



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 9, 2006
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Meeting Date: June 27, 2006

TO: Vancouver City Council
FROM: Director of Civic Theatres
SUBJECT: Theatre Rental Rates for September 1, 2006 to August 31, 2007

RECOMMENDATION

THAT Council approve the Schedule of Rental Rates for Civic theatres, as contained in Appendix "A", effective September 1, 2006.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval.

COUNCIL POLICY

Council annually approves the Schedule of Rental Rates for the three civic theatres.

PURPOSE

This report seeks approval of the proposed Schedule of Rental Rates contained in Appendix "A", for uses of the Orpheum, Queen Elizabeth Theatre and Vancouver Playhouse, during the period September 1, 2006 to August 31, 2007.

BACKGROUND

Rental rates are reviewed each year during the preparation of the annual operating budget and any adjustments are made effective September 1st of each year in alignment with the traditional performing arts season. The rental rates are reviewed periodically in relation to those of comparable facilities to ensure that Vancouver's rates are appropriately placed in relation to the local, national and international markets. Results of the survey of rates are shown in Appendix "B".

Recent rental rate increases are shown below:

RENTAL RATES 2000-2001 TO 2006-2007

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	<i>Proposed</i> 2006-2007
QET/ORPHEUM							
Evening	7900	8300	8700	8700	9050	9700	10,000
Afternoon	5925	6225	6525	6525	6800	7275	7500
Tech	3950	4150	4350	4350	4525	4850	5000
% increase (Eve. Rate)	3.9%	5.1%	4.8%	0.0%	4.0%	7.2%	3%

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
PLAYHOUSE							
Evening	2130	2220	2300	2300	2390	2560	2640
Afternoon	1600	1665	1725	1725	1795	1920	1980
Tech	1065	1110	1150	1150	1195	1280	1320
% increase (Eve. Rate)	3.9%	4.2%	3.6%	0.0%	3.9%	7.1%	3.1%

For the period 2003 to 2006, the CUPE 15 wage settlement was 2.5% plus 2.5% plus 2.5%. A further 3.0% increase was implemented in April 2006.

DISCUSSION

Construction at the QET/Vancouver Playhouse

The QET and Playhouse are closed to bookings, with the exception of the 4-week run of "The Phantom of the Opera", for the May to October period in 2006, 2007 & 2008 in anticipation of construction for the proposed redevelopment project. Funding was approved for the first phase and the acoustic separation of the QET and Playhouse is now underway. Once completed, the QET and Playhouse will be concurrently and fully accessible for the first time to loud shows and concerts. In the short term, the Orpheum is absorbing as many of this summer's bookings as possible.

The Non-Profit Performing Arts

VCT's most stable presenters are the Prime Performers, the group of eight resident companies: Playhouse Theatre Company, Vancouver Opera, Vancouver Symphony, Ballet BC,

Vancouver Recital Society, Friends of Chamber Music, Vancouver Bach Choir and Vancouver Chamber Choir. The high quality of their productions and their stability is due, on the one hand, to long-standing funding from the City, Provincial and Federal agencies as well as very energetic private and corporate sponsorship campaigns, and on the other hand to subscriber bases of loyal patrons. Their relative stability cannot be taken for granted, however, as they are vulnerable to fluctuations in funding support due to changes in government policies and programs, and to market forces.

The Commercial Live Entertainment Market

While the Non-Profit Performing Arts seasons remain relatively stable from year to year, the commercial sector fluctuates unpredictably. We attracted a run of 48 performances of Mamma Mia in the summer of 2003, but no comparable shows were available for the summers of 2004 or 2005. In August 2006, "The Phantom of the Opera" will return for 32 performances (4 weeks). This will help offset the closure of the QET and Vancouver Playhouse from May to October for construction of the acoustic separation of the two theatres. However, accommodating "Phantom" implies certain risks for the construction schedule as well for the continuity of services to the show.

In 2005 VCT hosted 43 pop/rock/stand-up comedy performances, 6 more than 2004 but 11 short of the record 54 performances we had in 2002. Completion of the acoustic separation project will increase the ability to book more such events.

Theatre Rental Market - Comparisons

Each year we survey the rental rates of theatres on the US West Coast, locally and across Canada. The results are contained in Appendix "B". Rental rates in the Appendix are reduced to a dollar-figure per seat available for the sake of comparison.

For commercial rentals most theatres in North America use a similar flexible rental structure, based on a minimum rent versus a percentage of the box office (between 8% and 11% in the theatres surveyed). There is generally a maximum, or cap, though many do not publish the figure. These theatres also generally add on the labour costs for audience services and stage technical staff and some even charge extra for the use of theatre equipment. As a consequence, the rental rates and costs form a package that many theatres consider negotiable. VCT does not negotiate rental rates and includes most of the costs. VCT does not negotiate rental rates and includes most of the costs. In this way, all renters receive equal and transparent treatment which is critically important when they are competing for artists and audiences.

Proposed Increase

Rental rate increases are motivated by such things as negotiated labour settlements, general inflation and the need to meet the objectives of the City's operating budget. 2005 was a catch-up year after no increase in 2003 and a retroactive settlement of the City's labour agreements.

We propose that the 2006-2007 increase be 3% based on the increase in the City's wage rates and CPI inflation which is currently at 2.4%

Appendix "A" shows the results of a 3% increase compared to 2005-2006 rental rates.

Theatre Rental Grants

Local non-profit performing arts organizations may receive support from the City in the form of Theatre Rental Grants. Grants are awarded to established non-profit performing arts presenters: in 2005-2006 they were Vancouver Symphony Orchestra, Vancouver Opera Association, Playhouse Theatre Company, Ballet BC, Vancouver Bach Choir, Vancouver Chamber Choir, Vancouver Recital society, Friends of Chamber Music, Dancing on the Edge Festival, Music in the Morning, Festival Vancouver, Vancouver Youth Symphony, Vancouver Academy of Music, Coastal Jazz and Blues and Vancouver New Music.

In the past, the Vancouver Foundation's Baxter Fund Grants, administered by the Office of Cultural Affairs, were awarded to smaller, developing performing arts organizations or to special programs. The Baxter Fund was finally exhausted last year however the gap was filled with the increased funding approved by Council. Applicants for grants in the past included: United Scottish Cultural Society, Goh Ballet, Arts Umbrella, Lion's Gate Chorus, Vancouver Folk Music Festival, Flamenco Rosario, Vancouver Chinese Choir, Mandala Arts and Culture Society. New applicants included BC Chamber Choir Society and Caravan World Rhythms Society.

Grant recipients are generally insulated from the effects of increases in rental rates for those uses covered by these grants. However, it must be noted that not all of the Licensees' uses are covered by grants, so there are some financial impacts from rental rate increases. Ballet BC for example, receives grants for its own productions at the QET but does not receive support for the visiting companies they present in their Dance Alive series, such as the Royal Winnipeg Ballet. In these cases, rental rate increases directly affect the host and visiting companies and can be seen to create a hardship. There are also other regular, non-profit users, such as Coastal Jazz and Blues, Friends of Chamber Music and Vancouver Cantata Singers who do not receive grants for all of their uses.

Graduations

High school graduations have been provided with a special rental rate for many years. The rate encourages uses of the theatres at a time when regular bookings are usually low, and it facilitates access when school venues are often inadequate for one reason or another. This special rate still pays for the incremental costs of operation and makes a contribution to overhead.

There will be 21 graduations again this year.

FINANCIAL IMPLICATIONS

The rental rate increase impacts revenues for the last four months of the 2006 fiscal year and the first 8 months of the 2007 fiscal year.

The proposed increases are:

QET/Orpheum: plus \$300 to \$10,000 for an evening performance.

Playhouse: plus \$80 to \$2,640 for an evening performance.

Commercial rate:

From: Minimum \$6,400 vs. 11.5% of ticket sales to a maximum of \$12,300.

To: Minimum \$6,600 vs. 11.8% of ticket sales to a maximum of \$12,800.

COMMUNICATIONS PLAN

A letter advising of this proposed increase was sent to Licensees on June 9 advising them of the proposed increases and inviting commentary as well as offering a meeting to discuss the increase.

CONCLUSION

This report proposes an increase in Theatre Rental Rates of 3.0% over the 2005-2006 Rental Rates, effective September 1, 2006 to August 31, 2007.

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PROPOSED SCHEDULE OF RENTAL RATES for SEPT. 1, 2006 to AUGUST 31, 2007

* Bold is proposed; light is 2005-2006.

QUEEN ELIZABETH THEATRE & ORPHEUM	EVENINGS	AFTERNOONS	MORNINGS
1 performance	\$10,000 \$9,700	\$7,500 \$7,275	\$5,000 \$4,850
2 performances in the same time period	\$15,000 \$14,550	\$10,900 \$10,900	\$7,500 \$7,275
Meetings & Conferences	\$4,330	\$4,330	\$4,330
Daily Maximum: \$10,000. Staff extra.	\$4,200	\$4,200	\$4,200
Secondary School Graduations	\$6,540 \$6,350	\$6,540 \$6,350	\$6,540 \$6,350
VSO School Concerts (11:00 am & 1:00 pm)			\$7,500 \$7,275
Commercial rent	\$6,600 vs. 11.8% to a max. of \$12,800 \$6,400 vs. 11.5% to a max. of \$12,300		
RENTAL DEPOSIT (non-refundable)	\$2,500 \$2,425	Per performance or set-up day.	
TECHNICAL DAY/FILM SHOOT	\$5,000 \$4,850	Per day (8:00 am to midnight)	
ADDITIONAL STAGE/LOBBY USE	\$400 \$385	Per Hour	
DISPLAYS	First display free subject to conditions.		
SPONSOR	\$55	Per display area, Per performance.	
NON-SPONSOR/SALES	\$110	Per display area, Per performance.	

