



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: May 31, 2006
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Meeting Date: June 12, 2007

TO: Vancouver City Council
FROM: Director of Civic Theatres
SUBJECT: Theatre Rental Rates for September 1, 2007 to August 31, 2008

RECOMMENDATION

THAT Council approve the Schedule of Rental Rates for Civic theatres, as contained in Appendix "A", effective September 1, 2007.

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, 2007 to August 31, 2008.

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 annually 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:

| | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | <i>Proposed</i> 2007-2008 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------------------|
| QET/ORPHEUM | | | | | | | |
| Evening | 8300 | 8700 | 8700 | 9050 | 9700 | 10,000 | 10,300 |
| Afternoon | 6225 | 6525 | 6525 | 6800 | 7275 | 7500 | 7,725 |
| Tech | 4150 | 4350 | 4350 | 4525 | 4850 | 5000 | 5,150 |
| % increase (Eve. Rate) | 5.1% | 4.8% | 0.0% | 4.0% | 7.2% | 3% | 3% |

| | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PLAYHOUSE | | | | | | | |
| Evening | 2220 | 2300 | 2300 | 2390 | 2560 | 2640 | 2720 |
| Afternoon | 1665 | 1725 | 1725 | 1795 | 1920 | 1980 | 2040 |
| Tech | 1110 | 1150 | 1150 | 1195 | 1280 | 1320 | 1360 |
| % increase (Eve. Rate) | 4.2% | 3.6% | 0.0% | 3.9% | 7.1% | 3.1% | 3% |

The average annual increase over the past 5 years has been 3.4%.

DISCUSSION

Rental Rate Structure

We use two types of rental rates;

- A "commercial rate" that varies as a percentage of the final ticket sales for the event with a minimum and a maximum. This rate applies to pop/rock concerts and stand-up comedy.
- A set of "flat rates" that apply to all other events.

Except in the case of the meeting rental rate, labour costs for Civic Theatre employees are included in the rent for the basic services. This includes all of the required Audience Services and Building Maintenance staff, plus the minimum two Stage Technicians. Any additional Stage Technicians are employed directly by the promoter. There are also added charges for ancillary activities: lobby set-ups, receptions, etc. All existing theatre equipment and furnishings are provided at no additional cost except where there is an incremental cost such as with table cloths, which have to be cleaned.

Meeting rental rates are set lower but all labour is added. This recognizes that meetings may, for example, have smaller "audiences" and run longer than shows. Labour costs are more variable and the client may benefit by having more flexibility in the design of their event.

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 dollars-per-seat available figure for the sake of comparison.

Proposed Increase

Rental rate increases are intended to keep revenues current with such things as negotiated labour settlements, general inflation and the need to meet the objectives of the City's operating budget. We propose that the 2007-2008 increase be equal to 3%.

Appendix "A" and the table above show the results of a 3% increase compared to 2006-2007 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 2006-2007 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, Music in the Morning, Festival Vancouver, Vancouver Academy of Music and Coastal Jazz and Blues Society.

The 2007 Theatre Rental (Projects) Grants program was established to replace the Baxter Fund Grants which expired in 2005-2006. The purpose of the program is to offer financial assistance to non-profit arts and cultural organizations that occasionally present events in one of the Civic Theatres (the Orpheum, Vancouver Playhouse, or Queen Elizabeth Theatre). Applicants for grants in the past have included, among others, Flamenco Rosario, Vancouver Chinese Choir, Mandala Arts and Cultural Society, BC Chamber Choir Society and Caravan World Rhythms Society, Arts Umbrella. New recipients this past year included United Players and Eponymous Productions.

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 2007 fiscal year and the first 8 months of the 2008 fiscal year.

The proposed increases are:

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

Playhouse: plus \$80 to \$2,720 for an evening performance.

Commercial rate:

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

To: Minimum \$6,800 vs. 12% of ticket sales to a maximum of \$13,200.

COMMUNICATIONS PLAN

A letter advising of this proposed increase was sent to 16 major users on May 11, advising them of the proposed increases and inviting them to attend a meeting to discuss the increase. No RSVP's were received however there were 2 telephone calls; one supportive, the other opposed on the basis that the cumulative increases over a 5-year period were higher than warranted.

CONCLUSION

This report proposes an increase in Theatre Rental Rates of 3.0% over the 2006-2007 Rental Rates, effective September 1, 2007 to August 31, 2008.

