

RR-2(d)



ADMINISTRATIVE REPORT

Report Date: September 12, 2016
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Meeting Date: October 18, 2016

TO: Vancouver City Council
FROM: General Manager of Community Services
SUBJECT: Vancouver Civic Theatres Rental Rates 2017-2018

RECOMMENDATION

THAT Council approve the recommended rental rates, as outlined in the Schedule of Rental Rates for Vancouver Civic Theatres (VCT) (Appendix "A"), effective September 1, 2017.

REPORT SUMMARY

This report seeks approval of the proposed fee increases for VCT as outlined in the Schedule of Rental Rates contained in Appendix "A" for the uses of the VCT during the period of September 1, 2017 to August 31, 2018.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approves the Schedule of Rental Rates for VCT on an annual basis as recommended by staff.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

General Manager of Community Services recommends approval of the new fee schedule.

REPORT**Background/Context**

Rental rates are reviewed each year prior to the preparation of the annual operating budget. Adjustments are made effective September 1st of each year in alignment with the traditional performing arts season. The rental rates are reviewed primarily in relation to operational cost increases, and are reviewed in relation to those of comparable facilities to ensure that Vancouver's rates are appropriately placed according to local, national and international markets.

We are proposing an increase of 2.0% for all Vancouver Civic Theatres (VCT) rates across all spaces (Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse, Annex, QET Plaza and ancillary spaces) as per Schedule A.

In accordance with VCT strategic goal and mandate to increase venue utilization, we are recommending another rate for the large VCT venues that allows Licensees to rent the Queen Elizabeth Theatre and Orpheum for staged events using the Orchestra Level only at a reduced rate. Feedback was received from both the Commercial and not for profit community that this new rate would support events that have a potential audience capacity of less than 1500.

A summary schedule of some of the key rental rates for the prior year and the proposed 2017-2018 rates (all labour included unless clients have specific additional needs or requests) are shown below for comparison:

Queen Elizabeth Theatre/Orpheum	2016-2017	Proposed 2017-2018	Change	% Change
Commercial Customers	\$17,500	\$17,850	\$350	2.0
Theatre Rental Grantees and Not for Profits (8:00am-12:00am)	\$13,400	\$13,668	\$268	2.0
Half Day Grantees and Not for Profits (8:00am-5:00pm)	\$9,950	\$10,149	\$199	2.0

Vancouver Playhouse Theatre	2016-2017	Proposed 2017-2018	Change	% Change
1 Performance	\$4,065	\$4,146	\$81	2.0
2 Performances in the same day (8:00am-12:00am)	\$6,097	\$6,219	\$122	2.0

Annex	2015-2016	Proposed 2016-2017	Change	% Change
1 Performance	\$1,338	\$1,365	\$27	2.0

❖ Full Proposed Rate Schedules can be found in Appendix A

In preparation for a potential increase, all booking enquiries received for the 2017-2018 season have been informed of a potential rental increase pending Council approval. A letter

has been sent on September 13, 2016 to all Not-for-Profit organizations (including TRG recipients) and commercial licensees, informing them of the potential rental increase. If Council approves the rental rate increases, a follow-up letter will be sent to all of these organizations to confirm the increase.

Strategic Analysis

Rental rates are reviewed annually in relation to the specific economic factors, such as general inflation, cost and labour increases, the City's budget objectives, and in relation to the local, regional and national market.

The proposed rental rates reflect a CPI increase of 2.0%. The rates allow for the continuing subsidization of the Annex and the Vancouver Playhouse, where the rents are lower than their operating cost.

Facility fees

Ticketing companies charge facility fees directly to the show patrons and remit this fee to the VCT. The fee, net of administrative costs, is transferred to the capital reserve fund for maintenance and capital replacement of the theatres. The last increase to facility fees was in 2013-2014, with four years of no increases; therefore we are proposing an increase of \$0.50/ticket sold for ticketed events at the QET, Orpheum, Vancouver Playhouse and Annex.

We are recommending for 2017/2018 that the facility fees remain unchanged for the QET Plaza and Ancillary spaces.

The VCT Board has reviewed and approved the proposed rates.

Financial

The rental rate increase impacts revenues for the last four months of the 2017 fiscal year and the first 8 months of the 2018 fiscal year. The grant period spans from September 2017 to August 2018 corresponding to performing arts companies' performance season.

The 2.0% proposed rental rate adjustment reflects the work done on the 2017 budget to achieve a balanced budget, based on current bookings from September 1 to December 31 2017. The newly approved rates will be used when building the 2018 operating budget.

The risk associated with not implementing these proposed new fees would be an impact to the VCT bottom line of approximately \$270,000. This impact would be from the increases in labour and other operating costs not being matched by increases in rental rate revenue, combined with the reduced ability of the VCT to continue to subsidize the rates for the Playhouse and the Annex.

The risk associated with not implementing the increase to facility fees would be an impact of approximately \$200,000. Facility fees are allocated to the capital reserve fund for maintenance and capital replacement at the VCT at a rate of 85%.

