,800
Lakewood Early Learning Centre	70,640
Theatre/Performing Arts Space	144,000
Additional space to be leased	159,312
Total Space (usable and common area, including theatre/performing arts venue)*	<b>\$782,200</b>

Source: Grant Thornton Research and Analysis

\* Figures are rounded

It should be noted that the revenue projections are preliminary at this time and several factors may change these projections as the building concept, tenants, ownership structure and operating model become better defined. Also, potential revenue that could be generated by leasing space for retail uses

such as food and beverage services, convenience store, book store, business centre, etc. have not been factored into the projections to date.

### Projected expenses

Total expenses, which include operating and fixed expenses, are projected to increase from \$753,600 in year 1 to \$803,000 in year 5. This increase is attributed primarily to inflation. A description of each expense category is presented below.

#### Personnel expenses

Personnel expenses<sup>4</sup> cover the salary and benefits for two full time equivalent positions (FTEs) to operate the overall facility. These positions include a General Manager and a Receptionist. Note that personnel expenses to manage the individual operations of each of the four anchor tenants are not included. Janitorial and maintenance staff expenses are included in the “Building Operating” expense.

Personnel expenses, including benefits, are projected to range from \$138,000 in year 1 to \$147,600 in year 5.

#### Building operating costs

Building operating expenses are based on actual historical operating costs for the school, inflated annually to 2014 (anticipated to be year 1 of the new Centre). This expense is projected to increase from \$593,100 in year 1 to \$632,000 in year 5. Building operating expenses cover:

- Custodial services;
- Repairs and maintenance;
- Supplies;
- Utilities;
- Contracted services (snow, garbage removal, landscaping, etc.);
- Data lines; and,
- Operations and maintenance overhead (supervision, training, vehicles, etc.).

#### Administration expenses

Administration Expenses include items such as office supplies, accounting services, consulting and legal fees, licenses, credit card discounts, and automobile and travel costs. This expense is projected to increase from \$13,800 in year 1 to \$14,700 in year 5.

#### Website maintenance expenses

Website maintenance expenses are projected to be \$2,500 per year throughout the projection period.

#### Marketing and communications expenses

Marketing and communications expenses will be determined at a later date, with input from the General Manager, once hired.

---

<sup>4</sup> This does not include staff who will manage and service each of the four anchor tenant operations.

### Fixed expenses

Fixed expenses include insurance and property taxes. Insurance is projected to increase from \$6,600 in year 1 to \$7,000 in year 5. Property taxes have not been included in the financial projections as it is assumed the City of Kenora will exempt the Centre from this expense.

### Conclusions

The Lake of the Woods Centre is projected to realize annual income before debt service and taxes ranging from \$28,600 to \$30,500. It should be noted that the largest revenue source is “Lease Revenue”, which enables the facility to realize a small operating profit. The Centre may be able to generate additional revenue from retail leases (such as food and beverage, a convenience store, a book store, etc. Revenue from these ancillary sources has not been factored into these projections, but should be considered as the project proceeds.

# Management/operating model considerations

## Introduction

This section describes a potential management and operating model for the proposed Centre. Management and operating models for education and training centres were examined for comparability and applicability to the proposed Centre based on the expressed goal and objectives of the Education and Training Committee.

## Comparable facilities

### Dryden Centre

Owned by the KPDSB, the construction of the building was funded by its partners, including the City of Dryden, KPDSB, the Keewatinook Centre for Excellence, the local community college, and other partners. The Centre is located in Dryden, Ontario, and contains classroom/meeting spaces, both dedicated and shared, as well as a large performing arts theatre. The Centre is now run by an operations manager with various programs operating in the same building envelope. There is no formal program coordination and some programs do not pay rental fees or utility/share space costs as part of the agreement accompanying initial capital investment. This makes covering ongoing operational costs challenging. The auditorium is staffed by a coordinator, who is also responsible for the operation of the building overall, to ensure that bookings are made to bring in revenue to cover mortgage and operational costs. As the owner, KPDSB bears the financial risk and benefits associated with the Centre.

### Tisdale Joint Use Facility

The Tisdale Joint Use Facility (RECplex) is located in Tisdale, Saskatchewan, and includes classrooms for grades 6-12, a regional college, a community health clinic, a library for both public and school resources, and a performing arts theatre. The full facility also includes recreational facilities. The project began in 1978 with a partnership between a local elementary school and the Town of Tisdale resulting in a joint use auditorium. Revenues and costs from the continued use of the auditorium are split 50/50 between the School Division and the City. The facility evolved over time and additional partners provided capital funding to develop both dedicated and shared spaces. Partners include Saskatchewan Education, the Tisdale School Division, Cumberland Community College, and the Pasquilla Health District. A commitment to partnership and collaboration has led to the success of the facility, both for the community demonstrated through bookings and facility use, as well as for students and the community who benefit from increased enrolment, greater high school and post secondary achievement rates and opportunities for education and training. While there is no coordination of programming between partners, there are also no competitive partners (i.e. only the college offers

GED/high school completion). Facility partners, who contributed capital to construction of dedicated spaces, manage programming independently and contribute to shared space and utility costs based on the percentage of space used in the building. The Recreational spaces are owned by the Town of Tisdale, and the remainder of the building is owned by the School Division. There is operational management and staffing which manage the bookings and rentals for the shared spaces, as well as the recreational portion of the building.<sup>5</sup>

### The Banff Centre

Initially started in 1933 by the University of Alberta with a grant from the Carnegie Foundation, the Banff Centre gained full autonomy in 1978 as a non-degree granting educational institution. The Banff Centre's current programming includes a diversity of arts, and leadership courses and the Centre is host to events and conferences of all kinds. The Banff Centre is governed by a national board of governors composed of the president and chief executive officer of The Banff Centre, six members appointed by the Alberta Lieutenant Governor in Council, and nine members appointed by the remaining members of the board -- one of whom must be nominated by the federal minister responsible for the National Parks Act. The chair is appointed by the Lieutenant Governor in Council. The board of governors hires a president responsible for management of the vice presidents of programming for each disciplinary division, and their associated programming teams (director, executive director and creative lead). While the Banff Centre is structured much like a university, it does not provide tenure for professors in order to retain programming flexibility and course scheduling, as well as reduce administrative costs usually associated with larger post secondary institutions.

The operation of the Banff Centre is 75 per cent self-reliant, generating revenue from conference sales, donations, sponsorship, program grants, and tuition. It is also supported by funding from the Government of Alberta, through Alberta Advanced Education, Alberta Infrastructure and Transportation, Alberta Innovation and Science, and the Alberta Foundation for the Arts. Arts training programs are supported by funding from the Government of Canada through the Canadian Department of Heritage and the Department of Human Resources Development through the National Arts Training Contribution Program.

### Proposed model for the Lake of the Woods Centre

Using the stated purpose of the Centre, and drawing from the Centre for Social Innovation's model for Community Ownership, the proposed ownership model is intended to be:

*An owner-operator model for a collaborative organization that is a community asset with efficiency from service integration and representative management*

Attributes of the proposed model include:

- Stability of ownership and support from the City of Kenora, with opportunities for additional partnerships over time;
- Financial viability based on existing demand, with additional potential revenue-generating opportunities;

---

<sup>5</sup> <http://www.saskschoolboards.ca/educationservices/premiersaward/2002/Tisdale.pdf>  
<http://www.caledoninst.org/Publications/PDF/1-894159-96-9.CAS.pdf>

- Representation of anchor tenants on a Program Advisory Board; and,
- Responsiveness to community needs and interests.

### Ownership

As part of the regulatory requirements for disposal of surplus buildings by the KPDSB, the City of Kenora is an eligible buyer for the property. There is strong indication that other eligible buyers would not express interest in the facility. A commercial assessment of the property would be required to initiate negotiations regarding the purchase price of the property and building.

### Program Advisory Board

Once purchased, the property could be owned/operated by the City or by an “arm’s length” society, much like the Education and Training Consortium described in the 2010 SWOT analysis, and drawing from the existing Education and Training Committee mandate and membership. The intent of the program advisory board has been described as follows:

“Education and training partners working closely together can mean seamless program delivery, increased accessibility and local issues approached in a collective manner.”

Through individual and collective conversations regarding operational models, this was the preferred approach. To support this model, the creation of a program advisory board is recommended with representation from the owner, anchor tenants, operations manager, as well as relevant community members.

The advisory board will provide a forum for discussing evolving tenant and community needs, with a key goal being to meet the current and future education and training needs of the community and to encourage economic growth by anticipating and responding to economic trends.

### Anchor tenants

Interviews with potential major/anchor tenants resulted in the expression of long-term lease terms for dedicated space. This provides stability and certainty for education and training providers, as well as their staff and students. It also affords the Centre with stability for projected revenue and a greater ability to develop marketing to attract and retain students. Over time, long-term anchor tenants, through co-location and participation on the Advisory Board, will also have an opportunity to collaboratively identify and address developing education and training needs.

Anchor tenants will pay a per square foot lease rate for dedicated space and will also pay a portion of building operating costs, as discussed in the Financial Projections Section of the report.

### General Manager

For buildings of this nature, a general manager is needed to ensure appropriate attention to overall building operations, administrative issues and facility marketing. The general manager will be responsible for running the day to day operations, including shared space and classroom bookings, marketing of the Centre, property management, as well as identification of additional events and users. The general manager will be a member of the advisory board.

# Financial requirements, funding sources and partnership opportunities

## Introduction

Purchase of the proposed site and building, as well as redevelopment of the space, will require funding. Financial requirements, funding sources and partnership opportunities are presented in this section.

## Building purchase and re-development cost funding

As discussed earlier in the report, funding will be required to purchase the building and to re-develop it for its intended purpose. The assessed value of the property in 2009, 2010, 2011 and 2012 was \$2.5 million.<sup>6</sup> However, a professional assessment of the building's value will need to be conducted prior to engaging in any negotiations to purchase the property.

The estimated cost to upgrade the building is in the range of \$3.3 to 4.2 million, not including any site preparation, FF&E (furniture, fixtures and equipment), exterior building renovation and landscaping.

Potential sources for funding for building purchase and renovation costs include government grants, corporate sponsorship, traditional bank financing, and/or preferred financing guaranteed by municipal government.

The approach to obtaining funding commitments would be to solicit the various grant opportunities while at the same time discussing corporate sponsorship/naming rights. Depending on the outcome of discussions with these sources, there may be a need to approach the other organizations/programs identified before traditional financing is considered.

## Potential funding sources

Potential sources of funding to assist with the capital investment in the building and redevelopment costs are highlighted in the following table.

Possible Funding Source	Web Site
<b>Rural Economic Development (RED) Program – Ontario Ministry of Agriculture, Food and Rural Affairs</b> The Rural Economic Development (RED) Program is a community development initiative that helps rural communities remove barriers to community development and	<a href="http://www.omafra.gov.on.ca/english/rural/red/">www.omafra.gov.on.ca/english/rural/red/</a>

<sup>6</sup> Property Assessment Notice 2008 for the 2009 – 2012 property tax years, Municipal Property Assessment Corporation, October 2008.



