



Lunenburg Academy Future Use Business Plan 2.0

May 2019

Scott Burke Consulting Incorporated

Proven Expertise for the not-for-profit sector
Specializing in Arts, Culture and Heritage Organizations



**“If you believe it will work out, you’ll see opportunities.
If you believe it won’t, you will see obstacles”**

Wayne Dyer

Cover photograph by Peter Zwicker



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Executive Summary

Introduction

The Lunenburg Academy Future Use Business Plan 2.0 is a follow-up to the original 3 – 5 year plan commissioned by the Town of Lunenburg in the fall of 2014 and adopted by the Town of Lunenburg in March 2015. By March of 2018 many, though not all, of the activities and goals as laid out in the 2015 plan had been achieved.

The successful completion of tenant-readiness renovations in 2015 paved the way for the recruitment of tenants via a request for proposals and ongoing marketing efforts beyond the initial intake. These efforts proved hugely successful in increasing the number of tenants in the building, bringing its occupancy level to 83%.

Lunenburg Academy Finance and Governance Committee

The Town of Lunenburg created a special committee of Council to be named the Lunenburg Academy Finance and Governance Committee or LAFGC, a refinement of the Lunenburg Academy Development Advisory Team or LADAT, as envisioned in the original plan. The LAFGC was comprised of two Town Councillors, two members of the Lunenburg Academy Foundation, the Lunenburg Academy Development Coordinator, and Mayor Rachel Bailey.

Following the engagement of consultants to undertake a governance review and further consultation with a specialist charities lawyer, it was determined that the Lunenburg Academy Foundation is the appropriate not-for-profit, registered charitable organization to take on any operational responsibilities agreed to as a result of this planning process. With the Academy Foundation renewal imminent, the LAFGC became redundant and last met in April 2017.

Major Capital Campaign Feasibility

In regard to undertaking capital project fundraising, the Lunenburg Academy Foundation has looked to all upcoming capital projects and will develop a fundraising campaign designed to raise enough funds to contribute to each of the projects. A fuller consideration of the campaign can be found later in this document at 4.3 Foundation Capital Fundraising Campaign.

Exterior Restoration

The Town, with support from the Lunenburg Academy Foundation, embarked on an Exterior Restoration project with an estimated cost of \$2.3 million. Contributions from Parks Canada, the Province of Nova Scotia, the Town of Lunenburg and the Lunenburg Academy Foundation allowed the project to go forward, with a caveat that the funds would only cover the cost of restoration of three sides of the building.

The completion of the work in June 2018 revealed an extraordinary level of workmanship, resulting in three sides of the building gleaming in pristine glory. The Town and Foundation are



pursuing funding opportunities for the completion of the final façade during fiscal years 2019-2020 and 2020-2021.

Lunenburg Library Relocation

The Town moved forward on renovations to enable the Lunenburg Library to move into three classrooms plus common areas on the first floor at a cost of approximately \$500,000 including a contribution from Atlantic Canada Opportunities Agency (ACOA) and an anonymous donation to create a new and improved Roué Reading Room.

The inclusion of the library move to the Academy as part of the original plan was immensely popular and those involved in its activation were true believers that the eventual opening of the library, somewhat delayed due to the desire to align it with the completion of the exterior restoration and removal of the scaffolding, would prove popular. This indeed has been the case since the grand opening of the Library on July 28, 2018.

Lunenburg Academy Foundation

The transformation of the Lunenburg Academy Foundation into an organization capable of taking on operational responsibilities began in late summer 2017. While the existing board of directors had capably stewarded the organization for many years as it carried out alumni association activities, it was felt the additional operational responsibilities would best be taken on by a newly invigorated group of individuals with a different set of skills and experience in financial planning, legal matters, business operations and major fundraising, to name a few.

Actions undertaken by the Foundation since fall 2017 include engagement of an Interim Executive Director to conduct the business of the Foundation formerly undertaken by volunteer board members, followed by the transference of those day-to-day management duties to Felicia Knock, engaged in the newly created position of Administrator.

With funding support from the Town of Lunenburg and a grant from the Nova Scotia Department of Communities, Culture and Heritage, the Foundation entered into a new agreement with Scott Burke Consulting Incorporated to create this follow up to the original Future Use Business Plan, tackle concept planning for the Heritage Interpretive Classroom and adjacent unoccupied rooms, and to assist in the development of a Governance Manual.

Conceptual Model Review

The Future Use Business Plan 1.0 described the concept of a thematic stratification of the building that corresponds with its three-story structure, and identified usage plans for each of the floors.

A Very Public First Floor

A winning concept for the first floor of the Academy included the relocation of the Lunenburg Library to three classrooms plus common areas. Conceptual considerations for the design of the library included furnishings and fittings aimed to juxtapose a contemporary, working library space within the heritage characteristics of classroom design and public space from the 1890s.



On July 28, 2018, a beautiful summer day, a grand opening and ribbon cutting ceremony took place with representatives from all levels of government funding partners, Mayor Rachel Bailey, and John Harker, President of the Lunenburg Academy Foundation. An immediate hit, the library captured the imaginations of the citizens of Lunenburg, has become exactly the kind of a community meeting place envisioned, and has brought the public into the building.

Development of the remaining three classrooms is the final piece of the overall repurposing plan. Form:Media were awarded the contract to design the Heritage Interpretive Classroom. The Foundation Board ultimately decided not to pursue its own vision and leasehold improvements for a café in room 101, choosing instead to issue a Request for Expressions of Interest in April 2019.

At the time of writing the Town is in discussion with the South Shore Genealogical Society regarding a potential move to Room 105 which would put them on the first floor as originally envisioned in the Future Use Business Plan 1.0, and gives them access to walk up customers.