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VANCOUVER CIVIC THEATRES

SUMMARY OF RENTAL RATES

Appendix "A"

PROPOSED SCHEDULE OF RENTAL RATES for SEPT. 1, 2007 to AUGUST 31, 2008

* Bold is proposed; light is 2006-2007.

| QUEEN ELIZABETH THEATRE & ORPHEUM | EVENINGS | AFTERNOONS | MORNINGS |
|------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| 1 performance | \$10,300 \$10,000 | \$7,725 \$7,500 | \$5,150 \$5,000 |
| 2 performances in the same time period | \$15,450 \$15,000 | \$11,590 \$11,250 | \$7,725 \$7,500 |
| Meetings & Conferences | \$4,460 | \$4,460 | \$4,460 |
| Daily Maximum: \$10,300. Staff extra. | \$4,330 | \$4,330 | \$4,330 |
| Secondary School Graduations | \$6,750 \$6,540 | \$6,750 \$6,540 | \$6,750 \$6,540 |
| VSO School Concerts (11:00 am & 1:00 pm) | | | \$7,725 \$7,500 |
| Commercial rent | \$6,800 vs. 12% to a max. of \$13,200 \$6,600 vs. 11.8% to a max. of \$12,800 | | |
| RENTAL DEPOSIT (non-refundable) | \$2,575 \$2,500 | Per performance or set-up day. | |
| TECHNICAL DAY/FILM SHOOT | \$5,150 \$5,000 | Per day (8:00 am to midnight) | |
| ADDITIONAL STAGE/LOBBY USE | \$410 \$400 | 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 | \$2,720 \$2,640 | \$2,040 \$1,980 | \$1,360 \$1,320 |
| 2 performances in the same time period. | \$4,080 \$3,960 | \$3,060 \$2,970 | \$2,040 \$1,980 |
| Meetings & Conferences | \$1,010 | \$1,010 | \$1,010 |
| Daily Maximum \$2720. Staff extra. | \$980 | \$980 | \$980 |
| RENTAL DEPOSIT (non-refundable) | \$680 \$660 | Per performance or set-up day. | |
| TECHNICAL DAY/FILM SHOOT | \$1,360 \$1,320 | Per day (8:00 am to midnight). | |
| ADDITIONAL STAGE USE | \$290 \$280 | Per Hour | |
| ADDITIONAL LOBBY USE | \$380 \$370 | 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.

04-Jun-07

RENTAL RATES REVIEW

2007-2008

APPENDIX "B"

| THEATRE | CITY | SEATING CAP. | BASE RENT | | ADDED RENT | TOTAL RENT \$50/80% | RENT per SEAT |
|---------------------|------------------------|--------------|-----------------|-----------|--------------------------|---------------------|---------------|
| 2007-2008 | Vancouver Civic Th. | | proposed | | proposed | | |
| QET | FLAT RATE | 2,929 | \$10,300 | | | \$10,300 | \$3.31 |
| ORPHEUM | FLAT RATE | 2,780 | \$10,300 | | | \$10,300 | \$3.71 |
| QET | COMMERCIAL RATE | 2,929 | \$6,800 | vs | 12.0% cap. 13,200 | \$13,200 | \$4.20 |
| ORPHEUM | COMMERCIAL RATE | 2,780 | \$6,800 | vs | 12.0% cap. 13,200 | \$13,200 | \$4.75 |
| 2007 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 | \$3,500 | vs. | 8% | \$8,880 | \$3.20 |
| MOORE | SEATTLE, WA | 1,384 | \$2,000 | vs. | 10% | \$5,535 | \$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 | \$1,675 | vs. | 10% | \$5,735 | \$4.00 |
| CHAN CENTRE | U.B.C. | 1,185 | \$4,610 | | | \$4,610 | \$3.89 |
| JACK SINGER HALL | CALGARY, AB | 1,800 | \$1,750 | vs. | 10% | \$7,200 | \$4.00 |
| JUBILEE AUDITORIUM | CALGARY, AB | 2,535 | \$5,500 | vs. | 10% cap. \$12,000 | \$12,000 | \$4.73 |
| JUBILEE AUDITORIUM | EDMONTON, AB | 2,514 | \$5,500 | vs. | 10% cap. \$12,000 | \$12,000 | \$4.77 |
| F. WINSPEAR CENTRE | EDMONTON, AB. | 1,932 | \$2,600 | vs. | 10% | \$7,730 | \$4.00 |
| THUNDER BAY AUD. | THUNDER BAY, ON | 1,497 | \$1,800 | vs. | 10% | \$5,998 | \$4.00 |
| J. BASSETT | TORONTO, ON | 1,330 | \$4,900 | | | \$4,900 | \$3.68 |
| ROY THOMSON HALL | TORONTO, ON | 2,630 | \$7,200 | plus | 100 times top tkt. price | \$15,700 | \$5.97 |
| MASSEY HALL | TORONTO, ON | 2,753 | \$5,200 | plus | 100 times top tkt. price | \$13,700 | \$4.98 |
| HUMMINGBIRD CTR. | TORONTO, ON | 3,223 | \$11,500 | plus | 2.8% | \$15,045 | \$4.66 |
| HAMILTON PLACE | HAMILTON, ON | 2,205 | \$2,300 | vs. | 11% | \$9,702 | \$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% | \$7,310 | \$3.15 |
| St. DENIS THEATRE | MONTREAL. PQ | 2,218 | \$2,500 | plus | 7-9% calc at 8% | \$9,600 | \$4.33 |
| AVERAGE | | | | | | | \$4.02 |
| MEDIAN | | | | | | | \$4.00 |

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, Spring 2007 EDITION AND CONSTITUTES THE MOST RECENT PUBLISHED DATA AVAILABLE.