Possible Funding Source	Web Site
<p>economic growth, and develop the tools and flexibility they need to become strong rural communities. The RED Program is focused on three priority areas: support the food processing sector, community revitalization; and improved access to skills training and enhancement.</p> <p>Applicants to RED must form partnerships or alliances among individual, businesses, not-for-profit organizations, municipalities and any other groups. Individual businesses are not eligible for funding. Applicants must establish and present the positive impact the project will have on the rural economy.</p> <p>Projects are cost-shared, with the provincial government investing up to 50 per cent of the project's eligible cost in most cases. Funding may be available at up to 90 per cent of the total eligible project costs, under special circumstances.</p>	
<p><b>Ontario Centres of Excellence Inc.</b></p> <p>The Ontario Centres of Excellence (OCE) Inc. is a leading driver of the research to commercialization process, with a strategic focus on improving Ontario's competitiveness through innovation. OCE partners with industry, universities, colleges, research hospitals, investors and governments to bridge the gap between academic research and the marketplace.</p>	<p><a href="http://www.oce-ontario.org">http://www.oce-ontario.org</a></p>
<p><b>Infrastructure and Community Development</b></p> <p>Modern and reliable infrastructure is a cornerstone of building thriving, prosperous communities everywhere. The NOHFC Infrastructure and Community Development Program helps northern communities make the investments necessary to improve critical infrastructure and develop partnerships that find effective ways to create jobs and improve economic prospects in the North.</p> <p>Eligible applicants may include partnerships and alliances comprising municipalities, private sector businesses and organizations, federal government and other government-related agencies. Municipalities, First Nations, not-for-profit corporations and educational institutions may apply individually.</p> <p>Assistance available from the NOHFC includes conditional contributions, forgivable performance loans, and repayable loans. For infrastructure projects, the amount of NOHFC assistance will generally not exceed the lesser of 50 per cent or \$1 million. For community development projects, the amount of NOHFC assistance will generally not exceed the lesser of 50 per cent or \$50,000.</p>	<p><a href="http://www.mn-dm.gov.on.ca/nohfc/programs/infrastructure_and_community_development_e.asp">http://www.mn-dm.gov.on.ca/nohfc/programs/infrastructure_and_community_development_e.asp</a></p>
<p><b>Ontario Community Futures Program (FedNor)</b></p> <p>Community Futures Development Corporations (CFDCs) support community economic development by assisting Ontario's rural and northern communities to strengthen and diversify their economies. As a community-based, not-for-profit organization, the CFDC is run by a board of local volunteers. It is staffed by professionals who encourage entrepreneurship and the pursuit of economic opportunities.</p> <p>Repayable financing of up to \$250,000 on commercial terms through loans, loan</p>	<p><a href="http://www.ontcfdc.com/frame3.asp?lang=english">www.ontcfdc.com/frame3.asp?lang=english</a></p>

Possible Funding Source	Web Site
<p>guarantees or equity investments is available when financing from other sources is insufficient.</p>	
<p><b>Infrastructure Ontario's Loan Program</b>                      Infrastructure Ontario is dedicated to providing Ontario municipalities, universities and other eligible public sector clients with access to affordable loans to build and renew public infrastructure. Infrastructure Ontario has helped finance hundreds of infrastructure projects – from the construction of roads, bridges and facilities to the acquisition of assets, such as vehicles or equipment -- most capital expenditures are eligible.</p>	<p><a href="http://www.infrastructureontario.ca">http://www.infrastructureontario.ca</a></p>

### Potential partnerships

There are many potential partnership opportunities to explore in relation to the renovation and development of the Centre, as well as the programming contained within it after completion. Potential partnerships include, but are not limited to, the following groups.

### Arts and cultural groups

The Lake of the Woods Centre for the Arts (LOWCA) has expressed interest in further partnership potential once the business plan is completed. The opportunity to partner with LOWCA, as well as other performing arts groups, such as LOWAC, Lake of the Woods Concert Series, and the Festival of the Arts, may leverage capital and other funding to support development of the gymnasium space into a performing arts theatre, either within the existing building envelope, or to expand that aspect of the project if additional funding can be found. Additional funding and grants from government sources may be leveraged through these relationships.

Possible Funding Source	Web Site
<p><b>Canada Cultural Investment Fund</b>                      Projects supported through the Canada cultural Investment Fund are intended to contribute to the organizational, administrative and financial health of arts and heritage organizations. This is achieved through support for initiatives intended to diversify revenue streams, strengthen management capacities and ensure that arts and heritage organizations are supported in their communities for the contribution they make. The program has four components that work together in achieving these objectives: Endowment Incentives, Cultural Capitals of Canada, Strategic Initiatives and Limited Support to Endangered Arts Organizations.</p>	<p><a href="http://www.pch.gc.ca/eng/1268609659093/1296740871095">http://www.pch.gc.ca/eng/1268609659093/1296740871095</a></p>
<p><b>Cultural Spaces Canada</b>                      Through Cultural Spaces Canada, the Department of Canadian Heritage provides funding to successful applicants of up to 33 per cent of total eligible project costs for construction and renovation of arts and heritage facilities as well as for projects that transform buildings that were not previously used for cultural purposes into arts or heritage facilities. The Department also provides funding to successful applicants of up to 50 per cent of total eligible project costs for specialized equipment purchases and feasibility studies.</p>	<p><a href="http://www.pch.gc.ca/eng/1267728945673/1269445868906">http://www.pch.gc.ca/eng/1267728945673/1269445868906</a></p>

First Nations bands, treaty 3, tribal councils and friendship centres

This includes individual Band and Band leadership who have informally expressed interest in supporting the development of student residences, as well as other purpose-built additions to the education and training centre concept, which reflect local First Nations culture and traditions, including a sweat lodge and Round House. In addition, opportunities to develop and/or support Band and Tribal Council initiatives for off-reserve education capacity can be explored, for example, with the Bimose Tribal Council.

Possible Funding Source	Web Site
<p><b>Aboriginal Community Capital Grants Program</b></p> <p>The program grants money, to those who qualify (First Nations, Aboriginal Non-Profit and Urban Aboriginal organization, Métis Nation of Ontario Charter Communities), to develop:</p> <ul style="list-style-type: none"> <li>• Small business centres that provide services, encouragement and support for business activities in Aboriginal communities; and,</li> <li>• Community and Friendship centres that promote healthy lifestyles and provide skills training, especially among Aboriginal children and youth.</li> </ul> <p>Eligible projects include: buying, building, renovating or expanding community, friendship and small business centres and carrying out any studies that lead to the development of these centres. Funding includes \$500,000 to those who qualify for a community, friendship or small business centre project.</p>	<p><a href="http://www.aboriginalaffairs.gov.on.ca/english/economy/grants.asp">http://www.aboriginalaffairs.gov.on.ca/english/economy/grants.asp</a></p>

Community groups and other education, training and employment organizations

Education and training providers, such as Shooniyaa Wa-Bittong Training and Employment Centre, as well as programs and organizations funded by Employment Ontario, may be interested in partnership or service delivery opportunities. Additional funding and grants from government sources may be leveraged through these relationships. The Association for Community Living has informally expressed interest in working with the proposed centre to provide support for students, as well as locate space for delivery of their programs and services. This opportunity, as well as opportunities to partner with other community groups to identify funding and programming opportunities can be explored.

Potential corporate funding sources

If the goals and objectives of the proposed education and training centre facilitate cooperation with the interests of corporate entities in the region and/or in Ontario, there may be opportunities to approach these corporate entities as potential partners in the development and/or operation of the facility.

Possible opportunities for corporate support could include:

- Financial assistance to develop the facility or to develop certain “wings” or areas of the facility; and/or,
- Financial assistance with the development of specific programming, e.g., cooperative education programs.

Recognition of this type of corporate support may be provided in a variety of ways. Examples include the following:

- Building naming rights;
- Naming rights for a specific exhibit or wing,
- Plaque providing a description of the contribution and corporate background;
- Recognition on websites, newsletters, brochures and/or other forms of communication, using the corporate logo and other corporate information; and/or
- Complimentary use of the facility for special corporate events.

#### Municipal/regional government support

Municipal and/or regional governments are also common sources for funding the development of these types of facilities. The rationale for utilizing municipal funds to support this type of development is typically related to the facility's ability to generate social, economic, employment and tourism visitation benefits. Potential benefits that are associated with the proposed Centre include:

- Provision of a civic amenity or benefit to local and regional residents (social benefits);
- Provision of programming related to local and regional needs for education and training opportunities;
- Direct, indirect and induced economic and employment benefits to the community and the region resulting from spending on the building's construction and ongoing spending on its operation; and/or,
- Increased retention of residents, as well as attraction of short and long term residents from the region and beyond.

#### Conclusions

With building purchase costs and estimated renovation costs ranging between \$3.3 and \$4.2 million, and potential additional costs if more extensive development of the performing arts space, and other supplemental buildings, are incorporated into the development of the proposed education and training centre, the financial plan will need to include a strategy to obtain capital funding from one or more of the following sources:

- Government grant funding programs;
- Partnerships and collaborations;
- Corporations; and/or,
- Traditional financing.

# Next steps and timelines

## Introduction

This section provides a high level overview of potential next steps and possible timelines for the redevelopment. At the time of writing, presentations to the KPDSB and Lake of the Woods Development Commission had been delivered by the Education and Training Committee Chair. The presentation used for these presentations is available in Appendix E. Pending decision and feedback from the KPDSB regarding the availability of the Lakewood School for redevelopment purposes, and specific information commitment from the Development Commission and Council in support of the project, there are a number of potential next steps to ensure the success of the project.

## Next steps and timelines

Development projects, such as this one, are complex and labour intensive efforts during the purchase and renovation stages. To support successful efforts to purchase, redevelop and open the proposed education and training centre at the Lakewood School site, the following next steps are recommended:

- **Identify a qualified, dedicated project manager for the redevelopment project.**  
Due to the technical nature of the facility development needs, as well as the need for both partner and stakeholder engagement and coordination, as well as fundraising and financial management, the identification of qualified, dedicated project manager to lead the redevelopment project is recommended.
- **Complete a detailed program requirement study with each major tenant.**  
To confirm the extent of renovations and upgrades necessary to support the particular requirements of the various tenants, as well as for the repurposing of the facility as a whole, a detailed facility and major tenant requirement study is recommended to determine the implications and opportunities for renovations, as well as the possible costs associated with those changes.
- **A property and site assessment to support associated opportunities.**  
The site may be suitable for additional development outside the current envelope, and opportunities for partnership and funding may exist to support the on site development of buildings including the development of a residence, sweat lodge or round house, as well as the potential expansion of the performing arts space outside of the existing building envelope. A technical assessment of the property and proposed sites for each type of associated development is recommended to provide an understanding of the site potential and

identification of any limitations. The results of this assessment can inform discussion with potential partners and funders regarding opportunities for associated developments.

- **A residence** – There is both evidence and interest to support the investigation of a multi-unit residence associated with the education and training centre. A technical assessment of the property and suitability of the site for development is recommended to inform the further investigation of opportunities and partnerships associated with the development of the residence.
- **Culturally relevant buildings** – Both a sweat lodge and Roundhouse buildings which reflect the importance of local First Nations culture and are associated with both learning journeys and community appropriate to the objectives of the education and training centre. A property and site assessment for suitability is recommended to inform the discussion of possibilities with major tenants and other potential partners.
- **Performing arts space** - The current business plan assumes both space availability and costs for renovation and operations within the current building envelope. Interest has been expressed by local performing arts groups in pursuing additional discussion regarding partnerships and development opportunities, using the business plan as the basis for those discussions. Opportunities exist for increasing the space available for the performing arts space to accommodate higher level technical and physical requirements, as well as the development of a lobby area which provides both additional square footage as well as increased profile to draw performers and attendees.

The following high level time line for development has been created based on discussions with KPDSB, specifically regarding the process for decision-making, and consideration of the redevelopment timelines for similar projects.

Estimated Date	Description
2012 January	School Board reconsideration of closure decision
February-April	School Board consultation process with parents and stakeholders as per regulation, as well as ongoing conversations between stakeholders on space requirements and model development
April	Lakewood property put on the ‘market’ to the preferred list of purchasers, assuming consultation is successful and the Lakewood School is declared surplus
May-July	The regulatory period for expression of interest from the list of preferred purchasers. During this time the City can express interest in the property.
July – August	Once interest is expressed, the School Board will require an assessor to establish the value of the property to begin negotiations around purchase price
August – September	Negotiations regarding purchase until price and conditions are agreeable to both (or a deal cannot be reached)

<b>Estimated Date</b>	<b>Description</b>
June 2013/TBD	Possession date/transfer of ownership of the school, this date is to be determined by the School Board and purchaser. As renovations will be required for the building to accommodate the new uses and users, the transfer of ownership date is not the same as the Centre opening. June 2013, following the school year, may be an agreeable/reasonable target date.
Spring 2013-Spring 2014	Renovations - Although the school is in good condition, to accommodate new uses and users some renovations will be required. A year is a rough estimate with some aspects of the Centre potentially able to begin prior to opening date.
Fall 2014	Full Centre opening target date for standard school year

# Schedules

Schedule 1	Projected Lease Demand and Revenue
Schedule 2	Projected Personnel Expenses
Schedule 3	Projected Building Operating Costs
Schedule 4	Projected Expenses
Schedule 5	Projected Revenues and Expenses