Second Floor Creative Enterprise Centre

Designating the second floor of the Academy as a Creative Enterprise Centre within this Community Cultural Centre has proven highly successful. An initial Request for Proposals for Leasing Opportunities in the Iconic Heritage Landmark was issued June 24 and closed August 31, 2015. From the outset the Academy attracted plenty of interest from potential tenants and a number of available classrooms and offices were filled almost immediately. Since that initial intake, a steady stream of interest has been shown and all but classroom 205 have been leased.

Second Floor tenants include Chippie Kennedy, Sculptor, Class Afloat, West Island College, John Hendra Consulting, Lunenburg Academy Foundation, Lunenburg Travel/Lunenburg Walking Tours, Nevermore Press, and the South Shore Genealogical Society (SSGS). A perk of tenancy on the second floor has been potential ad hoc use of classroom 206 that serves as a meeting room for the Foundation. Should a suitable tenant for room 206 materialize, serious consideration would be given. The existing staff kitchen, with stove, refrigerator, toaster, microwave, coffee maker, sink and dishes, is often used as a lunchroom.

The Third Floor Lunenburg Academy of Music Performance

The Lunenburg Academy of Music Performance has been the sole tenant of the third floor since even before the completion of the tenant readiness renovations in 2015.

Having LAMP as an anchor tenant programming international performers, master classes for local, national and international students, along with outreach activities, continues the educative function of the building. LAMP utilizes classrooms and the auditorium in a manner consistent with their original purposes with no interventions that affect the heritage features of the building.



Governance and Operational Model

Much consideration was given to the transformation of the Lunenburg Academy Foundation into an organization able to take on operating responsibilities in the building. One possible scenario for moving forward might best be termed “lock stock and barrel”, meaning the Foundation would take over all operations including the collecting of rents and paying of expenses such as heating oil, electricity, water and sewer, maintenance and repairs.

Further, the Foundation would take on the role of approving new tenants, negotiating rental rates and preparing leases, among other things. When the consultant began preparing possible budget scenarios to reflect such a “lock, stock and barrel” approach and shared these with the Foundation Finance Committee, the question arose as to whether this was the best approach.

Various consultations with the Foundation Board, Mayor Rachel Bailey and Town staff including the Chief Administrative Officer and the Director of Finance, and Foundation auditors Belliveau Veinotte, led to the unanimous direction to leave what is now working so well, alone. Keeping the Town responsible for maintenance and upkeep, and corporate services, i.e. accounting, lease development, collections, receipting, utilities etc., will have a fringe benefit of allowing the Foundation to concentrate on the Heritage Interpretive Classroom and fundraising without challenging the Board’s capacity.

Memorandum of Agreement

A draft Memorandum of Agreement reviewed by Town Council and the Lunenburg Academy Foundation Board outlines the areas of shared concern and delineates responsibilities in keeping with the Town continuing in its role as owner of the building and providing maintenance and corporate services, and the Foundation as operator of the Heritage Interpretive Classroom and primary fundraising and advocacy group. The Town is expected to continue its leadership role in major Capital projects including the upcoming Exterior Restoration Phase II and the Lot Development Plan.

For the purposes of this plan, the draft Memorandum of Agreement is for future discussion and development. It is expected the Town Solicitor will take the information contained in the draft and craft a final agreement.

Foundation Governance and Policies Manual

As part of the Comprehensive Planning Project, the need was identified for development of a complete set of Governance Policies and the collecting and presentation of those policies in a manual that would serve as a proper resource for the organization and individual Board Members. Draft policies were presented to the Foundation Board of Directors at its meeting February 25, 2019. An in-depth review of the policies during the upcoming implementation phase will be undertaken.



Foundation By-Laws

As part of the overall Governance Review, the By-laws of the Foundation were considered. The original By-laws of the Foundation were established at the founding of the organization in 1981. The Board of Directors approved an amended set of By-laws in October 2007.

A number of further amendments have been brought forward by past and current members to the organization during the past few years, and many of those, and others, have been incorporated into an updated set of By-laws to be presented to the Foundation's full membership, by way of a Special Resolution, for approval at its Annual General Meeting to be held April 4, 2019.

Foundation Fundraising Campaign

The Foundation remains deeply committed to the creation of a Heritage Interpretive Classroom in room 105 of the Academy. Preliminary work and amalgamation of furniture and artefacts, including the construction of three new display cases by Academy alum and former Foundation Board Member David Afford, were undertaken as early as 2015. A Request for Proposals for Heritage Classroom Design was issued on October 24 and closed November 24, 2018. Form:Media were awarded the contract to design the Heritage Interpretive Classroom.

The Town has been leading two Capital projects that will complete the remarkable transformation of the Academy building begun in 2015. These projects are the Exterior Restoration Phase II to complete the east façade and the implementation of the Lot Development plan.

The Foundation has committed \$100,000 to Phase II and is anticipating a request for a \$100,000 contribution to the Lot Development Plan. The cost associated with the Heritage Classroom is estimated to be in the range of \$250,000 to \$300,000.

Staffing Recommendations/Assumptions

Town staff with primary responsibility for the Academy includes Arthur MacDonald, Heritage Manager, Bea Renton, Chief Administrative Officer, Lisa Dagley, Finance Director, and Paul Bracken, Facilities Superintendent.

Human resource development at the Foundation has progressed meaningfully since Board Renewal in the fall of 2017. For the twelve-month period beginning April 1, 2019 the Foundation plans to engage Felicia Knock to continue in her current capacity and Scott Burke Consulting Incorporated to take on the implementation of the Future Used Business Plan 2.0.

