



**THUNDER BAY  
ART GALLERY**

P.O. Box 10193  
1080 Keewatin  
Street  
Thunder Bay, ON  
P7B 6T7

**T (807) 577-6427  
F (807) 577-3781**

**theag.ca**

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## **Briefing Note – Case for Additional City Funding Support** *Leveraging Strategy to open the new Waterfront Gallery*

### **1. Background – Council’s Original Support Key to Project Launch**

In 2015, Thunder Bay City Council formally approved a \$5 million contribution to the new Thunder Bay Art Gallery project. The funding source identified at the time was the Renew Thunder Bay Reserve Fund, reflecting the project’s strong fit with the Fund’s mandate as a highly leveraged, transformational community initiative. This was subsequently changed to debt financing in order for the City to maintain financial flexibility.

This early leadership commitment by the City was essential to:

- Publicly demonstrating municipal support for the Gallery project,
- Leveraging senior government, corporate, and donor contributions, and
- Positioning the Gallery as a cultural anchor adjacent to the City’s international award winning Prince Arthurs waterfront redevelopment completed in 2011.

### **2. Project Cost Increase in Context**

Since the City’s original \$5 million commitment approved in 2015, the estimated capital cost of the new Thunder Bay Waterfront Art Gallery has increased to a final estimated upset cost of \$75 million. This increase, while significant, is not inconsistent with industry-wide construction trends over the past decade, particularly during and following the COVID-19 pandemic:

- Non-residential construction inflation in Canada averaged approximately 3–4% annually (2011–2020), but spiked to 8% in 2021 and over 12% in 2022—the highest annual increases on record.
- Since 2020, overall construction costs nationally have increased by more than 50%, driven by escalating prices for key materials such as steel, concrete, and lumber, along with global supply-chain disruptions and skilled labour shortages—issues compounded in Northern Ontario.
- As of 2025, costs continue to rise at about 4% annually, reflecting the persistence of these pressures.
- Thus far, measures associated with required environmental remediation of the waterfront city owned land has cost the project \$10.2 million above budget, at last assessment. This includes Record of Site Condition (resulting costs and escalation), site inspections during construction and during occupancy, mitigation measures (capping, vapour mitigation system), design modifications and other related costs.

### **3. Council’s Early Leadership and Legacy**

In 2015, the City of Thunder Bay demonstrated bold leadership by unanimously approving a \$5 million contribution to the new Thunder Bay Art Gallery project. At that stage, the project was at a conceptual and pre-funding stage, and this early commitment by Council was the critical catalyst that unlocked confidence from other funding partners. At the time, the Thunder Bay Art Gallery was also looking ahead to the ways in which a new facility would address critical existing facility shortcomings by transitioning from their original and much-loved location on the grounds of Confederation College since 1976.

The City's commitment signaled to federal and provincial governments that Thunder Bay was serious about delivering a world-class cultural facility on its waterfront with a particular focus on showcasing an international calibre collection of Indigenous Woodland art and platforming the culture and vitality of Northern Ontario. Council's support also seeded a successful philanthropy campaign, which has already secured \$4.9 million in major gifts and private contributions. As a result, every million of City support to date has unlocked \$9.4 million from other partners. It is also important to acknowledge that of the current 2022–2026 Council, only three members—Councillors Andrew Foulds, Trevor Giertuga, and Shelby Ch'ng—served on the 2014–2018 Council that made decision for the original \$5 million commitment. This underscores the importance of reinforcing Council's decisive and continuing role in the city's leadership in positioning the project for the securing more than \$51.9 million in funding achieved to date.

#### **4. Funding to Date**

The Thunder Bay Art Gallery has already secured \$51.9 million in capital support:

- \$37.0M – Federal Capital Programs
- \$5.0M – Provincial Capital Programs
- \$4.9M – Major gifts and donors
- \$5.0M – City of Thunder Bay (approved and partially flowed)

This significant achievement and return on city investment represents confidence in the project at every level of government, donors, and the City.

#### **5. City Contributions to Date – Financial & In-Kind**

Beyond its direct \$5.0M financial capital commitment, the City has contributed significantly in other ways:

- Serviced Waterfront Site – A high-profile parcel of City owned land adjacent to Prince Arthur's Landing has been provided, positioning the Gallery as a cultural anchor for the City's downtown waterfront.
- Municipal Property Tax Exemption – Providing long-term operating stability and reinforcing the Gallery's mandate to serve our community and region
- These contributions underscore why a 10% level of support is more than fair and fiscally sustainable. The precedence and most common composition for public capital projects across the country is 40% Federal, 30% Provincial, 20% Municipal or local with remainders being raised through philanthropy and other measures.

#### **6. Proposed Updated City Contribution**

- Final capital cost: \$75M

- City share target (10%): \$7.5M
- City funding already approved: \$5.0M
- Additional request: \$2.5M

This updated share ensures the City remains a lead partner while recognizing both the land/tax contributions and fiscal pressures on municipal budgets.

## 7. Alignment with Renew Thunder Bay Reserve Fund

When City Council approved its original \$5 million contribution in 2015, the funding was identified to come from the Renew Thunder Bay Reserve Fund. At that time, the project was recognized as an excellent fit with the Fund's stated criteria: highly leveraged major capital initiative, clear alignment with the City's strategic and cultural priorities, transformational community impact, and ability to catalyze senior government, corporate, and community support.