**PROPOSED LAKE OF THE WOODS CENTRE**

**Schedule 1**

**Projected Lease Demand and Revenue**

Year Ended December 31

	2014	2015	2016	2017	2018
Inflation	1.6%	1.6%	1.6%	1.6%	1.6%
<b>LEASE AND BUILDING OPERATION REVENUE</b>					
<b>Seven Generations Education Institute</b>					
Area leased (square feet)					
<i>Dedicated</i>	11,200	11,200	11,200	11,200	11,200
<i>Total leased space (sq. ft.)</i>	11,200	11,200	11,200	11,200	11,200
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 179,200</b>	<b>\$ 182,067</b>	<b>\$ 184,980</b>	<b>\$ 187,940</b>	<b>\$ 190,947</b>
<b>Confederation College (Contact North)</b>					
Area leased (square feet)					
<i>Dedicated</i>	12,515	12,515	12,515	12,515	12,515
<i>Total leased space (sq. ft.)</i>	12,515	12,515	12,515	12,515	12,515
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 200,240</b>	<b>\$ 203,444</b>	<b>\$ 206,699</b>	<b>\$ 210,006</b>	<b>\$ 213,366</b>
<b>Keewatin-Patricia District School Board</b>					
Area leased (square feet)					
<i>Dedicated</i>	1,800	1,800	1,800	1,800	1,800
<i>Total leased space (sq. ft.)</i>	1,800	1,800	1,800	1,800	1,800
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 28,800</b>	<b>\$ 29,261</b>	<b>\$ 29,729</b>	<b>\$ 30,205</b>	<b>\$ 30,688</b>
<b>Lakewood Early Education Centre (Day Care)</b>					
Area leased (square feet)					
<i>Dedicated</i>	4,415	4,415	4,415	4,415	4,415
<i>Total leased space (sq. ft.)</i>	4,415	4,415	4,415	4,415	4,415
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 70,640</b>	<b>\$ 71,770</b>	<b>\$ 72,919</b>	<b>\$ 74,085</b>	<b>\$ 75,271</b>
<b>Potential Tenant(s)/Flex Space</b>					
Area leased (square feet)					
<i>Dedicated</i>	9,957	9,957	9,957	9,957	9,957
<i>Total leased space (sq. ft.)</i>	9,957	9,957	9,957	9,957	9,957
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 159,312</b>	<b>\$ 161,861</b>	<b>\$ 164,451</b>	<b>\$ 167,082</b>	<b>\$ 169,755</b>
<b>Theatre/Performing Arts Space</b>					
Area leased (square feet)					
<i>Dedicated</i>	9,000	9,000	9,000	9,000	9,000
<i>Total leased space (sq. ft.)</i>	9,000	9,000	9,000	9,000	9,000
Base lease rate per square foot (annual increase of 1.6%)	\$ 9.00	\$ 9.14	\$ 9.29	\$ 9.44	\$ 9.59
Building occupancy cost per square foot (annual increase of 1.6%)	\$ 7.00	\$ 7.11	\$ 7.23	\$ 7.34	\$ 7.46
<b>Total lease and building operating cost revenue</b>	<b>\$ 144,000</b>	<b>\$ 146,304</b>	<b>\$ 148,645</b>	<b>\$ 151,023</b>	<b>\$ 153,440</b>
<b>TOTAL LEASE AND BUILDING OPERATING REVENUE</b>	<b>\$ 782,200</b>	<b>\$ 794,700</b>	<b>\$ 807,400</b>	<b>\$ 820,300</b>	<b>\$ 833,500</b>

Grant Thornton LLP

**PROPOSED LAKE OF THE WOODS CENTRE**

**Schedule 2**

**Projected Personnel Expenses**

Year Ended December 31

	# FTEs	Annual Cost	Benefits	Total
<b>GENERAL MANAGEMENT AND ADMINISTRATION</b>				
General Manager	1	\$80,000	15%	\$92,000
Receptionist	1	\$40,000	15%	\$46,000
<b>Total</b>	<b>2</b>	<b>\$ 120,000</b>		<b>\$ 138,000</b>

*Grant Thornton LLP*

Note that the personnel expenses illustrated above exclude custodial staff, maintenance staff, and staff to handle snow removal, garbage removal, and landscaping; these costs are included in the Building Operating Costs (see Schedule 3).

# PROPOSED LAKE OF THE WOODS CENTRE

## Schedule 3

### Projected Building Operating Costs

Year Ended December 31

	2011 (actual)	2012	2013	2014	2015	2016	2017	2018
Inflation factor		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
<b>BUILDING OPERATING COSTS</b>								
Custodial Staff (3.5)	\$ 241,500	\$ 245,400	\$249,300	\$ 253,300	\$257,400	\$ 261,500	\$265,700	\$ 270,000
Repairs and maintenance	74,000	75,200	76,400	77,600	78,800	80,100	81,400	82,700
Supplies (cleaning, paper and other)	15,000	15,200	15,400	15,600	15,800	16,100	16,400	16,700
Utilities	120,000	121,900	123,900	125,900	127,900	129,900	132,000	134,100
Supplies (maintenance and repair)	32,000	32,500	33,000	33,500	34,000	34,500	35,100	35,700
Contracted services (snow, garbage removal, landscaping, etc.)	30,000	30,480	31,000	31,500	32,000	32,500	33,020	33,500
Data lines (excludes phone, fax, and Internet)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Operations and maintenance overhead (supervision, training, vehicles, etc.)	52,000	52,800	53,600	54,500	55,400	56,300	57,200	58,100
<b>TOTAL BUILDING OPERATING COSTS</b>	<b>\$ 565,700</b>	<b>\$ 574,700</b>	<b>\$583,800</b>	<b>\$ 593,100</b>	<b>\$ 602,500</b>	<b>\$ 612,100</b>	<b>\$ 622,000</b>	<b>\$ 632,000</b>

Grant Thornton LLP

Based on Lakewood School actual building operating costs for 2011, provided by Keewatin-Patricia District School Board.

Note that these projected building operating costs assume the the new Centre will operate year-round, with heavier use in the fall, winter and spring.

**PROPOSED LAKE OF THE WOODS CENTRE**  
**Schedule 4**  
**Projected Expenses**  
Year Ended December 31

	2014	%	2015	%	2016	%	2017	%	2018	%
Inflation factor for general expenses		of	1.6%	of	1.6%	of	1.6%	of	1.6%	of
		revenue		revenue		revenue		revenue		revenue
<b>OPERATING EXPENSES</b>										
Personnel Expenses <sup>(1)</sup>	\$ 138,000	17.6%	\$ 140,200	17.6%	\$ 142,400	17.6%	\$ 144,700	17.6%	\$ 147,000	17.6%
Building Operation <sup>(2)</sup>	593,100	75.8%	602,500	75.8%	612,100	75.8%	622,000	75.8%	632,000	75.8%
Administration <sup>(3)</sup>	13,800	1.8%	14,000	1.8%	14,200	1.8%	14,500	1.8%	14,700	1.8%
Website Maintenance <sup>(4)</sup>	2,500	0.3%	2,500	0.3%	2,500	0.3%	2,500	0.3%	2,500	0.3%
Marketing and Communications	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Operating Expenses</b>	<b>747,000</b>	<b>95.5%</b>	<b>759,000</b>	<b>95.5%</b>	<b>771,000</b>	<b>95.5%</b>	<b>784,000</b>	<b>95.6%</b>	<b>796,000</b>	<b>95.5%</b>
<b>FIXED EXPENSES</b>										
Insurance <sup>(5)</sup>	6,600	0.8%	6,700	0.8%	6,800	0.8%	6,900	0.8%	7,000	0.8%
Property Taxes <sup>(6)</sup>	-		-		-		-		-	
<b>Total Fixed Expenses</b>	<b>6,600</b>	<b>0.9%</b>	<b>6,700</b>	<b>0.9%</b>	<b>6,800</b>	<b>0.9%</b>	<b>6,900</b>	<b>0.9%</b>	<b>7,000</b>	<b>0.9%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 753,600</b>	<b>96%</b>	<b>\$ 765,700</b>	<b>96%</b>	<b>\$ 777,800</b>	<b>96%</b>	<b>\$ 790,900</b>	<b>96%</b>	<b>\$ 803,000</b>	<b>96%</b>

Grant Thornton LLP

**Notes**

- (1) Personnel expenses cover building management, but not the personnel expenses for each building component/tenant (see Schedule 2)
- (2) Based on building operating costs from 2011, inflated to a 2014 value (see Schedule 3)
- (3) Administration expenses are calculated at 10% of personnel expenses
- (4) Website maintenance expenses are based on comparables
- (5) Insurance expense based existing rate the School Board pays, inflated to 2014 dollars
- (6) Assume that the City of Kenora will exempt the owner/operator from paying property taxes

**PROPOSED LAKE OF THE WOODS CENTRE**

**Schedule 5**

**Statement of Projected Revenues and Expenses**

Year Ended December 31

	2014	%	2015	%	2016	%	2017	%	2018	%
		of total revenue		of total revenue		of total revenue		of total revenue		of total revenue
<b>OPERATING REVENUE - FIXED</b>										
Lease Revenue (including building operating cost revenue)	782,200	100.0%	794,700	100.0%	807,400	100.0%	820,300	100.0%	833,500	100.0%
Total Fixed Operating Revenue	782,200	100.0%	794,700	100.0%	807,400	100.0%	820,300	100.0%	833,500	100.0%
<b>Total Operating Revenue</b>	<b>782,200</b>	<b>100%</b>	<b>794,700</b>	<b>100%</b>	<b>807,400</b>	<b>100%</b>	<b>820,300</b>	<b>100%</b>	<b>833,500</b>	<b>100%</b>
<b>EXPENSES</b>										
Operating Expenses	747,000	95%	759,000	96%	771,000	95%	784,000	96%	796,000	96%
Fixed Expenses	6,600	0.8%	6,700	0.8%	6,800	0.8%	6,900	0.8%	7,000	0.8%
<b>Total Expenses</b>	<b>753,600</b>	<b>96%</b>	<b>765,700</b>	<b>96%</b>	<b>777,800</b>	<b>96%</b>	<b>790,900</b>	<b>96%</b>	<b>803,000</b>	<b>96%</b>
<b>Income before Debt Service and Taxes</b>	<b>\$ 28,600</b>	<b>3.7%</b>	<b>\$ 29,000</b>	<b>3.6%</b>	<b>\$ 29,600</b>	<b>3.7%</b>	<b>\$ 29,400</b>	<b>3.6%</b>	<b>\$ 30,500</b>	<b>3.7%</b>

# Appendix A: School Enrolment Data

**Submitted to:** Rebecca Whitley, Senior Consultant Grant Thornton LLP  
**Created by:** Diane Findlay, Project Manager, NOEL/Compass for Success  
**On behalf of:**  
Jack McMaster, Keewatin-Patricia District School Board  
Phyllis Eikre, Kenora Catholic District School Board

## Overview

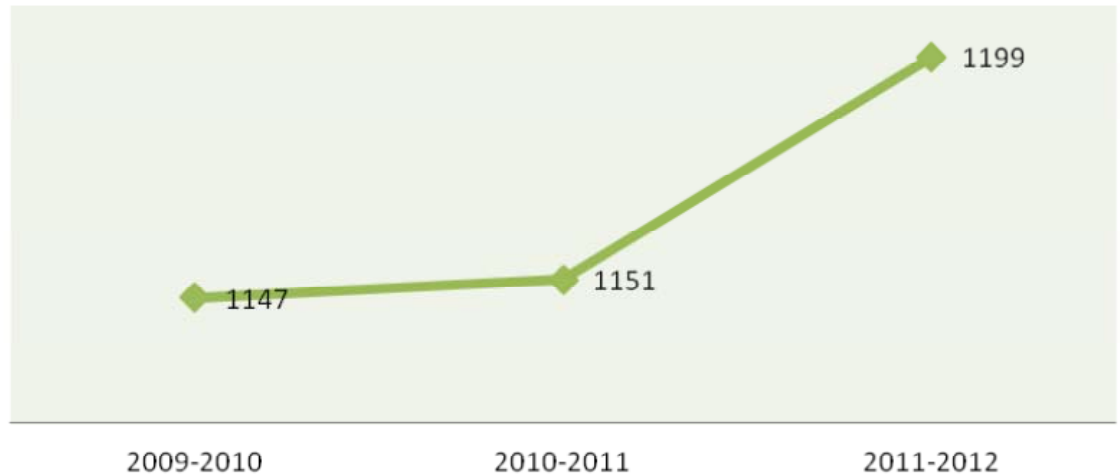
The Lake of the Woods Development Commission Education and Training Committee is creating a business plan for the development of an Education and Training Centre in Kenora. School data will be submitted to Grant Thornton to support this plan. This document contains the initial 'high-level' results focusing on current enrolment, trends and disaggregated by demographic factors in order to provide a picture of current and future opportunities for education in the Kenora area.