Planning Implementation

Beginning April 1, 2019 the Town and Foundation will enter into an implementation phase for all three of the Comprehensive Planning pieces described in this plan. Scott Burke Consulting Incorporated is expected to undertake three areas that taken together represent a comprehensive implementation effort:



- Direct the activities as described in the Future Use Business Plan 2.0
- Represent the Foundation as project manager and primary liaison with Form:Media to bring about a successful design and prepare for funding and timing of construction of the Heritage Interpretive Classroom
- Implement the new Governance Policies and oversee the financial planning and not-for-profit management of the organization and participate in the capital fundraising campaign

Financial Summary

Lunenburg Academy	2016-2017 Actual	2017-2018 Actuals	2018-2019 Projections	2019-2020 Town Budget	Projected Fully Occupied
Operations					
Income					
First Floor Rental Income			27,000	36,000	57,000
Second Floor Rental Income	43,496	50,744	60,194	62,544	88,636
Third Floor Rental Income	22,196	37,500	60,000	60,000	61,320
Total Operations Income	65,692	88,244	147,194	158,544	206,956
Expenses					
Total Operating Expenses	183,441	189,346	184,900	211,000	222,700
Operating Deficit (Funded by the Town of Lunenburg)	-117,749	-101,102	-37,706	-52,456	-15,744
Capital					
Total Capital Income	196,847	1,942,676	542,000	1,300,000	
Total Capital Expenses	385,770	2,149,135	825,363	1,500,000	
Capital Deficit (Funded by the Town of Lunenburg)	-188,923	-206,459	-283,363	-200,000	
Total Operating and Capital Deficit (Funded by the Town of Lunenburg)	-306,672	-307,561	-321,069	-252,456	-15,744



1. Introduction

This chapter sets out the background to and purpose for this Future Use Business Plan 2.0 for the Lunenburg Academy and methodology to date.

1.1 Study Background and Purpose

The Lunenburg Academy Future Use Business Plan 2.0 is a follow-up to the original 3 – 5 year plan commissioned by the Town of Lunenburg in the fall of 2014 and adopted by the Town of Lunenburg in March 2015. By March of 2018 many, though not all, of the activities and goals as laid out in the 2015 plan had been achieved.

The successful completion of tenant-readiness renovations in 2015 paved the way for the recruitment of tenants via a request for proposals and ongoing marketing efforts beyond the initial intake. These efforts proved hugely successful in increasing the number of tenants in the building, bringing its occupancy level to 83%. One remaining vacant classroom on the second floor is currently under negotiation. The full tenant roster includes:

Chippie Kennedy, Sculptor
Class Afloat, West Island College
John Hendra Consulting
Lunenburg Academy Foundation
Lunenburg Academy of Music Performance (LAMP)
Lunenburg Library
Lunenburg Travel/Lunenburg Walking Tours
Nevermore Press
South Shore Genealogical Society (SSGS)

1.1.1 Lunenburg Academy Finance and Governance Committee

The Town of Lunenburg created a special committee of Council to be named the Lunenburg Academy Finance and Governance Committee or LAFGC, a refinement of the Lunenburg Academy Development Advisory Team or LADAT, as envisioned in the original plan. The LAFGC was comprised of two Town Councillors, two members of the Lunenburg Academy Foundation, the Lunenburg Academy Development Coordinator, and Mayor Rachel Bailey. Town Staff assisted the committee with agenda and minute preparation.

The LAFGC met monthly beginning in January 2016 to consider the future operating and governance of the building. In June 2016 after issuing a Request for Proposals, the committee engaged RBR Development Associates Ltd. to undertake a Governance Review and a Major Capital Campaign Feasibility Study.



While the Governance Review final Report, received August 2017, did not go into as much detail as the committee had hoped, in the opinion of the RBR Principal Consultant Rosalie Courage, the Lunenburg Academy Foundation would not be eligible to operate the building due to its Registered Charity status. Ms. Courage's opinion was that since quasi-business activities were taking place in the building, including the leasing of space to both not-for-profit organizations and for-profit businesses and individuals, the Canadian Revenue Agency would not accept the building being operated by a registered charitable organization. Ms. Courage recommended the creation of a new not-for-profit, non-charitable organization to operate the building.

This recommendation was questioned and further investigation led to the LAFGC requesting a second opinion from Richard Bridge, a noted Charities Lawyer, who took an opposing view, citing many charitable organizations that raise funds through business activities, ensuring any profits are then reinvested in pursuit of the charitable mission of the organization. This view was accepted and adopted by the committee, which then identified the Lunenburg Academy Foundation as the appropriate not-for-profit organization best suited to potential arms length operation of the building.

With the Academy Foundation renewal imminent, the LAFGC became redundant and last met in April 2017.

1.1.2 Major Capital Campaign Feasibility Study

The Fundraising Feasibility Study, received April 2017, returned important information based on the survey methodology employed. In summary, while the Foundation has had success over the years in raising meaningful sums of money from its alumni, it had little experience in major capital campaigns, and had little profile outside of the Town. Further, the strong fundraising effort of the Lunenburg Academy of Music Performance has introduced confusion in the market as to its contribution to the overall wellbeing of the building. Beyond a small circle, the public does not possess a clear distinction between the roles of LAMP, the Foundation, and the Town of Lunenburg vis-à-vis the Academy building.

The Feasibility Study recommended the Foundation hold off on any major capital fundraising, but rather engage in networking and other small-scale fundraising activities, and set a smaller project goal in order to gain experience and establish a broader profile in the community. It was agreed that the Heritage Interpretive Classroom would be the ideal project for this purpose.

Since that time the Foundation has looked to all upcoming capital projects and will develop a fundraising campaign designed to raise enough funds to contribute to each of the projects. A fuller consideration of the campaign can be found later in this document at 4.3 Foundation Capital Fundraising Campaign.

1.1.3 Exterior Restoration

In the meantime, the Town, with support from the Foundation, embarked on an Exterior Restoration project with an estimated cost of \$2.3 million. Contributions from Parks Canada,



the Province of Nova Scotia, the Town of Lunenburg and the Lunenburg Academy Foundation allowed the project to go forward, with a caveat that the funds would only cover the cost of restoration of three sides of the building.