VANCOUVER PLAYHOUSE	EVENINGS	AFTERNOONS	MORNINGS
1 performance	\$2,640 \$2,560	\$1,980 \$1,920	\$1,320 \$1,280
2 performances in the same time period.	\$3,960 \$3,840	\$2,970 \$2,880	\$1,980 \$1,920
Meetings & Conferences	\$980	\$980	\$980
Daily Maximum \$2640. Staff extra.	\$950	\$950	\$950
RENTAL DEPOSIT (non-refundable)	\$660 \$640	Per performance or set-up day.	
TECHNICAL DAY/FILM SHOOT	\$1,320 \$1,280	Per day (8:00 am to midnight).	
ADDITIONAL STAGE USE	\$280 \$270	Per Hour	
ADDITIONAL LOBBY USE	\$370 \$360	Per Hour	
DISPLAYS	First display free subject to conditions.		
SPONSOR	\$55	Per display area, Perperformance.	
NON-SPONSOR/SALES	\$110	Per display area, Perperformance.	

ALL RATES ARE SUBJECT TO GST.

13-Jun-06

RENTAL RATES REVIEW

2006-2007

APPENDIX "B"

THEATRE	CITY	SEATING CAP.	BASE RENT		ADDED RENT	TOTAL RENT \$50/80%	RENT per SEAT
2005-2006 proposed	Vancouver Civic Th.		proposed		proposed	proposed	
QET	FLAT RATE	2,929	\$10,000			\$10,000	\$3.41
ORPHEUM	FLAT RATE	2,780	\$10,000			\$10,000	\$3.60
QET	COMMERCIAL RATE	2,929	\$6,600	vs	11.8% cap.12,800	\$12,800	\$4.37
ORPHEUM	COMMERCIAL RATE	2,780	\$6,600	vs	11.8% cap.12,800	\$12,800	\$4.60
2006 Actuals							
HULT CTR.	EUGENE, OR	2,500	\$3,750	plus	8% gross over \$40,000	\$8,550	\$3.42
SCHNITZER HALL	PORTLAND, OR	2,776	\$3,400	vs.	8%	\$8,880	\$3.20
MOORE	SEATTLE, WA	1,420	\$1,800	vs.	10%	\$5,680	\$4.00
PARAMOUNT	SEATTLE, WA	2,807	\$4,500	vs.	10%	\$12,011	\$4.28
McCAW HALL	SEATTLE, WA	2,960	\$3,700	vs.	9%	\$10,656	\$3.60
ROYAL	VICTORIA	1,434	\$1,575	vs.	10%	\$5,735	\$4.00
CHAN CENTRE	U.B.C.	1,185	\$4,345			\$4,345	\$3.67
JACK SINGER HALL	CALGARY, AB	1,800	\$1,750	vs.	10%	\$7,200	\$4.00
JUBILEE AUDITORIUM	CALGARY, AB	2,535	\$5,000	vs.	10% cap \$10,000	\$10,000	\$3.94
JUBILEE AUDITORIUM	EDMONTON, AB	2,538	\$5,000	vs.	10% cap \$10,000	\$10,000	\$3.94
F. WINSPEAR CENTRE	EDMONTON, AB.	1,932	\$2,000	vs.	10%	\$7,728	\$4.00
THUNDER BAY AUD.	THUNDER BAY, ON	1,497	\$1,515	vs.	10%	\$5,998	\$4.01
J. BASSETT	TORONTO, ON	1,330	\$4,900			\$4,900	\$3.68
ROY THOMSON HALL	TORONTO, ON	2,630	\$7,000	plus	100 times top tkt. price	\$15,500	\$5.89
MASSEY HALL	TORONTO, ON	2,753	\$5,000	plus	100 times top tkt. price	\$13,500	\$4.90
HUMMINGBIRD CTR.	TORONTO, ON	3,223	\$8,350	plus	2.8%	\$11,895	\$3.69
HAMILTON PLACE	HAMILTON, ON	2,191	\$2,200	vs.	11%	\$9,640	\$4.40
CENTRE IN SQUARE	KITCHENER, ON	2,047	\$2,500	vs.	11%	\$9,007	\$4.40
SOUTHAM HALL, NAC	OTTAWA, ON	2,323	\$5,450	plus	2%	\$7,308	\$3.15
St. DENIS THEATRE	MONTREAL. PQ	2,218	\$2,500	plus	7-9% calc at 8%	\$9,346	\$4.32
AVERAGE							\$3.94
MEDIAN							\$4.51

Assumptions: Where a percentage of ticket sales applies, an average ticket price of \$50 was applied to an 80% house.

Where a "top ticket price" is a factor, \$85 was used.

DATA IS TAKEN FROM POLSTAR'S CONCERT VENUE DIRECTORY, 2005/2006 EDITION and con AND CONSTITUTES THE MOST RECENT PUBLISHED DATA AVAILABLE.