## Enrolment

Across the province schools are facing a declining enrolment which is indicative for many of the schools in the Kenora area with the exception of the First Nation Population which is increasing. Statistics Canada projects the Canadian population of Aboriginal people in Canada between 1.7 million and 2.2 million in the next 20 years, at a growth rate faster than the non-aboriginal population (<http://www.cbc.ca/news/canada/story/2011/12/07/aboriginal-population-forecast.html>) .

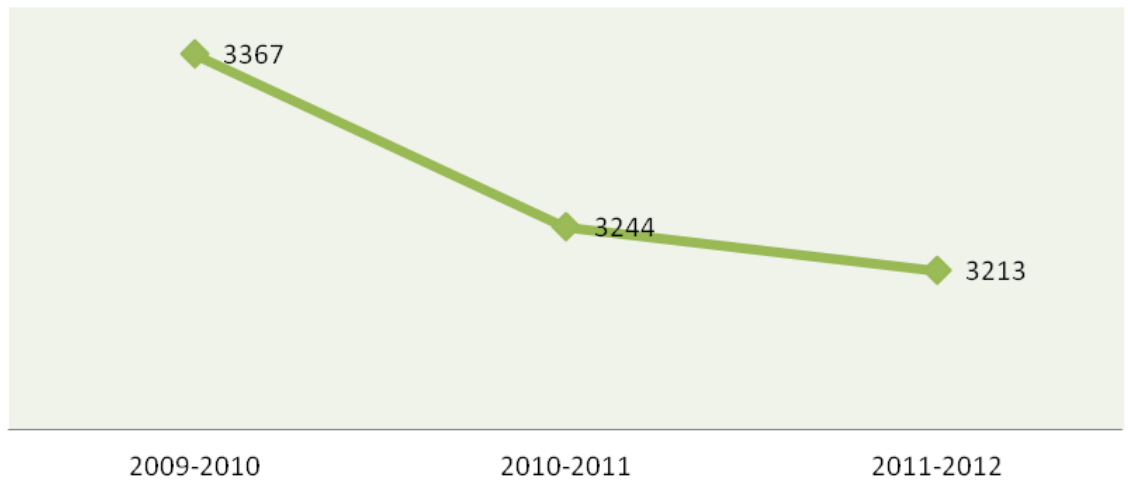
### Student Enrolment by First Nation (SI) All Kenora Area Schools 3 years

◆ Number of Students



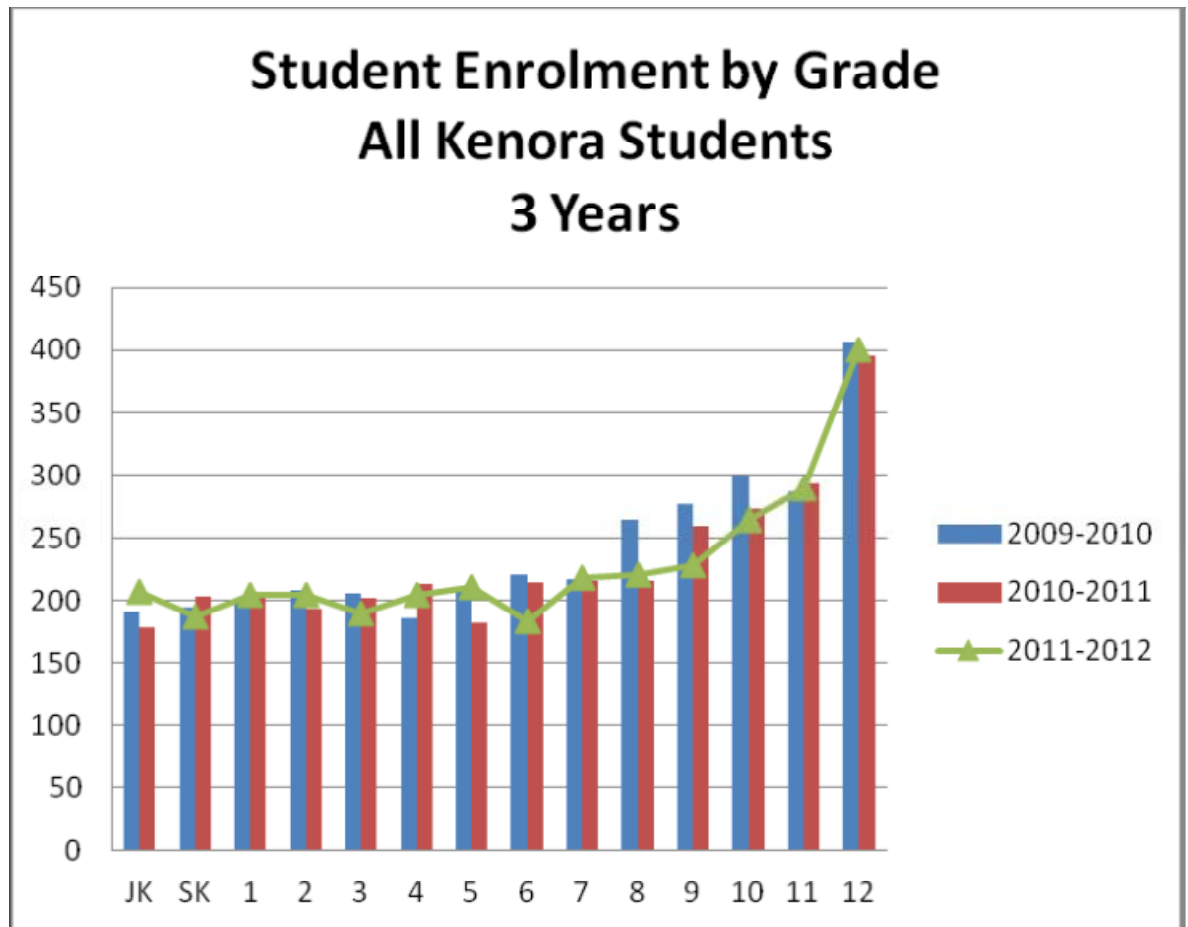
### Student Enrolment by Year All Kenora Area Schools 3 years

◆ Number of Students

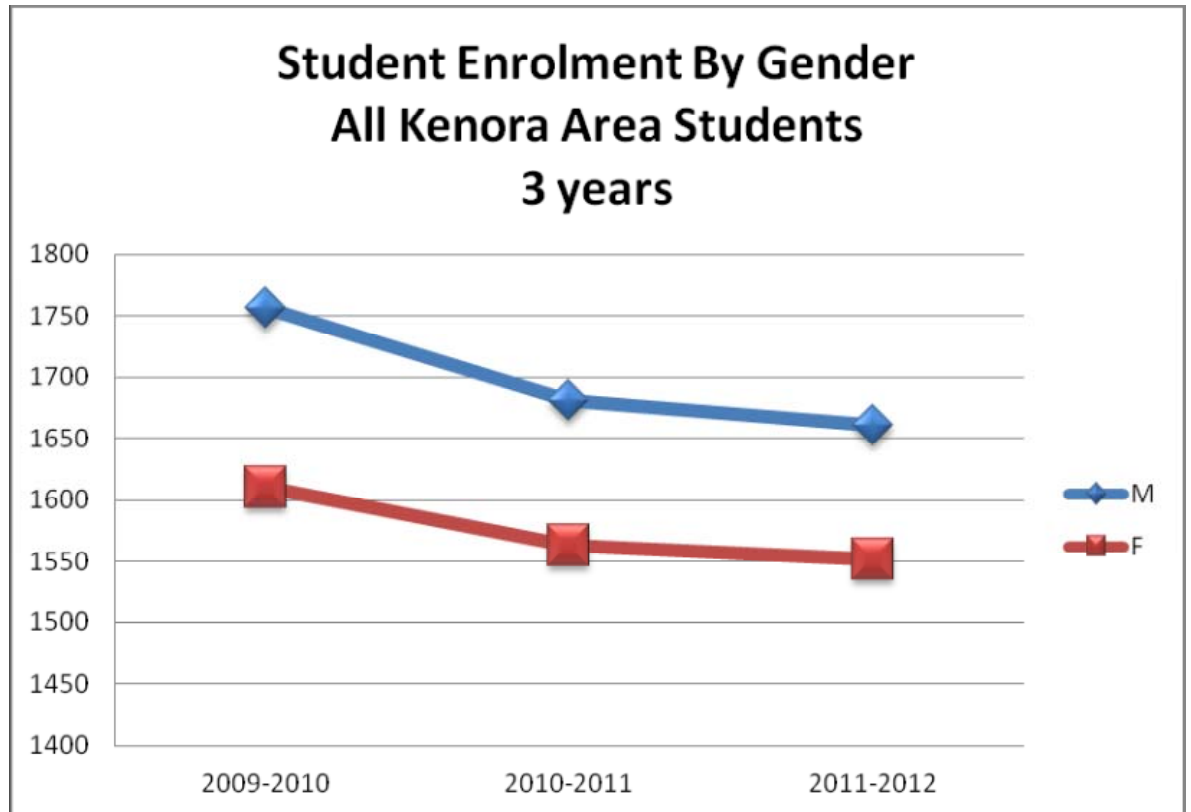


### Enrolment by Grade

The data also demonstrates an increase enrolment every year for students in grade 12 either as 5+ year graduates but also students that have graduated in year 4 but return to improve their marks or may not be ready to continue their education in a post secondary institution. On average, 50% of students do not continue to a post secondary institution immediately after their fourth year of high school upon graduating.

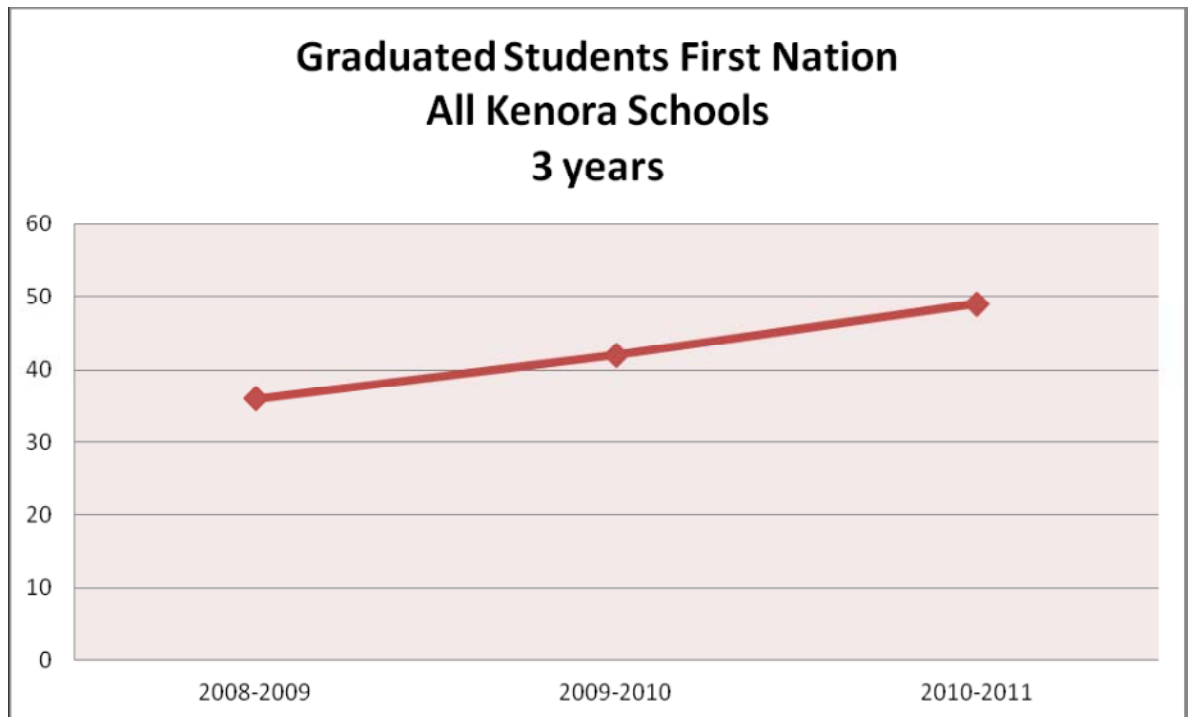
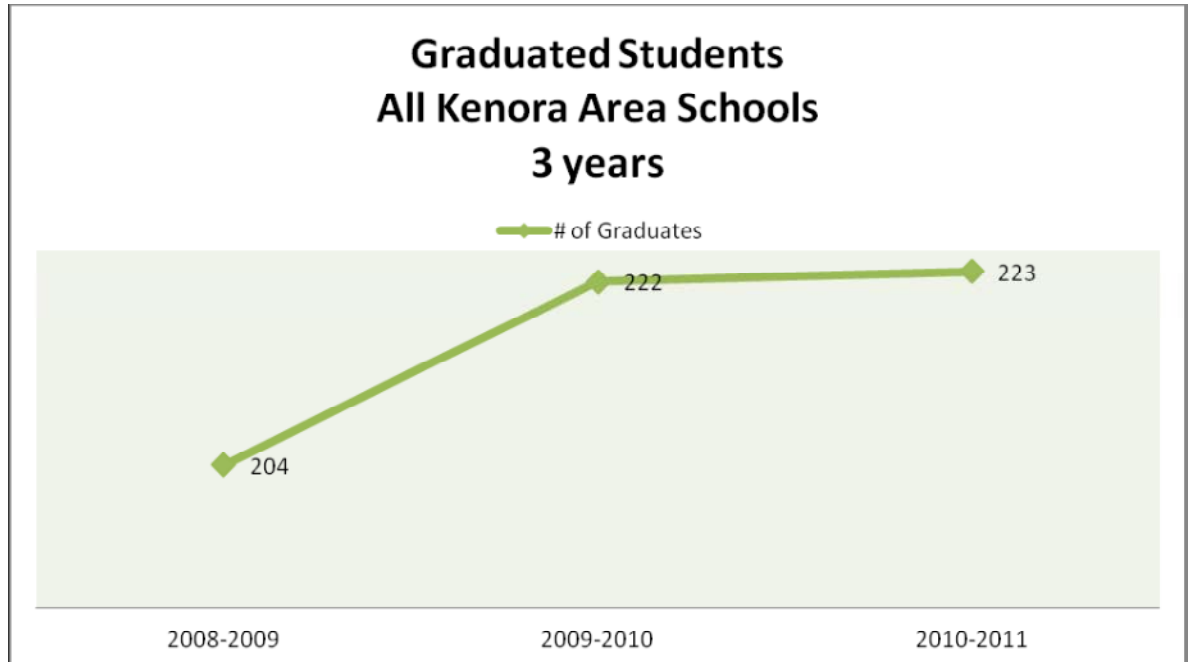