The work began fall 2017 and concluded late spring 2018 and included removal of all paint from the building due its lead content along with repair and replacement of shingles, clapboards, roof, decorative wooden elements, followed by coats of primer and fresh paint. The work was complex and time consuming and challenged by weather as the construction took place over the winter months. Extremely high winds during a January 2018 storm toppled the south façade scaffolding, resulting in national news coverage and an unexpected delay in completion of the project.

The removal of all of the scaffolding in June 2018 revealed an extraordinary level of workmanship, resulting in three sides of the building gleaming in pristine glory. The Town and Foundation are pursuing funding opportunities for the completion of the final façade during fiscal years 2019-2020 and 2020-2021.

1.1.4 Lunenburg Library Relocation

Also during that time period, the Town moved forward on renovations to enable the Lunenburg Library to move into three classrooms plus common areas on the first floor at a cost of approximately \$500,000 including a contribution from Atlantic Canada Opportunities Agency (ACOA) and an anonymous donation to create a new and improved Roué Reading Room.

The inclusion of the library move to the Academy as part of the original plan was immensely popular and those involved in its activation were true believers that the eventual opening of the library, somewhat delayed due to the desire to align it with the completion of the exterior restoration and removal of the scaffolding, would prove popular. This indeed has been the case since the grand opening of the Library on July 28, 2018. It represents the first time the building has ever been open to the public. Opening the doors to the citizenry and providing them a meaningful experience has proven the best way to imbue a sense of pride and ownership.

1.1.5 Lunenburg Academy Foundation

The transformation of the Lunenburg Academy Foundation into an organization capable of taking on operational responsibilities began in late summer 2017. While the existing board of directors had capably stewarded the organization for many years as it carried out alumni association activities, it was felt the additional operational responsibilities would best be taken on by a newly invigorated group of individuals with a different set of skills and experience in financial planning, legal matters, business operations and major fundraising, to name a few.

At an extraordinary general meeting of the Foundation on September 20, 2017 existing board members stepped aside and new board members were elected, allowing for a celebratory passing of the torch to new leadership. The new board wasted little time taking on the



important tasks at hand via monthly meetings designed to define the new focus of the organization while continuing to carry out alumni association activities.

Prior to this renewal, the board functioned as a solely volunteer effort, with various duties parcelled out to board members. The new board would be a governance board, tasked with policy development, oversight, fiduciary responsibilities, and setting the course for fundraising initiatives and planning for the Heritage Interpretive Classroom. The Foundation engaged Scott Burke of Scott Burke Consulting Incorporated as an Interim Executive Director, tasked with gathering the disparate administrative functions into one position and thereby codifying the roles and responsibilities of senior management going forward.

In June of 2018, once the day-to-day activities of the Foundation had been organized, it was time to pass those responsibilities on to a part-time Administrator, in order to free Mr. Burke to turn his attention solely toward a comprehensive planning project. With funding support from the Town of Lunenburg and a grant from the Nova Scotia Department of Communities, Culture and Heritage, the Foundation entered into a new agreement with Scott Burke Consulting Incorporated to create this follow up to the original Future Use Business Plan, tackle concept planning for the Heritage Interpretive Classroom and adjacent unoccupied rooms, and to assist in the development of a Governance Manual.

Felicia Knock began working with the Foundation on September 17, 2018 in the position of Administrator and once her training was complete, Mr. Burke turned his full attention to the tripartite comprehensive planning project that consists of:

1. Strategic and Financial Planning - Creation of a 3-5 year Future Use Business Plan 2.0 for the Academy as it transitions to an arms length operating model including:
2. First Floor Development Project including Heritage Classroom
3. Lunenburg Academy Foundation Board Development including Governance Review and Governance Policy Manual creation.

1.2 Methodology to Date

In order to meet the objectives of the second phase of this study, the consultant carried out the following work elements:

- Review of original Future Use Business Plan to measure successes, identify objectives not yet attained, and objectives for version 2.0
- Review of Capital projects to date including Tenant Readiness Renovations carried out in 2015, Exterior Restoration Phase I completed June 2018, Library Renovation completed July 2018
- Participation in Implementation of original Future Use Business Plan 2015 - 2018
- Participation on Lunenburg Academy Finance and Governance Committee



- Leadership role in renewal and reorganization of Board of Directors of the Lunenburg Academy Foundation
- Engagement by Lunenburg Academy Foundation as Interim Executive Director October 2017 in order to secure all physical and intellectual property and develop list of roles and responsibilities for senior administration for the organization
- Organize and set protocols for Lunenburg Academy Foundation Board Meetings
- Conducted search, interviews and placement of candidate for position of Administrator for Lunenburg Academy Foundation
- Regular meetings with various Lunenburg Academy Foundation board members
- Regular meetings with the Mayor and senior Town Administrators
- RFP for First Floor Classrooms – Document creation, dissemination, submission evaluation, selection committee constitution and management, proponent interviews, revised proposal negotiations, engagement of selected design firm
- Development of Governance Policies and Manual for Lunenburg Academy Foundation
- Research and development of Memorandum of Agreement between Lunenburg Academy Foundation and Town of Lunenburg
- Production of the Future Use Business Plan 2.0
- Further consultation with representatives of Lunenburg Academy Foundation and the Town of Lunenburg to refine narrative and financial components of the plan
- Production of a Draft Plan that was reviewed and modified to lead to this Final Plan.

2. Review of Consultation Process

Building on experience gained while playing a leadership role in the implementation of the original Future Use Business Plan from April 2015 to March 2018, the consultant established a list of needs required to further the overall efforts to successfully repurpose the Lunenburg Academy. These needs informed the three-part Comprehensive Planning Project of which this Future Use Business Plan 2.0 is an integral component.

Solutions to issues and development of planning priorities and timelines have arisen through ongoing meetings and interactions with stakeholder groups including Mayor Rachel Bailey, Councillors, and staff of the Town of Lunenburg, Board of Directors and staff of the Lunenburg Academy Foundation, tenants, interested members of the public, designers and contractors engaged on past capital projects.