While the funding source was subsequently shifted to debenture financing, the Gallery notes—respectfully and without presumption—that the new request continues to align strongly with the criteria established for the Renew Thunder Bay Reserve Fund.

## 8. Gallery Commitment to Securing Non-City Funding

The Thunder Bay Art Gallery is committed to:

- Aggressively pursuing a leveraged project funding strategy over the balance of 2025 and 2026 with the City's conditional increase as the catalyst. Turning strategic conversations with private philanthropy, corporations and non-city funding into commitments.
- Implementing enhanced project cost management to deliver the facility at or below the \$75M variance limit.
- Ensuring continued and regular reporting and accountability to all funders.

### Philanthropy Strategy

To meet the increased project budget, we have launched a targeted philanthropy strategy with a goal of securing an additional \$24 million by 2027. This strategy rests on three pillars:

- **Local & Regional Leadership** – Engaging Thunder Bay's business community, industries, and institutions to contribute toward a \$6.25M goal, highlighting the Gallery's central role in city-building growth, tourism, and workforce retention.
- **National Foundations** – Seeking major commitments from leading Canadian family and community foundations, aligned with priorities of reconciliation, climate leadership, and regional economic development. As an example our proposal for the Weston Foundation was submitted earlier this week, following on relationship development and in anticipation of an in person construction site tour. We will secure significant contributions from community & family foundations of \$11,250,000 either through existing pillars or strategic conversations.
- **Cultural Philanthropy Leaders** – Building relationships with national champions of the arts who recognize the once-in-a-generation opportunity to invest in a landmark institution centered on Indigenous art, zero-carbon design, and expanded access to

culture. Woodland school, the work of Norval Morrisseau, and it's quintessential connection to Thunder Bay are key components of this strategy

### Strategic Priorities

Our message to donors across Canada and to our government partners is clear:

- This is a once-in-a-generation project with national significance.
- It represents reconciliation in action, elevating Indigenous voices and stories.
- It is a made-in-the-North economic driver, contributing to jobs, GDP growth, and tourism.
- It is Canada's cultural climate showcase, pioneering net-zero building design

### Next Steps

In the months ahead, we are working to confirm transformational and leadership gifts, advance matching programs with key industries, and formalize renewed commitments from government partners. We hosted a media event Oct 7 as part of the Capital Campaign, we are implementing a targeted travel strategy designed to align donor engagement with cultural and philanthropic hot spots across Canada. By concentrating visits in regions with a high density of prospective supporters, we will maximize opportunities to meet with multiple stakeholders in a single trip.

## **APPENDIX**

### **APPENDIX A – Financial Summary of Waterfront Gallery Funding**

The Thunder Bay Waterfront Art Gallery funding model has evolved significantly since Council's original 2015 approval. What began as a \$25 million project with the City contributing 20% has, due to unforeseen circumstances of environmental remediation, inflationary and pandemic-related pressures, grown to a \$75 million capital investment. Despite these increases, almost two-thirds of the funding has already been secured from government programs and major donors. The proposed updated City share of 10% (\$7.5M) reflects both the leadership role played by the municipality and the significant in-kind contributions already provided, including the serviced waterfront site and municipal tax exemption.

### **APPENDIX B:**

#### **KEY PROJECT MILESTONES AS OF OCTOBER 2025**

- **2012** - Waterfront Site Feasibility & Economic Impact Assessment completed by Brook McIlroy Architects
- **2015** – Architectural Design Selection complete. Engagement of Patkau Architects and Brook McIlroy Architects in joint venture.
- **May 2016** – Colliers Project Leaders engaged as Project Manager

- **April 3, 2017** - City Council Resolution regarding contribution of \$5 passed Moved by Councillor Angus, and seconded by Mayor Hobbs.
- **April 2019** - Class A Estimate provided by Turner & Townsend.
- **August 2019** - Building Permit Application submitted
- **February 2020** - Environmental Risk Assessment for Record of Site Condition approved by Ontario's Ministry of the Environment, Conservation and Parks (MECP)
- **December 2020** - Certificate of Property Use issued by MECP
- **July 2021** - Class A Estimate Updated to include escalation, Net zero Carbon Building Premium Costs
- **June 2022** – Green and Inclusive Community Buildings Program Federal Funding approved
- **July 2022** – Thunder Bay City Council passes by-law # 155-2023 designating Gallery location at 2399 Sleeping Giant Parkway a municipal capital facility
- **August 2022** – Gallery reviews Tendering Methodologies various strategies considered due to COVID19 impacts and market volatility
- **October 2022** - Tom Jones Construction awarded contract with signing in December 2022
- **April 2023** - Ground Lease Agreement Signed with City following extensive process
- **May 2023** - Building permit issued
- **July 2023** – Construction on site commences
- **September 2023** - City Reporting monthly begins and has been consistent since
- **December 2023** - Initial meeting of the City team with the Gallery
- **November 2024** – Gallery Board of Directors reviews project funding
- **March 25, 2025** - City Council Meeting In Camera Session on Gallery Project
- **August 25, 2025** – Gallery Presentation and Session with City Council.

#### APPENDIX C:

