



ADMINISTRATIVE REPORT

Report Date: August 17, 2017
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Meeting Date: October 18, 2017

TO: Standing Committee on City Finance and Services
FROM: General Manager of Community Services
SUBJECT: Vancouver Civic Theatres Rental Rates 2018-2019

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, 2018.

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, 2018 to August 31, 2019.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

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

GENERAL MANAGER'S COMMENTS

The 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 proposed operating budget. Adjustments are made effective September 1st of each year in alignment with the performing arts season, September 1, 2018 - August 31, 2019. 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 factoring in CPI.

Staff are proposing an increase of 2.0% for all Vancouver Civic Theatres (VCT) rates across all venues (Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse, Annex, QET Plaza). Ancillary space fixed dollar increases range from \$8 to \$191 per event with greater than 2.0% increases for Commercial standalone bookings to allow appropriate recovery to support and continue the ability to include the use of these spaces with large venue performance rentals for organizational development (opening night reception as an example), while still maintaining competitive rates with similar spaces in Vancouver. The VCT Board has recommended approval of the proposed rental increase at the May 24, 2017 board meeting.

In preparation for a potential increase, all booking enquiries received for the 2018-2019 season have been informed of a potential rental increase pending Council approval. A letter has been sent on August 28, 2017, to all Not-for-Profit organizations (including Theatre Rental Grant 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.

A summary schedule of some of the key rental rates per event for the prior year and the proposed 2018-2019 rates (all labour included unless clients have specific additional needs or requests) are shown below for comparison:

Queen Elizabeth Theatre/Orpheum	2017-2018	Proposed 2018-2019	Change	% Change
Commercial Customers	\$17,850	\$18,207	\$357	2.0
Theatre Rental Grantees and Not for Profits (8:00am-12:00am)	\$13,668	\$13,668	\$273	2.0
Half Day Grantees and Not for Profits (8:00am-5:00pm)	\$10,149	\$10,352	\$203	2.0

Vancouver Playhouse Theatre	2017-2018	Proposed 2018-2019	Change	% Change
1 Performance	\$4,146	\$4,229	\$82	2.0
2 Performances in the same day (8:00am-12:00am)	\$6,219	\$6,343	\$124	2.0

Annex	2017-2018	Proposed 2018-2019	Change	% Change
1 Performance	\$1,365	\$1,392	\$27	2.0

Ancillary Spaces	2017-2018	Proposed 2018-2019	Change	% Change
Commercial (Salons/Lobbies)	\$367	\$500	\$133	36.2
Theatre Rental Grantees and Not for Profits (Salons/Lobbies)	\$367	\$375	\$8	2.2
Half Day (Salons/Lobbies) (8:00am-5:00pm)	\$184	\$375	\$191	103.8

Strategic Analysis

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

The proposed venue 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 patrons and remit this fee to the VCT. The fee, net of external administrative costs, is transferred to the VCT capital reserve fund for maintenance and capital replacement in the theatres. Staff are recommending for 2018/2019 that the higher priced ticket facility fee remain unchanged for the QET, Orpheum, Vancouver Playhouse and Annex, QET Plaza and Ancillary spaces but recommend a facility fee of:

- **\$2.00 per ticket sold for ticket values between \$0.01 and \$20.00** (*not applicable for Reg Non Profit*)
- **\$1.00 per person for free and non-ticketed events** (*not applicable for Reg Non Profit*)

Financial

The rental rate increase impacts revenues for the last four months of the 2018 fiscal year and the first 8 months of the 2019 fiscal year. The grant period spans from September 2018 to August 2019, corresponding to performing arts companies' performance season.

The proposed rental rate adjustment reflects the work done on the proposed 2018 budget to achieve a balanced budget, based on current bookings from September 1 to December 31, 2018. The newly approved rates will be used when building the proposed 2019 operating budget.

The risk associated with not implementing these proposed new fees would be a negative impact to the VCT revenue of approximately \$255,000 for the 2018- 2019 season. 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.

CONCLUSION

This report proposes an increase in VCT rental rates over the 2017-2018 Rental rates, with specific increases to the ancillary space to be more aligned with industry standards. These proposed rates will be effective September 1, 2018 to August 31, 2019, which will apply to all of the VCT spaces as detailed in Appendix A.

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VANCOUVER CIVIC THEATRES SUMMARY OF RENTAL RATES - APPENDIX "A"

Schedule of proposed rental rates September 1, 2018 to August 31, 2019

VANCOUVER CIVIC THEATRES		SUMMARY OF RENTAL RATES		
DRAFT 2018/2019		RENTAL RATES for SEPT. 1, 2018 to AUGUST 31, 2019		Subject to Council Approval
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		\$18,207	\$13,941	\$10,352
Orchestra Level Only		\$14,280	\$10,352	\$8,313
Conference (max 5 hour event)		\$18,207	\$13,941	\$0
Conference (max 12 hour event)		\$27,311	\$20,912	\$0
2 performances in the same time period		\$27,311	\$20,912	\$0
Orchestra Level Only (2 performances)		\$21,420	\$15,530	\$12,470
Secondary School Graduations				\$10,352
RENTAL DEPOSIT (non-refundable - per performance or set up day)		\$4,162	\$4,162	
TECHNICAL DAY (Head Carp, Head Electric, Stage Door included)		\$6,908	Per day (8:00 am to midnight)	
FILM SHOOT (Labour extra)		\$8,160	Per day (8:00 am to midnight)	
HOURLY RATE		\$552		
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		\$4,229	\$4,229	\$3,159
Conference (max 5 hour event)		\$4,229	\$4,229	\$0
2 performances in the same time period.		\$6,343	\$6,343	\$4,738
Conference (max 12 hour event)		\$6,343	\$6,343	\$0
RENTAL DEPOSIT (non-refundable - per performance or set up day)		\$1,071	\$1,071	
TECHNICAL DAY (HC, HE and St Dr included)		\$2,114	Per day (8:00 am to midnight)	
FILM SHOOT (Labour extra)		\$3,060	Per day (8:00 am to midnight)	
HALF DAY REHEARSAL				\$1,591
HOURLY RATE		\$354		
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		\$1,392	\$1,392	\$1,392
2 performances in the same time period		\$2,088	\$2,088	
Technical Day (Labour extra)		\$696	\$696	
HALF DAY REHEARSAL				
Rental Deposit (non refundable)		\$374	\$374	
ALL RATES ARE SUBJECT TO GST.				
PLAZA		Commercial	Theatre Rental Grants Not For Profits	
Labour Extra Daily (8:00 am - 8:00 am - 24 hour period)		\$1,561	\$1,561	
Staff Included Daily (8:00 am - 8:00 am - 24 hour period)		\$6,242	\$6,242	
Rental Deposit (non refundable)		\$1,607	\$12,827	
Facility Fee - \$1.00 per ticket sold (not applicable for reg non profit)				
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		\$500	\$375	\$375
Theatre Lobbies (QET/ORPHEUM/PLAYHOUSE)		\$500	\$375	\$375
QET/Orpheum Rehearsal Hall and Playhouse Studio		\$250	\$250	\$200
Labour extra				
Facility Fee - \$1.00 per person/ticket sold (not applicable for reg non profit)				
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 \$20.00 and over				
\$2.00 per ticket sold between the value of \$0.01 and \$19.99 (not applicable for Reg Non Profit)				
\$1.00 per person for free and non ticketed events (not applicable for Reg Non Profit)				