3. Conceptual Model Review

The Future Use Business Plan 1.0 described the concept of a thematic stratification of the building that corresponds with its three-story structure, and identified usage plans for each of the floors of the Academy.

A Very Public First Floor

A winning concept for the first floor of the Academy included the relocation of the Lunenburg Library to three classrooms plus use of common areas. Conceptual considerations for the design of the library included furnishings and fittings aimed to juxtapose a contemporary, working library space within the heritage characteristics of classroom design and public space from the 1890s.

The design by and Form:Media went under construction in the fall of 2017 and was near completion in early spring 2018. The decision was taken to delay the opening of the Library until the scaffolding, erected on three sides of the building for exterior restoration, was completely taken down and removed from the site. On July 28, 2018, a beautiful summer day, a grand opening and ribbon cutting ceremony took place with representatives from all levels of government funding partners, Mayor Rachel Bailey, and John Harker, President of the Lunenburg Academy Foundation.

An immediate hit, the library captured the imaginations of the citizens of Lunenburg, has become exactly the kind of a community meeting place envisioned, and has brought the public into the building.

Development of the remaining three classrooms is the final piece of the overall repurposing plan. A Request for Proposals for Heritage Classrooms Design was issued on October 24 and closed November 24, 2018. Designs were to be developed for a Heritage Interpretive Classroom to be operated by the Lunenburg Academy Foundation in room 106 and consideration for future uses of rooms 101 and 105, envisioned, but not limited to, the creation of a café, gift shop, art or craft gallery.

Form:Media were awarded the contract to design the Heritage Interpretive Classroom. The Foundation Board ultimately decided not to pursue its own vision and leasehold improvements for a café in room 101, choosing instead to issue a Request for Expressions of Interest in April 2019.

At the time of writing the Town is in discussion with the South Shore Genealogical Society regarding a potential move to Room 105 which would put them on the first floor as originally envisioned in the Future Use Business Plan 1.0, and gives them access to walk up customers.



Second Floor Creative Enterprise Centre

Designating the second floor of the Academy as a Creative Enterprise Centre within this Community Cultural Centre has proven highly successful. An initial Request for Proposals for Leasing Opportunities in the Iconic Heritage Landmark was issued June 24 and closed August 31, 2015. From the outset the Academy attracted plenty of interest from potential tenants and a number of available classrooms and offices were filled almost immediately. Since that initial intake, a steady stream of interest has been shown and all but classroom 205 have been leased.

Second Floor tenants include Chippie Kennedy, Sculptor, Class Afloat, West Island College, John Hendra Consulting, Lunenburg Academy Foundation, Lunenburg Travel/Lunenburg Walking Tours, Nevermore Press, and the South Shore Genealogical Society (SSGS). A perk of tenancy on the second floor has been potential ad hoc use of classroom 206 that serves as a meeting room for the Foundation. Should a suitable tenant for room 206 materialize, serious consideration would be given. The existing staff kitchen, with stove, refrigerator, toaster, microwave, coffee maker, sink and dishes, is often used as a lunchroom.

Due to the scaffolding installed on the North side of room 205 during phase I of the exterior restoration, and the expected scaffolding to be erected on the east side of the room in phase II, there has been no marketing push to get that room rented. There is however, a steady stream of interested parties who have been afforded a tour of the room, and LAMP has expressed interest in the room as an overflow rehearsal space. With the completion of phase II the opportunity to aggressively market the room and secure a tenant will be realized.

The Third Floor Lunenburg Academy of Music Performance

The Lunenburg Academy of Music Performance has been the sole tenant of the third floor since even before the completion of the tenant readiness renovations in 2015.

Having LAMP as an anchor tenant programming international performers, master classes for local, national and international students, along with outreach activities, continues the educative function of the building. LAMP utilizes classrooms and the auditorium in a manner consistent with their original purposes with no interventions that affect the heritage features of the building.

LAMP has expressed an interest in expanding their footprint in the Academy either by use of 205 as a temporary overflow rehearsal hall or a permanent addition to their lease. LAMP is also exploring the creation of sound proofed practice rooms to be located in the basement.

4. Governance and Operational Model

In chapter 1.1, Background to this Study, the first steps in the transformation of the Lunenburg Academy Foundation into an organization able to take on operating responsibilities in the building are described. One possible scenario for moving forward might best be termed “lock stock and barrel”, meaning the Foundation would take over all operations including the



collecting of rents and paying of expenses such as heating oil, electricity, water and sewer, maintenance and repairs.

Further, the Foundation would take on the role of vetting and approving new tenants, negotiating rental rates and preparing leases, among other things. When the consultant began preparing possible budget scenarios to reflect such a “lock, stock and barrel” approach and shared these with the Foundation Finance Committee, the question arose as to whether this was the best approach.

When the Town first took on the responsibility for the building as far back as 2012, its care and future planning were slowly subsumed into the Town’s administration. This was not an easy or smooth process and impacted a number of Town staff, and tested an “at capacity” municipal unit over the intervening years. That Town leadership, with the support of staff, dedicated themselves to repurposing the building, even in the face of seemingly insurmountable challenges, unknown financial risk, and some push back from residents, is commendable.

Since 2015, with the adoption of the Future Use Business Plan, the operations became further engrained and better managed, and at the time of this writing, has become a more comfortable part of the Town’s operations. The most recent strategic hire on the part of the Town of a Facility Superintendent who would be responsible for all of the Town’s buildings, including the Academy, has contributed greatly to smooth operations and satisfied tenants.

If the Foundation were to take on all of the operational responsibilities listed above, it would have to recreate what had taken the Town many years to do, and with less resources than the Town has at its disposal. So why undertake this re-creation when it might well cost more, contributing to a potential operating deficit that in turn might ultimately require the Town to absorb?

Various consultations with the Foundation Board, Mayor Rachel Bailey and Town staff including the Chief Administrative Officer and the Director of Finance, and Foundation auditors Belliveau Veinotte, led to the unanimous direction to leave what is now working so well, alone. Keeping the Town responsible for maintenance and upkeep, and corporate services, i.e. accounting, lease development, collections, receipting, utilities etc., will have a fringe benefit of allowing the Foundation to concentrate on the Heritage Interpretive Classroom and fundraising without challenging the Board’s capacity.

The new relationship between the Town and the Foundation was always envisioned to be codified in a Memorandum of Agreement (MOA) the development of which is explicated below.

4.1 Vision and Mission Statements

Future Use Business Plan 1.0 included draft Vision and Mission statements – created to either become the defining statements for a renewed Lunenburg Academy Foundation, a new non-profit entity created to operate the building, or a committee such as the LAFGC. Because these statements provide direction for the building overall – beyond the general aims of the Town as



the owner, and the Lunenburg Academy Foundation's whose official mission is the "care, preservation and restoration of this National Historic Site", these more specific guiding statements have been included in the draft Memorandum of Agreement.

Vision and Mission Statements are for internal use and reference. They are living statements that provide stakeholders, management and staff with a succinct understanding of why the Lunenburg Academy exists and what the organizations that own and oversee it do.

Draft Vision

The Vision Statement is an aspirational description of what the owners and operators would like to achieve or accomplish. It communicates what the benefits of the building will be to others. It is intended as a clear guide for choosing current and future courses of action.

The Lunenburg Academy is a mixed-use community cultural centre intended to encourage life-long learning and entrepreneurship. A source of pride for long-time residents and a place of welcome and interest to visitors, the Lunenburg Academy continues its institutional legacy as a location for learning and cultural activities, and now a home to organizations and small businesses. As a gathering place and focal point for the Town of Lunenburg and the South Shore, the Lunenburg Academy encourages local economic development and enriches the tourism experience.

Draft Mission

The Mission Statement is a written declaration of an entity's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements serve as filters to separate what is important from what is not, clearly state who will be served and how, and communicate a sense of intended direction to all concerned.

A mission is different from a vision in that the former is the cause and the latter is the effect; a mission is something to be accomplished whereas a vision is something to be pursued for that accomplishment.

The Lunenburg Academy accommodates the Lunenburg Library, the Lunenburg Academy Foundation's Heritage Interpretive Classroom and other tenants whose activities align with the vision of the facility on the open-to-the-public first floor; provides short and long-term rental office space and cooperative business supports to organizations, community groups and small businesses on its second floor Creative Enterprise Centre; and continues its institutional legacy by seeking to lease space on the third floor to schools and educational organizations. The Town of Lunenburg and the Lunenburg Academy Foundation aim to operate the facility in a sustainable manner.



4.2 Operational Recommendations

The following recommendations will guide operations at the Lunenburg Academy.

4.2.1 Memorandum of Agreement

The draft Memorandum of Agreement clearly outlines the areas of shared concern and delineates responsibilities in keeping with the Town continuing in its role as owner of the building and providing maintenance and corporate services, and the Foundation as operator of the Heritage Interpretive Classroom and primary fundraising and advocacy group. The Town is expected to continue its leadership role in major Capital projects including the upcoming Exterior Restoration Phase II and the Lot Development Plan.

For the purposes of this plan, the draft Memorandum of Agreement is for future discussion and development. It is expected the Town Solicitor will take the information contained in the draft and craft a final agreement.

4.2.2 Foundation Governance Policies and Manual

As part of the Comprehensive Planning Project, the need was identified for development of a complete set of Governance Policies and the collecting and presentation of those policies in a manual that would serve as a proper resource for the organization and individual Board Members. The elements of the policies developed include:

Principle 1 – Representation of Interests, the Duty of Care and Organization Ethics

- Fiduciary Obligations
- Value added Stewardship
- Conflict of Interest
- Confidentiality
- Ethical Values
- Governance Culture
- Relationship to other Organizations

Principle 2 – Stewardship and Corporate Governance

- Charter of Board Roles and Responsibilities
- Governance Improvement Agenda

Principle 3 – Review of Public Policy Objectives

Principle 4 – Relationship of Board to Management

- Distinction between “Governance” and “Management”
- Board Leadership Job Descriptions
- Governance Information Requirements



Principle 5 – Board Independence

Principle 6 – Role of Committees

- Written Description of Responsibilities
- Periodic Review of Committee Structure
- Composition and mandate of Standing Committees
- Annual Work Plan for Committees

Principle 7 – Effectiveness and Renewal of Board

- Board Size
- Representation
- Assessment of Skills Gap
- Qualifications of Directors
- Recruitment and Nominations of Directors
- Annual Board Goals and Objectives
- Annual Work Plan for the Board
- Agenda and Meeting Management
- Board Evaluation
- Board Orientation and Education

Principle 8 – Senior Management Position

Principle 9 – Communications & External Relations

- Communication Policy and Framework
- Disclosure Requirements to Stakeholders

Principle 10 – Approval Processes

Additional Policies:

- Financial Policies & Procedures
- Communications Policy
- Advocacy Policy
- Human Resource Policy
- Privacy Policy
- Risk Identification/Management System
- Executive Job Descriptions

Drafts of the above listed policies were presented to the Academy Foundation Board of Directors at its meeting February 25, 2019. An in-depth review of the policies during the upcoming implementation phase will be undertaken.

4.2.3 Foundation By-laws

As part of the overall Governance Review, the By-laws of the Foundation were considered. The original By-laws of the Foundation were established at the founding of the organization in 1981.



The Board of Directors approved an amended set of By-laws in October 2007.

A number of further amendments have been brought forward by past and current members to the organization during the past few years, and many of those, and others, have been incorporated into an updated set of By-laws to be presented to the Foundation's full membership, by way of a Special Resolution, for approval at its Annual General Meeting to be held April 4, 2019.

4.3 Foundation Fundraising Campaign

The Foundation remains deeply committed to the creation of a Heritage Interpretive Classroom in room 105 of the Academy. Preliminary work and amalgamation of furniture and artefacts, including the construction of three new display cases by Academy alum and former Foundation Board Member David Afford, were undertaken as early as 2015.

The vision for the future design and installation of a world-class interpretive centre, serving the aspiration of the Board to provide a meaningful experience to alumni and past staff, to the general population of Lunenburg, and to the visiting public, has guided the work undertaken in the last year. A Request for Proposals for Heritage Classroom Design was issued on October 24 and closed November 24, 2018. The contract to design the Heritage Interpretive Classroom was awarded to Form:Media.

Concurrent with the Foundation's pursuits regarding the classroom, the Town has been leading two Capital projects that will complete the remarkable transformation of the Academy building begun in 2015. These projects are the Exterior Restoration Phase II to complete the east façade and the implementation of the Lot Development plan. Both of these projects are very far along in their development, under the guidance of Arthur MacDonald, Heritage Manager for the Town.

The Foundation has committed \$100,000 to Phase II and is anticipating a request for a \$100,000 contribution to the Lot Development Plan. The cost associated with the Heritage Classroom is estimated to be in the range of \$250,000 to \$300,000.

Beginning in April 2019 the Foundation will undertake a Capital Campaign with a target of \$1 M to meet the above project funding needs and to establish a fund for future capital, repair and maintenance requirements.

4.4 Staffing Recommendations/Assumptions

Town staff with primary responsibility for the Academy includes Arthur MacDonald, Heritage Manager, Bea Renton, Chief Administrative Officer, Lisa Dagley, Finance Director, and Paul Bracken, Facilities Superintendent.

Human resource development at the Foundation has progressed meaningfully since Board Renewal in the fall of 2017. For all of its years in existence members of the volunteer board of



the directors carried out the business of the Foundation. As part of Scott Burke's consultancy with the Foundation, he was engaged as Interim Executive Director, tasked with gathering up all of the various roles and responsibilities of the individual board members and amalgamating them into a senior management position. In September of 2018 the Foundation engaged Felicia Knock on a part-time basis to take over these day-to-day operations, and Scott returned his full-time attention to comprehensive planning initiatives, including this document.

For the twelve-month period beginning April 1, 2019 the Foundation plans to engage both Felicia to continue in her current capacity and Scott Burke Consulting Incorporated to take on the implementation of the Future Use Business Plan 2.0.

4.5 Planning Implementation

As we enter the eighth year of the Lunenburg Academy Repurposing Project important steps have been taken to further develop the relationship between the Town and Foundation vis-à-vis roles and responsibilities surrounding the management of the facility. Comprehensive Planning initiatives undertaken in 2018-2019 include:

- Strategic and Financial Planning - Creation of a new Lunenburg Academy Foundation Future Use Business Plan 2.0
- First Floor Development Project including Heritage Classroom
- Lunenburg Academy Foundation Board Development including Governance Policies and Manual creation

This Future Use Business Plan 2.0 is under review by the Foundation and Town and its adoption is expected by March 31, 2019. Following the issuance of a Request for Proposals and procurement process Form:Media have been engaged to design the Heritage Interpretive Classroom. Governance Policies have been created and recorded in a Policy Manual and will be adopted, along with corresponding by-law amendments, at the Foundation's AGM on April 4, 2019.

Beginning April 1, 2019 the Town and Foundation will enter into an implementation phase for all three of these Comprehensive Planning pieces. Scott Burke Consulting Incorporated is expected to undertake three areas that taken together represent a comprehensive implementation effort:

- Direct the action plan according to the critical path included in the Future Use Business Plan 2.0
- Represent the Foundation as project manager and primary liaison with Form:Media to bring about a successful design and prepare for funding and timing of construction of the Heritage Interpretive Classroom
- Implement the new Governance Policies and oversee the financial planning and not-for-profit management of the organization and participate in the capital fundraising campaign



Timeframe

From April 1, 2019 to March 31, 2020 the three implementation pieces will be conducted simultaneously in order to allow developments in individual streams to influence and help shape the others. Priority will be given to the Heritage Interpretive Classroom research, design and development, as it is the most critical activity associated with the next and near to final step in the overall repurposing of the Academy.

Other priorities including the Exterior Restoration Phase II, the Lot Development Plan funding and execution, and training and implementation of the Foundation's Governance Policies, will also be included.