## Graduation

These figures are based on all graduating students by year not based on years attending



# Appendix B: Property Assessment Notice



## Property Assessment Notice 2008 for the 2009 – 2012 property tax years

### Questions?

Call 1 866 296-MPAC(6722)  
 1 877 889-MPAC(6722) TTY  
 Monday to Friday - 8 a.m. to 5 p.m.  
 Extended Hours  
 September 15 to November 28, 2008  
 Monday to Friday - 8 a.m. to 6 p.m.

Web [www.mpac.ca](http://www.mpac.ca)  
 E-mail [enquiry@mpac.ca](mailto:enquiry@mpac.ca)  
 Fax 1 866 297-6703  
 Write P.O. Box 9808, Toronto, ON M1S 5T9

### Extended local office hours

Visit 308 2nd Street South, Unit 207,  
 Kenora  
 November 10 to December 5, 2008  
 Monday to Friday - 8 a.m. to 6 p.m.

### This Property Assessment Notice is not a property tax bill.

The assessed value of your property is used as the basis for calculating your property taxes. MPAC's role is to accurately value and classify properties in Ontario. Your municipality/local taxing authority is responsible for setting property tax rates. **An assessment increase does not necessarily mean your property taxes will increase.** For questions about your property taxes, contact your municipality/local taxing authority. To learn how MPAC assesses properties or for details about the Reconsideration and Appeal processes, see the enclosed insert. The deadline to file a Request for Reconsideration or an Appeal is **March 31** of the tax year.

Roll number 60 16 020 009 13200 0000  
 Property location and description 240 VETERANS DR  
 RP KR1224 PART 8 PART 11 TO 14 PCL26055  
 Municipality/Local Taxing Authority KENORA CITY

### Assessed value of your property

Property classification	Exempt
<b>Your property's value on January 1, 2008</b>	<b>\$2,543,000</b>
Your property's value on January 1, 2005	\$5,904,000
Over this 3-year period, your property's value changed by	\$-3,361,000

Increases in assessed value will be phased in over the next 4 years. However, as your assessment has decreased, the lower value will be effective for the 2009 to 2012 tax years, assuming your property characteristics stay the same.

TAX YEAR	PHASED-IN ASSESSMENT
<b>2009</b>	<b>\$2,543,000</b>
2010	\$2,543,000
2011	\$2,543,000
2012	\$2,543,000

### School Support

2009 ASSESSMENT	SCHOOL SUPPORT
\$2,543,000	Not Applicable

### Property Summary

Property type	School
Property information	Frontage: 120.00 feet Lot area: 10.64 acres

To see a profile for your property and compare your property with similar properties in your area free-of-charge, visit **AboutMyProperty™** at [www.mpac.ca](http://www.mpac.ca)

Please enter:  
**User ID:** 60 16 020 009 13200  
**Password:** 16872400  
 Or call MPAC at  
 1 866 296-MPAC (6722)


## Appendix C: Interviewees


<b>Contact</b>	<b>Organization</b>
Wayne Zimmer and Delbert (Dan Essery deferred)	Seven Generations Education
Patti MacDonell	Community member, entrepreneur
Dean Carrie	School District, Interim CEO
Irene McCuaig	LOWCA
Teika Newton	Community Member, Graduate program linkages
Gloria Maija	Ministry of Education and Training, Committee member
Iain Davidson-Hunt	University of Manitoba
Geordie McEwan	Chair of the Committee Community member, entrepreneur
Rory McMillan	Member of Council, Appointed to Education and Training Committee
Dennis Wallace	Committee Member, Con College
Cyndi Cossais	Coordinator, Program Development, Keewatin- Patricia District School Board
Andy Graham	Education Coordinator, First Nation Student Success Program, Bimose Tribal Council
Rick Moore	Confederation College
Phyllis Eikre	Catholic School District Board
Lynn Moffatt	Committee Member, Executive Director, Alzheimer Society of Kenora
Barb Jackson	Lakewood Early Education Centre/Firefly
John Carlucci	The Dryden Centre
Dwight Olson	Tisdale RecPlex

## Appendix D: Site and Facility Maps and Existing Floor Plans



**LAKEWOOD SCHOOL**  
(showing adjoining properties - Oct 2011)

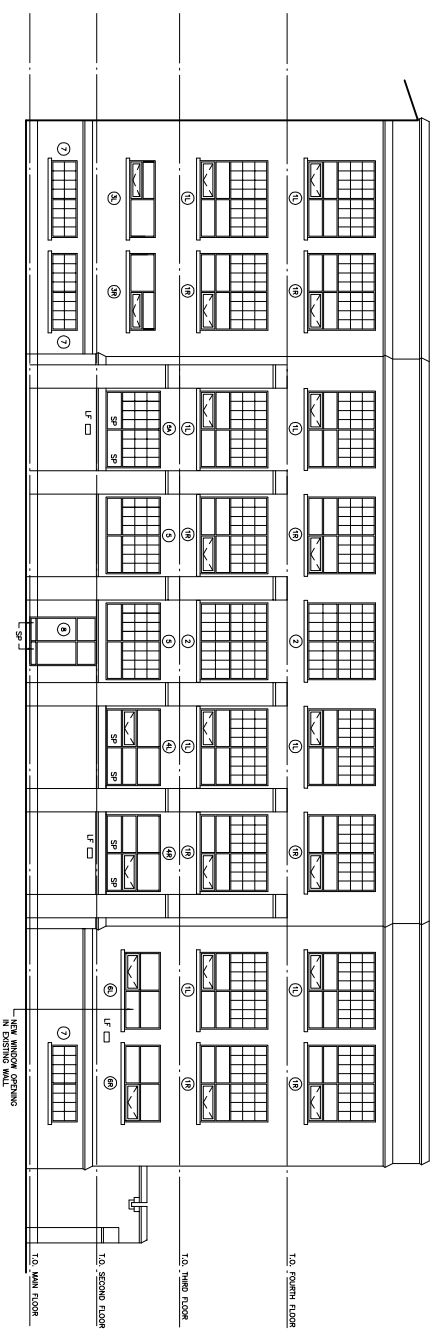
**Legend** 1:2,000 

 Lakewood School Property

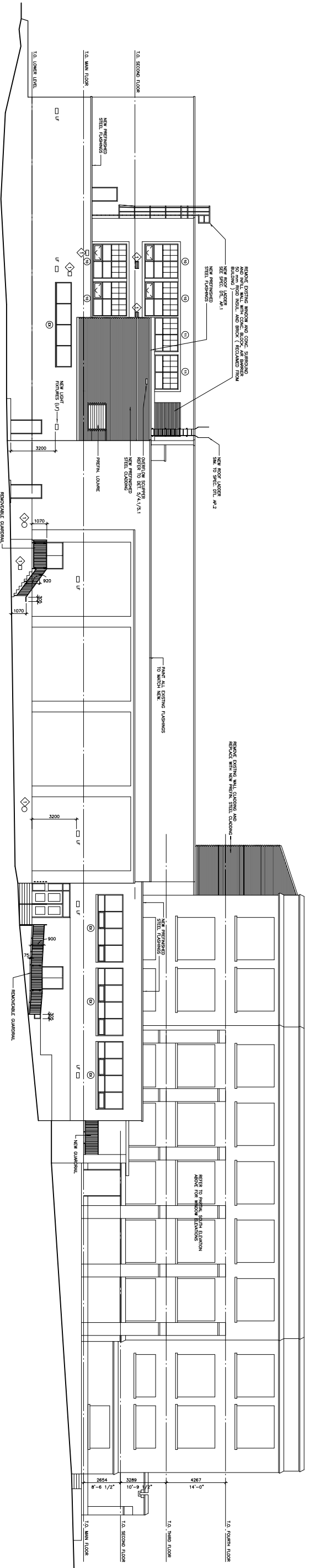




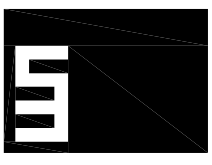




PARTIAL SOUTH ELEVATION  
1:200



SOUTH ELEVATION  
1:200



LM Architectural Group

500-136 Market Ave  
Winnipeg Manitoba  
Canada R3B 0P4  
t: (204) 942.0681  
f: (204) 943.8676  
www.lm-architects.com

PROJECT:

**LAKELWOOD SCHOOL**  
KENORE, ONTARIO

Refer to drawing:

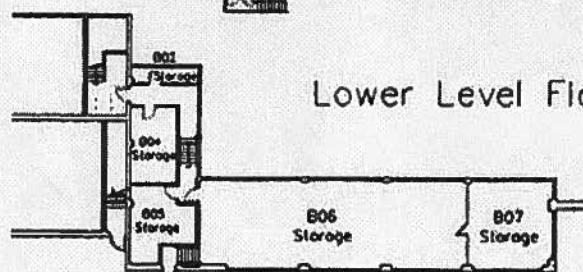
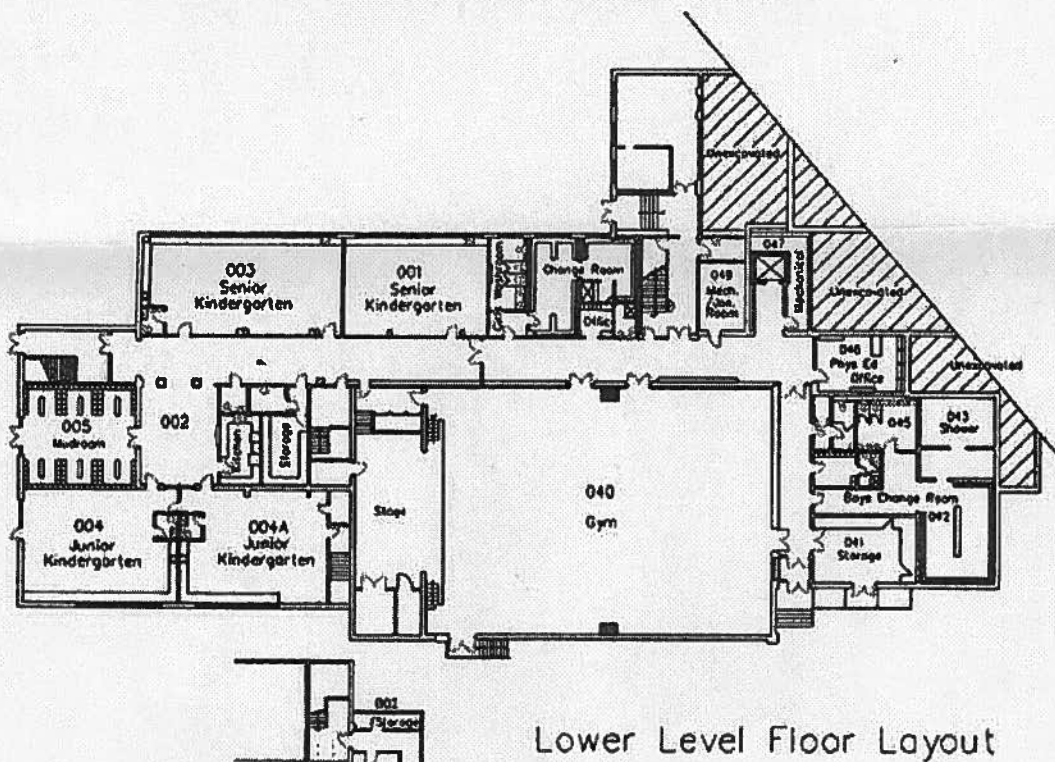
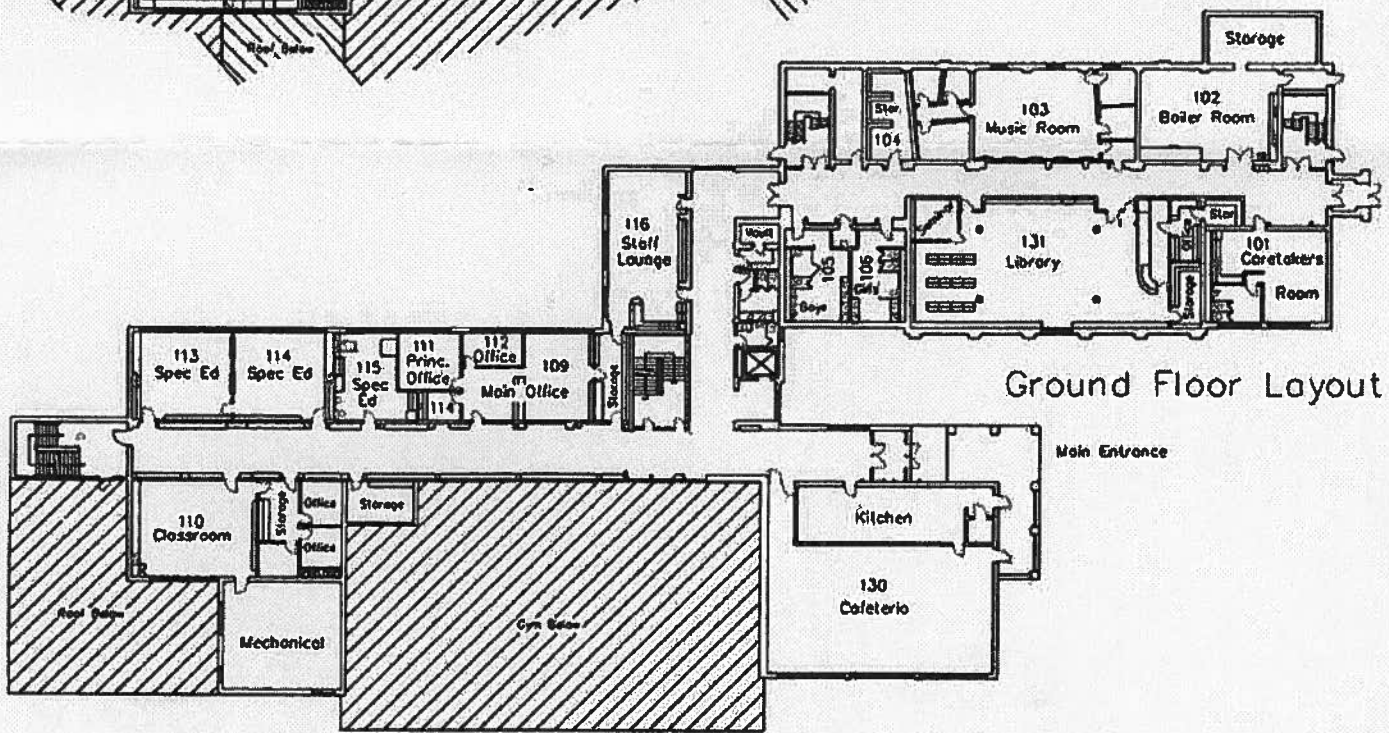
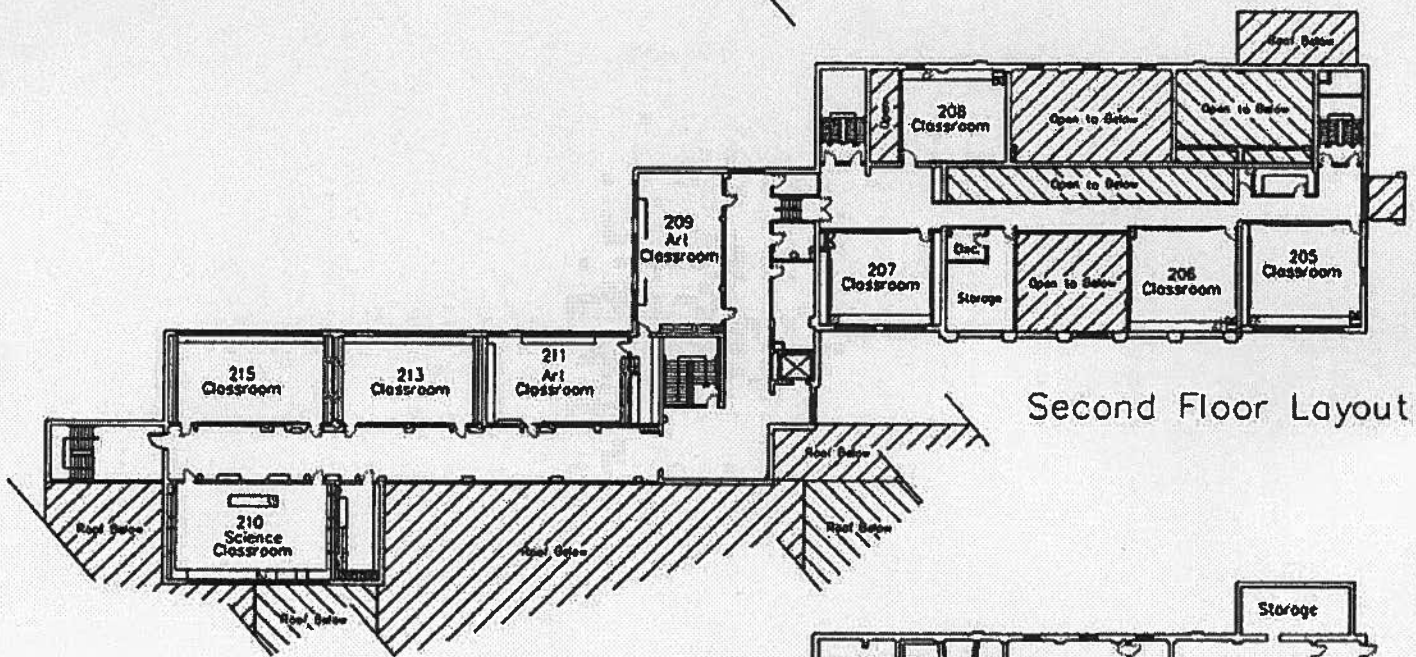
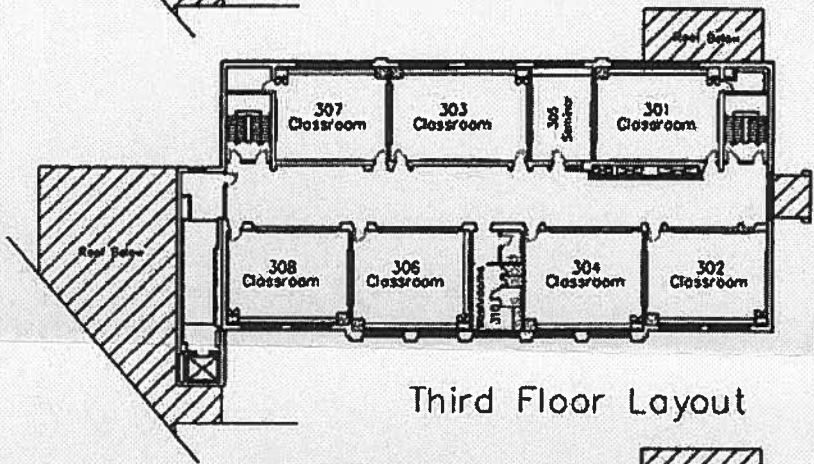
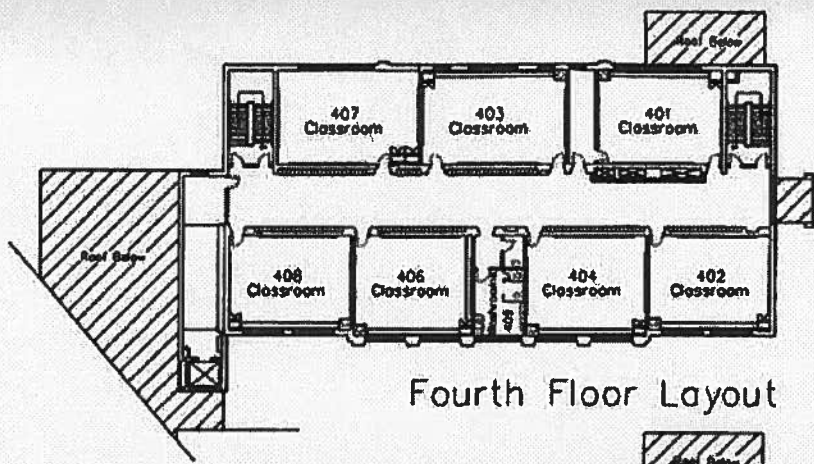
DRAWN BY: DATE:

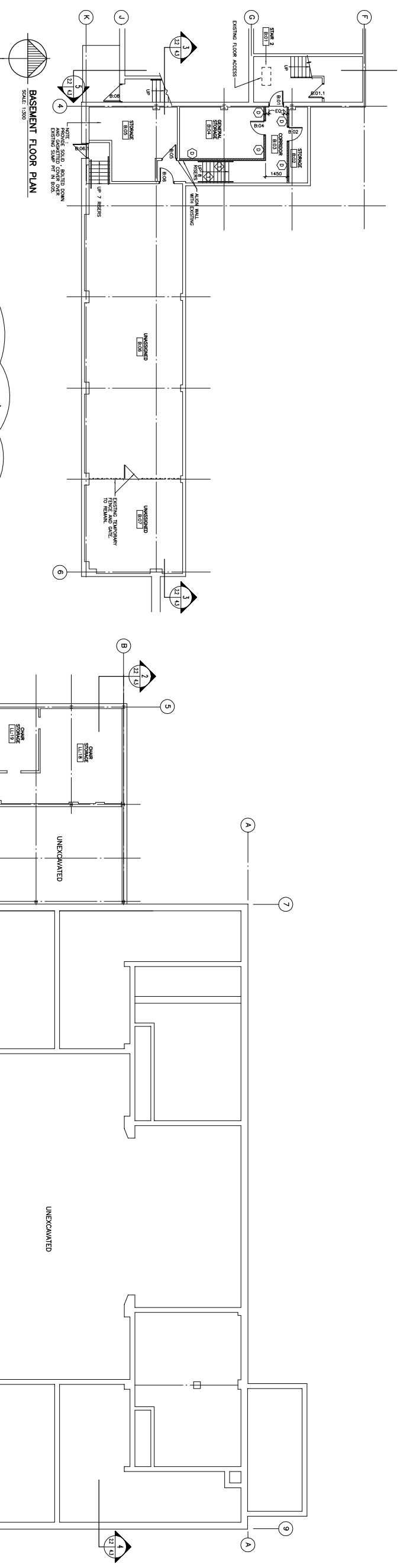
Plotted on: Wed, 19 Oct 2011 10:00am - L:\1985\95053-WD\A2-22.DWG

**A4.1**

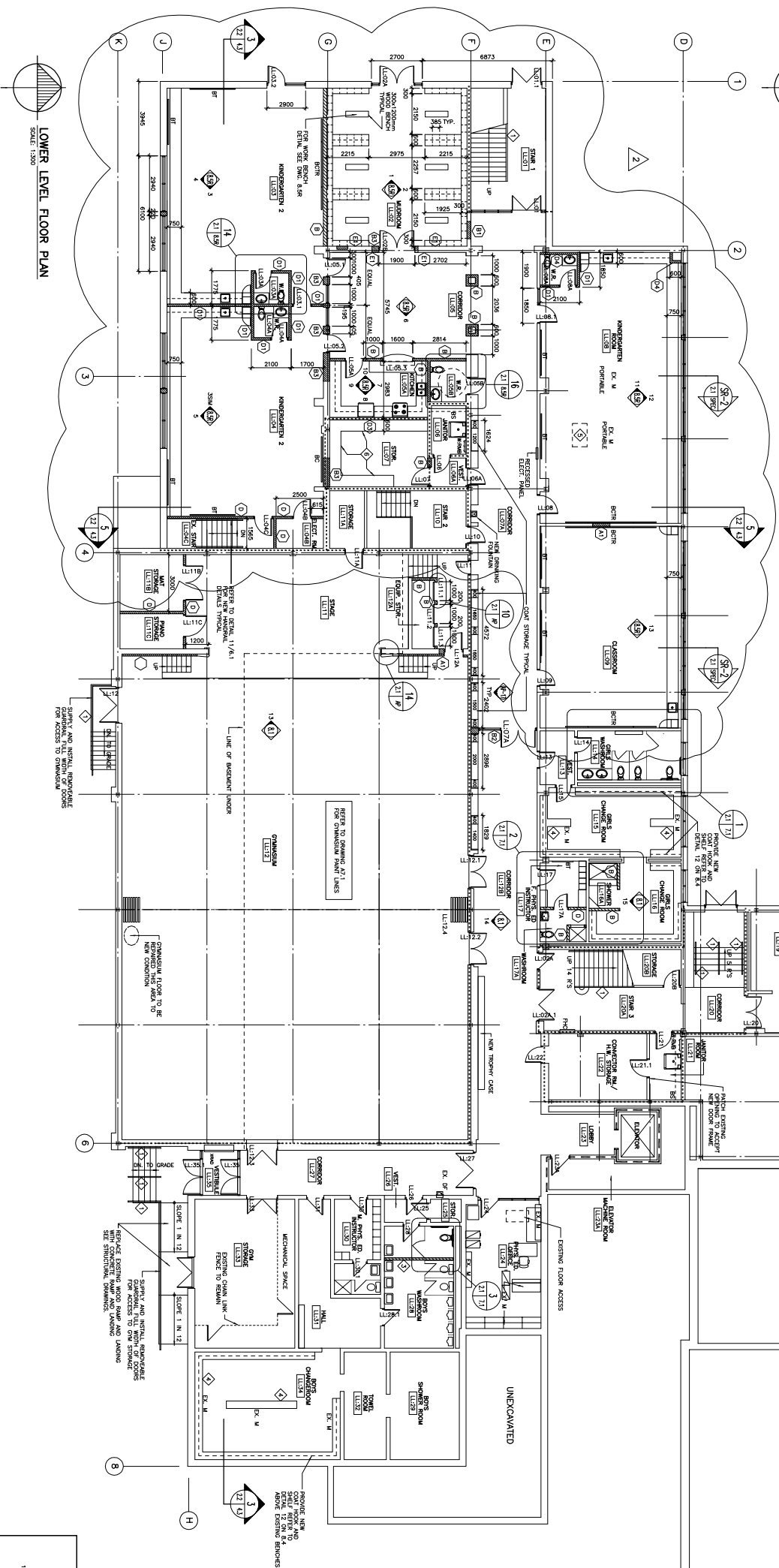
COMM. NO.: 9505

# Lakewood School Layout

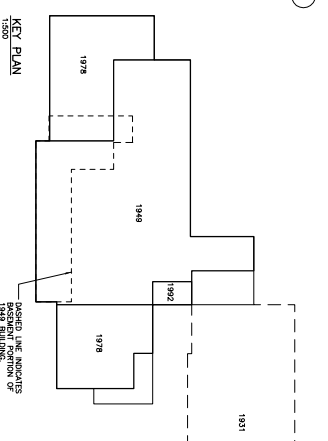




**BASEMENT FLOOR PLAN**  
SCALE: 1:200



**LOWER LEVEL FLOOR PLAN**  
SCALE: 1:200



**KEY PLAN**  
SCALE: 1:500

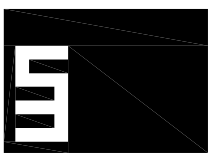
PROJECT:

**LAKEWOOD SCHOOL**  
KENORE, ONTARIO

Refer to drawing:

DRAWN BY: DATE:

Filed on: Wed, 19 Oct 2011 10:00AM - L:\1985\95053-WD\A2-01R.DWG

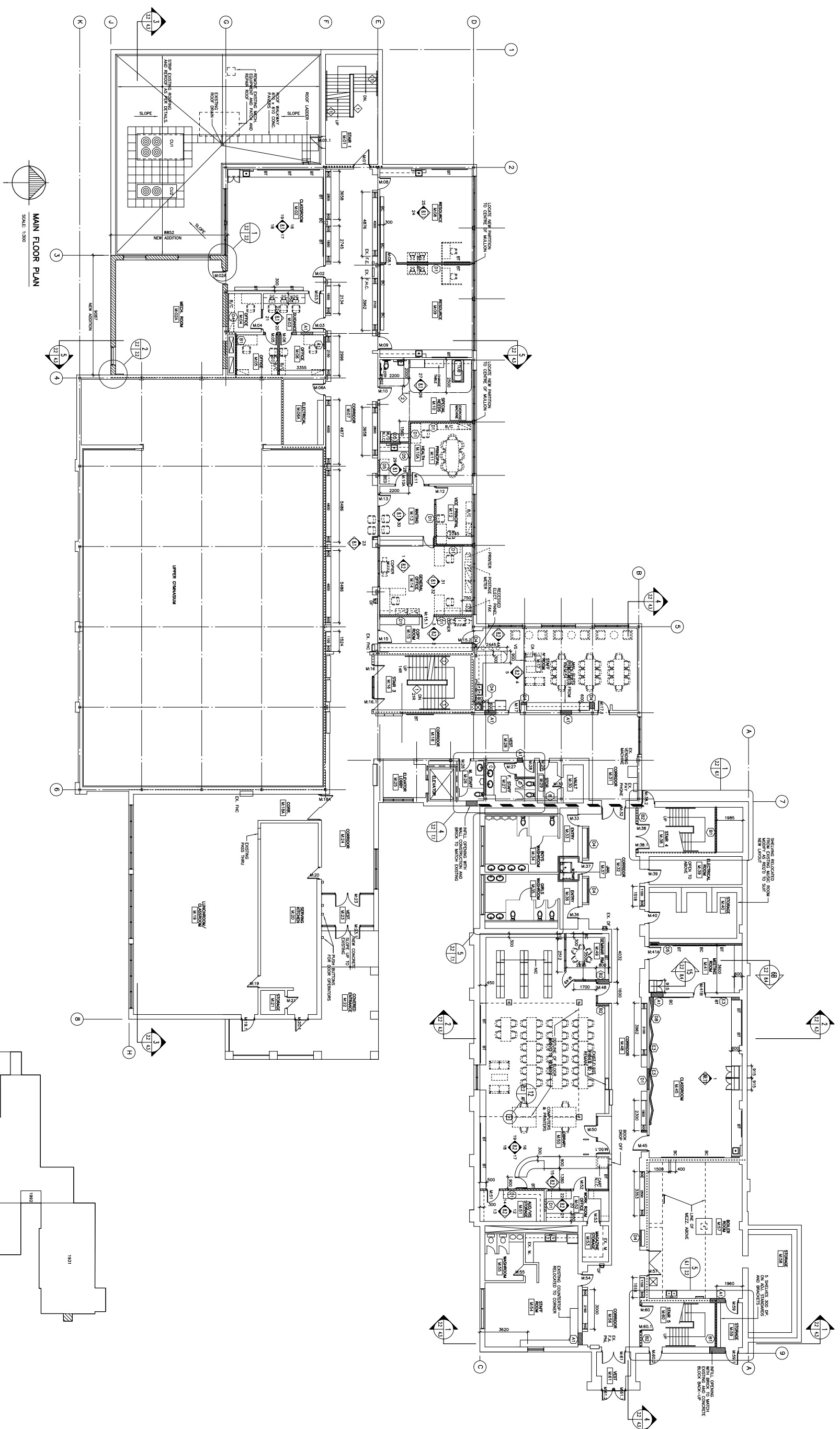


**LM Architectural Group**

500-136 Market Ave  
Winnipeg, Manitoba  
Canada R3B 0P4  
t: (204) 942.0681  
f: (204) 943.8676  
www.lm-architects.com

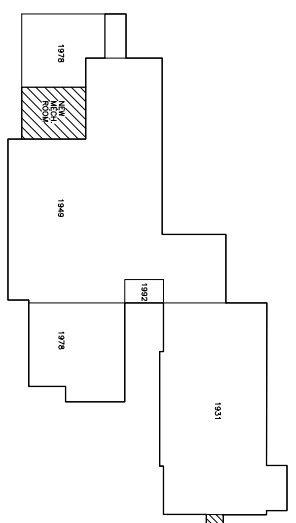
**A2.1R**

COMM. NO.: 9505



MAIN FLOOR PLAN  
SCALE: 1:300

KEY PLAN  
SCALE: 1:500



PROJECT:

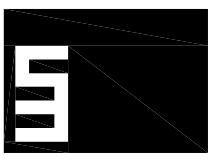
500-136 Market Ave  
Winnipeg, Manitoba  
Canada R3B 0P4  
t: (204) 942.0681  
f: (204) 943.8676  
www.lm-architects.com

**LAKWOOD SCHOOL**  
KENORE, ONTARIO

Refer to drawing:

DRAWN BY: DATE:

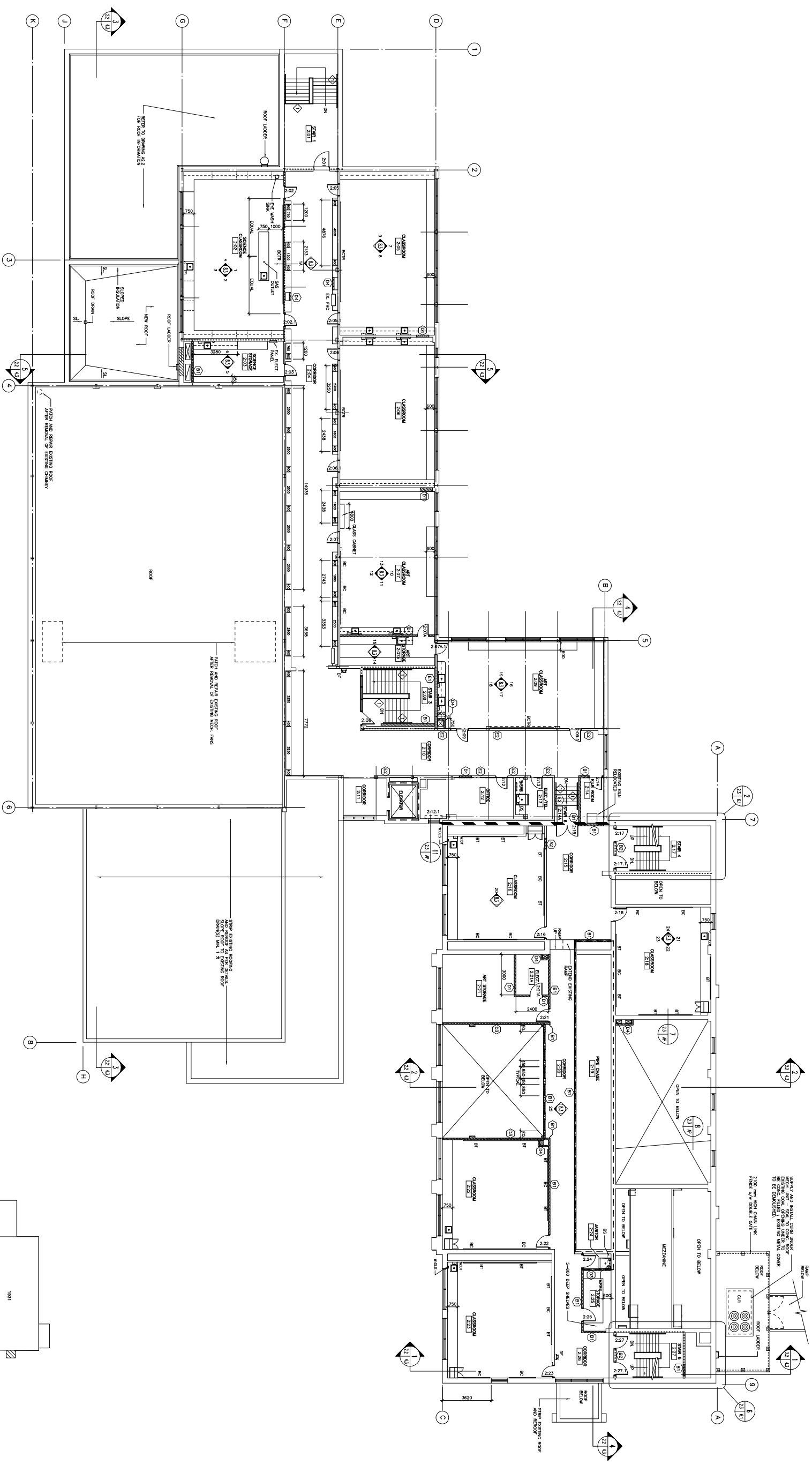
Plotted on: Wed, 19 Oct 2011 10:00:00 AM - L:\1985\95053-WD\A2-2Q.DWG



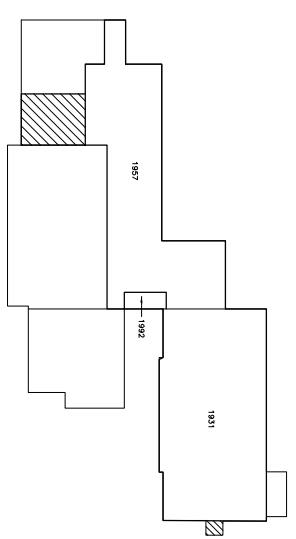
**LM Architectural Group**

**A2.2**

COMM. NO.: 9505



SECOND FLOOR PLAN  
SCALE: 1:300



SITE PLAN

PROJECT:

500-136 Market Ave  
Winnipeg, Manitoba  
Canada R3B 0P4  
t: (204) 942.0681  
f: (204) 943.8676  
www.lm-architects.com

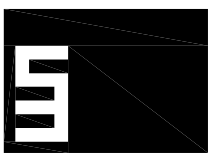
**LAKWOOD SCHOOL**

KENORE, ONTARIO

Refer to drawing:

DRAWN BY: DATE:

Plotted on: Wed, 19 Oct 2011 10:00AM - L:\1985\95053-WD\A2-03.DWG



**LM Architectural Group**



# Appendix E: Presentation

# Lake of the Woods Development Commission

## Education and Training Committee

### Presentation of Key Findings

December 16<sup>th</sup>, 2011 (revised December 20<sup>th</sup>, 2011)



# Introduction

- Project Scope
  - The Lake of the Woods Development Commission has identified additional education and training capacity as a driver of economic growth and community sustainability
  - With the identification of the Lakewood School as potential redevelopment site for an education and training centre, the Education and Training Committee tasked Grant Thornton with the development of a business plan

# Introduction – Cont'd

## Project Steps

- Project initiation – in person meeting with the Committee, site visit, interviews with Committee members and stakeholders
- User group definition/analysis –additional interviews, and requests for interest, research
- Target market and demand analysis –research including the TOP report, Compass for Success and Literacy Northwest
- Infrastructure and site review – site reports and space breakdowns, valuation and assessment, and operating costs
- Facilities requirements –requests for interest from primary tenants and additional users
- Developing the management model of the Centre- discussion with Committee members, research into existing models
- Partnership opportunities, funding sources and financial requirements

# Purpose of the Facility

- Lake of the Woods Centre Purpose and Concept
  - Site and Centre developed with both education and training and, arts and culture components
  - Includes classrooms, an auditorium/theatre appropriate for performances, larger events and lectures, and a daycare
  - Primary student market for the education and training component is adult learners, with additional opportunities for summer camps and a range of other groups
  - The facility will be actively managed by a joint Board to develop programming that meets the needs of the community (current and future) and seeks collaboration between partners

# Education and Training Demand

- There is significant education and training demand for high school completion, upgrading, transition to post secondary, as well as apprenticeship and post secondary program offerings, in the Kenora area
- Some evidence of this is the trend of increasing Grade 12 enrolments (09-12) as students are taking longer to graduate, or are returning to improve grades, and/or are not ready to continue to post secondary outside of Kenora
- The numbers of graduates per year is increasing, more so in the First Nations student population
- On average, 50% of students (within KPSDB and the Kenora Catholic District School Board) do not continue to a post secondary institution immediately after graduating

# Anchor Tenants for Proposed Facility

- **Confederation College (Contact North)** – provides a variety of high school completion, skilled trade, college degree and university transfer programs in partnership with Contact North.
- **Seven Generations Education Institute** – provides high school completion, as well as adult education and training programs including aboriginal teacher education, police foundations, culinary skills, bachelor of arts and other programs.
- **Keewatin-Patricia School District Board (Adult Education)** – KPSDB's adult education program provides course study assistance, marking and test/student administration.
- **Lakewood Early Learning Centre** – This Centre currently provides before and after school care in the Lakewood School.
- *Note that It is believed that there may be opportunities to attract additional anchor tenants (see next slide)*

# Additional Potential Users of Proposed Facility

In addition to the “anchor” tenants listed on the previous slide, the following potential users have expressed interest in administrative and/or classroom space:

- Kenamatewin Native Learning Centre
- Ne-Chee Friendship Centre
- Adult Learning Line (Literacy)
- Common Ground Research Forum

Other potential tenants include Treaty 3 and/or Bimose Tribal Council as well as Performing Arts groups and users

# The Site and Building

- 16 acre site and 76,000 square foot building
- Building has four floors plus lower level
- Summary of space (square feet)

	<u>Gross</u>	<u>Net</u>
1. Lower level	20,468	15,103
2. Main floor	22,140	14,213
3. Second floor	15,027	8,264
4. Third floor	9,239	5,655
5. Fourth floor	<u>9,239</u>	<u>5,652</u>
	<u>76,113</u>	<u>48,887</u>

# The Site and Building – Cont'd

- Cost to upgrade building = \$3.3 to \$4.2 million
  - Excludes any change to the building exterior and any site work
- The renovation budget includes between \$1.6 and \$1.85 million to upgrade the gym and adjacent area:
  - Includes conversion to a theatre/performing arts venue, within the existing envelope, with approximately 450 fixed seats
  - Includes lighting, audio/control room, storage area, lobby/crush area
  - Note that the existing envelope does not provide ample space for stage wing access typically provided in a true performing arts venue
- There will also be a cost to purchase the building



# The Site and Building – Performing Arts

- The existing gym space totals about 9,000 square feet (5,000 square foot gym with approximately 4,000 square feet of locker room, storage and other associated areas)
- Assessment of the available space for redevelopment within the current building envelope could lend itself to a 450 seat auditorium and stage area with an estimated renovation budget of between \$1.6 and \$1.85 million
- More extensive renovations and/or redevelopment outside the building envelope would require additional investment

# Demand for Space

Usage	Area (Net Square Feet)	%
<i>Anchor Tenants:</i>		
7 Generations Education Institute	11,200	
Confederation College	12,515	
Keewatin-Patricia District S.B.	1,800	
Day Care	<u>4,415</u>	
	<b>29,930</b>	<b>61%</b>
Theatre/Performing Arts Space	<u>9,000</u>	<u>18%</u>
<b>Total Committed Space</b>	<b>38,930</b>	<b>79%</b>
<b>Total Available Space</b>	<b>48,887</b>	<b>100%</b>
*Approximately 9,960 square feet of space available to lease		

# Revenue and Expense Projections

- Revenue projected to range between \$1.05 and \$1.18 million in Year 1
  - Base lease rate of \$11/square foot
  - Operating costs of \$9/square foot
- Revenue of \$1.05 million – based on 4 tenants (80% leased)
- Revenue of \$1.18 million – based on 5 or more tenants (100% leased)
- Annual operating expenses - \$1.0 million - \$1.1 million\*
- Annual operating profit/loss - \$0

\*The operating expenses are based on actual historical building operating costs for the school, in addition to personnel expenses (4 FTEs to manage the facility and grounds beyond contracted janitorial and maintenance staff), administrative expenses, website and marketing expenses, and insurance.

# Revenue and Expense Projections

- Note regarding the theatre operation.
  - The current model assumes that the anchor tenants share the common area costs, by paying a \$9/square foot rate on a portion of the common areas, including the theatre.
  - These tenants would then benefit from any revenue generated by external rental of the theatre.
  - However, if the theatre is managed by a separate entity, this entity would then cover the operating costs for it and would benefit from any revenue generated from its rental.
  - The operating model for the theatre needs to be validated, once more definitive interests by performing arts interests are determined.

# Revenue and Expense Projections

- Ancillary revenue opportunities include:
  - Lease revenue from retail tenant(s) (restaurant/café, convenience store, book store, etc.)
  - Classroom rental
  - Auditorium/theatre rental
- Revenue generated from sources such as these would increase the overall annual profit shown previously

# Ownership and Management Model

Using the stated purpose of the Centre to examine ownership and management models, and drawing from the Centre for Social Innovation's model for Community Ownership, the proposed ownership model has the benefits of:

*An owner-operator model for a collaborative organization that is a community asset with efficiency from service integration and representative management*

# Ownership and Management Model – Cont'd

Attributes of the proposed model include:

- Stability of ownership and support from the City of Kenora, with opportunity for additional partnerships
- Financial viability based on existing demand, with potential additional revenue
- Representation of anchor tenants on the Program Advisory Board
- Responsiveness to community needs and interests

# Ownership and Management Model – Cont'd

- Ownership:
  - As part of the regulatory requirements for disposal of surplus buildings by the School Board, the City of Kenora is an eligible buyer for the property
  - Property could be owned/operated by the City or by an “arm’s length” society
- Program Advisory Board:
  - Representation from the owner, anchor tenants, operations manager, as well as community members
  - The Board will provide a forum for discussing evolving tenant and community needs, with a key goal being to meet the current and future education and training needs of the community and to encourage economic growth



# Ownership and Management Model – Cont'd

- Anchor Tenants:
  - Long term lease for dedicated space
  - Will pay a per square foot lease rate for dedicated space
  - Will also pay a portion of building operating costs for common areas, based on their % share of dedicated space

# Ownership and Management Model – Cont'd

- Operations Manager:
  - The Operations Manager will be responsible for running the day to day operations, including shared space and classroom bookings, marketing of the Centre, property management, as well as identification of additional events and users

# Redevelopment Timelines (estimate)

<b>Estimated Date</b>	<b>Description</b>
<b>2012 January</b>	School Board reconsideration of closure decision
<b>February-April</b>	School Board consultation process with parents and stakeholders as per regulation, as well as ongoing conversations between stakeholders on space requirements and model development
<b>April</b>	Lakewood property put on the 'market' to the preferred list of purchasers, assuming consultation is successful and the Lakewood School is declared surplus,
<b>May-July</b>	The regulatory period for expression of interest from the list of preferred purchasers. During this time the City can express interest.
<b>July – August</b>	Once interest is expressed, the School Board will require an assessor to establish the value of the property to begin negotiations around purchase price
<b>August – September</b>	Negotiations regarding purchase until price and conditions are agreeable to both (or a deal cannot be reached)
<b>June 2013/TBD</b>	Possession date/transfer of ownership of the school, this date is to be determined by the School Board and purchaser. As renovations will be required for the building to accommodate the new uses and users, the transfer of ownership date is not the same as the Centre opening. June 2013, following the school year, may be an agreeable/reasonable target date.
<b>Spring 2013-Spring 2014</b>	Renovations - Although the school is in good condition, to accommodate new uses and users some renovations will be required. A year is a rough estimate with some aspects of the Centre potentially able to begin prior to opening date.
<b>Fall 2014</b>	Full Centre opening target date for standard school year

# Next Steps

- Presentation to Council/Commission December 21<sup>st</sup>, 2011
- Present to the KPDSB in January 2012
- Business Plan report completed
- Identify a qualified, dedicated project manager for the redevelopment project
- Further examine the need for and potential location of:
  - A residence (on or off site)
  - Additional buildings that stakeholders have mentioned (e.g., sweat lodge)
  - Performing arts spaces