CONCLUSION

This report proposes an increase in VCT rental rates of 2.0% over the 2016-2017 Rental rates, effective September 1, 2017 to August 31, 2018, which will apply to all of the VCT spaces as detailed in Appendix A.

This report proposes an increase to the 2017-2018 facility fees of .50 per ticket sold with the exception of the QET Plaza and Ancillary spaces which would remain unchanged effective September 1, 2017 to August 31, 2018, as per Appendix A.

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VANCOUVER CIVIC THEATRES SUMMARY OF RENTAL RATES

Schedule of proposed rental rates for September 1, 2017 to August 31, 2018

QUEEN ELIZABETH THEATRE & ORPHEUM		Commercial	Theatre Rental Grants Not For Profits	Half Day
		8:00 am - midnight	8:00 am - midnight	8:00 am - 5:00 pm
1 performance		\$17,850	\$13,668	\$10,149
Orchestra Level Only		\$14,000	\$10,149	\$8,150
Conference (max 5 hour event)		\$17,850	\$13,688	
Conference (max 12 hour event)		\$26,775	\$20,502	
2 performances in the same time period		\$26,775	\$20,502	
Orchestra Level Only (2 performances)		\$21,000	\$15,225	\$12,225
Secondary School Graduations				\$10,149
RENTAL DEPOSIT (non-refundable - per performance or set up day)		\$4,080	\$4,080	
TECHNICAL DAY (Head Carp, Head Electric, Stage Door included)		\$6,773	Per day (8:00 am to midnight)	
HALF DAY REHEARSAL (max 4.5 hours must end by 3:00 pm)				\$2,435
FILM SHOOT (Labour extra)		\$8,000	Per day (8:00 am to midnight)	
HOURLY RATE		\$541		
ALL RATES ARE SUBJECT TO GST.				
VANCOUVER PLAYHOUSE		Commercial	Theatre Rental Grants Not For Profits	Half Day
		8:00 am - midnight	8:00 am - midnight	8:00 am - 5:00 pm
1 performance		\$4,146	\$4,146	\$3,097
Conference (max 5 hour event)		\$4,146	\$4,146	
Conference (max 12 hour event)		\$6,219	\$6,219	
2 performances in the same time period.		\$6,219	\$6,219	\$4,645
RENTAL DEPOSIT (non-refundable - per performance or set up day)		\$1,050	\$1,050	
TECHNICAL DAY (HC, HE and St Dr included)		\$2,073	Per day (8:00 am to midnight)	
FILM SHOOT (Labour extra)		\$3,000	Per day (8:00 am to midnight)	
HALF DAY REHEARSAL (max 4.5 hours must end by 5:00 pm)				\$1,560
HOURLY RATE		\$347		
ALL RATES ARE SUBJECT TO GST.				
ANNEX		Commercial	Theatre Rental Grants Not For Profits	Half Day
		8:00 am - midnight	8:00 am - midnight	8:00 am - 5:00 pm
1 performance		\$1,365	\$1,365	\$1,365
2 performances in the same time period		\$2,047	\$2,047	
Technical Day (Labour extra)		\$682	\$682	
HALF DAY REHEARSAL (max 4.5 hours must end by 5:00 pm)				\$300
Rental Deposit (non refundable)		\$367	\$367	
ALL RATES ARE SUBJECT TO GST.				
PLAZA		Commercial	Theatre Rental Grants Not For Profits	
Staff Incl	Daily (8:00 am - 8:00 am - 24 hour period)	\$6,120	\$6,120	
labour extra	Daily (8:00 am - 8:00 am - 24 hour period) *	\$1,530	\$1,530	
For very basic events only - VCT reserves the right to determine when this rate is applicable				
Rental Deposit	(non refundable)	\$1,575	\$1,575	
Facility Fee	-\$1.00 per ticket sold			
ALL RATES ARE SUBJECT TO GST.				
ANCILLARY SPACES		Commercial	Theatre Rental Grants Not For Profits	Half Day
		8:00 am - midnight	8:00 am - midnight	8:00 am - 5:00 pm
Queen Elizabeth Salons		\$367	\$367	\$184
Theatre Lobbies (QET/ORPHEUM/PLAYHOUSE)		\$367	\$367	\$184
QET/Orpheum Rehearsal Hall and Playhouse Studio		\$210	\$210	\$184
Labour extra				
Facility Fee	-\$1.00 per person/ticket sold			
ALL RATES ARE SUBJECT TO GST.				
FACILITY FEE - QUEEN ELIZABETH THEATRE/ORPHEUM/VANCOUVER PLAYHOUSE/ANNEX				
\$3.50 (\$3.25 Registered Non Profits) per ticket sold over \$20.00 and over				
\$2.00 per ticket sold between the value of \$15.00 and \$19.99 (not applicable for Reg Non Profit)				
\$1.00 per person for non ticketed events				