5. Cost and Projections

5.1 Operating Revenues and Expenses

Lunenburg Academy		2016-2017	2017-2018	2018-2019	2019-2020	Projected
		Actual	Actuals	Projections	Town Budget	Fully Occupied
Operations						
Income						
First Floor						
Library	1			27,000	36,000	36,000
105 SSGS	2					9,000
Room 101	3					12,000
Heritage Classroom	4					
Sub Total First Floor				27,000	36,000	57,000
Second Floor						
201A John Hendra				3,290	5,640	5,640
201B Craig Munro	5	6,215	6,780	6,780	6,780	7,872
201C Nevermore Press			560	6,720	6,720	6,720
202 Class Afloat		16,404	16,404	16,404	16,404	16,404
203 SSGS til 2019, then new tenant	6	5,900	9,000	9,000	9,000	16,000
204 John MacLellan		14,977	18,000	18,000	18,000	18,000
205	7					18,000
206 Boardroom	8					
Principal's Office	9					
Sub Total Second Floor		43,496	50,744	60,194	62,544	88,636
Third Floor						
LAMP	10	22,196	37,500	60,000	60,000	61,320
Sub Total Third Floor		22,196	37,500	60,000	60,000	61,320
Total Operations Income		65,692	88,244	147,194	158,544	206,956
Expenses						
Feasibility Studies		25,000				
Development Coordinator	11	35,693	37,425			
LAF Grant	11			30,000	30,000	30,000
Wages - Custodian		4,693	5,084	6,000	6,600	6,800
Wages - PW Labour or Contractors		2,711	1,293	4,800	3,800	4,000
Consulting Fees			1,095	1,000	2,000	2,000
Legal Fees		9,140	11,448	9,000	9,000	9,200
Telephone/Alarm		1,978	1,523	2,000	3,000	3,000
Advertising		702	1,191	1,000	1,000	1,000
Fuel		42,772	40,237	42,000	50,000	51,100
Insurance		18,723	21,371	22,400	23,100	23,600
Electricity		8,627	11,411	11,800	13,100	15,000
Water		1,628	1,894	2,200	4,500	4,600
Sewer		6,660	6,114	6,100	6,200	6,400
Facility Superintendent	12			4,500	18,400	19,000
Repairs to Building		17,239	31,977	25,000	25,000	25,000
Janitorial Supplies		727	925	1,000	1,000	1,000
Elevator Maintenance		2,878	3,626	2,000	3,000	3,000
Furnace Repairs		1,247	2,768	500	3,000	3,000
Interest on Capital Loan		3,023	9,963	13,600	8,300	15,000
Total Operating Expenses		183,441	189,346	184,900	211,000	222,700
Operating Deficit						
(Funded by the Town of Lunenburg)	13	-117,749	-101,102	-37,706	-52,456	-15,744



5.2 Capital Costs

Lunenburg Academy					
	2016-2017	2017-2018	2018-2019	2019-2020	Projected
	Actual	Actuals	Projections	Town Budget	Fully Occupied
Capital					
Capital Income					
Beautification Grant (PNS)			27,000		
Roue Donor			38,586		
Lunenburg Academy Foundation	40,000	200,000	35,000	100,000	
Library Board, Provincial Grant					
ACOA Grants	129,308	176,529			
Parks Canada		856,843	143,157	100,000	
Canadian Heritage Legacy Fund				500,000	
Provincial Grant	27,539	659,304	175,257	500,000	
Town In-Kind Contribution					
Anonymous Donor		50,000	150,000	100,000	
Total Capital Income	196,847	1,942,676	542,000	1,300,000	
Capital Expenses					
Library Relocation	54,505	435,449	38,586		
Elevator					
Lunenburg Academy Capital Repairs	331,265	1,713,686	692,677	1,500,000	
Academy Foundation Furnace			35,000		
Lot Development Plan			32,100		
Beautification			27,000		
Interpretive Signs					
Total Capital Expenses	385,770	2,149,135	825,363	1,500,000	
Capital Deficit					
(Funded by the Town of Lunenburg)	14 -188,923	-206,459	-283,363	-200,000	
Total Operating and Capital Deficit					
(Funded by the Town of Lunenburg)	15 -306,672	-307,561	-321,069	-252,456	-15,744

5.3 Notes to Lunenburg Academy Operations and Capital Budgets

1. In Nova Scotia Municipalities are expected to provide space, utilities like heat and electricity, shelving and other furnishings for libraries. This amount represents suggested rental rate for the square footage the Library takes up on the first floor, and is an internal transaction for the Town of Lunenburg.
2. As a not-for-profit, registered charity, the South Shore Genealogical Society has been approved by the Town to pay a reduced rental rate. This amount represents approximately three quarters of the full suggested rent for a classroom. SSGS is expected to move from room 203 to 105 sometime in 2020.
3. The Town and Foundation will issue a Request for Expressions of Interest (REOI) in April 2019 targeted to existing restaurateurs in Lunenburg to gauge interest in a café for room 101.
4. The Foundation engaged Form:Media to design the Heritage Interpretive Classroom.



5. Craig Munroe sublet his office space 201B to Lunenburg Travel/Lunenburg Walking Tours until May of 2019 at which point Lunenburg Travel will have the option to negotiate their own lease for the space.
6. See #2 above. SSGS is to move to room 105 freeing up room 203 for a new tenant.
7. LAMP has expressed interest in room 205 to be converted into soundproofed rehearsal spaces. In the event that does not come to fruition the room will be marketed to attract a new tenant.
8. Room 206 will continue to serve as a meeting room for the Lunenburg Academy Foundation as well as for other tenants of the second floor. Plans for adding technological improvements such as a flat screen monitor and computer for presentations and a conference telephone system, are being considered. should a suitable tenant for room 206 materialize, rental of the space would be considered.
9. The Lunenburg Academy Foundation is expected to continue to use the Principal's office to accommodate its administrative staff.
10. As a not-for-profit, registered charity, the Lunenburg Academy of Music Performance has been approved by the Town to pay a reduced rental rate. LAMP is expected to continue to lease the third floor of the building at a subsidized annual rental rate of \$60,000 plus cost of living increases applicable at the time of lease renewals.
11. Funds originally budgeted by the Town for the engagement of a Development Coordinator have been reallocated at a reduced amount, as a grant to the Foundation which has been engaging a consultant to continue the planning.
12. Beginning in 2018 the Town employed a Facility Superintendent to oversee maintenance, repairs, and improvements to Town owned buildings, including the Academy. This amount represents a portion of the Superintendent's annual salary and benefits.
13. This Operating Deficit is the amount the Town invests in the ongoing Operations of the Academy. When the Academy attains Full Occupancy the operation of the building is very nearly breaking even.
14. This Capital Deficit is the amount the Town invests in the ongoing Capital Repairs of the Academy and will approach nil following completion of the Exterior Restoration Phase II and the Lot Development Plan.
15. This Total Deficit is the amount the Town invests in the ongoing Operations and Capital Improvements of the Academy. When the Capital Improvements are complete and the Academy attains Full Occupancy the operation of the building is very nearly breaking even.