



ADMINISTRATIVE REPORT

Report Date: June 28, 2010
Contact: Rae Ackerman
Contact No.: 604.665.3020
RTS No.: 08711
VanRIMS No.: 08-2000-20
Meeting Date: July 6, 2010

TO: Vancouver City Council
FROM: Director of Civic Theatres
SUBJECT: User Fee Increases - Civic Theatres

RECOMMENDATION

- A. THAT Council approve the following user fee increases for Civic Theatres:
 - i) Rental rate increases as outlined in the Schedule of Rental Rates for Civic Theatres (Appendix "A"), effective September 1, 2010;
 - ii) Ticket surcharge increases of \$0.25 per ticket, effective July 1, 2010.
- B. THAT Council approve an increase to the Theatre Rental Grants budget for September to December, estimated to be \$40,000, to cover scheduled theatre uses for the remainder of the calendar year, with the source of funds for fiscal 2010 to be the existing Community Services operating budget, and 2011 funding to be considered as part of the 2011 budget process.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Council approves the Schedule of Rental Rates for the three civic theatres on an annual basis. Ticket surcharge increases are not considered annually, but when proposed, must be brought forward to Council for approval.

PURPOSE

This report seeks Council approval of the proposed user fee increases for Civic Theatres: the Schedule of Rental Rates contained in Appendix A for the uses of the Orpheum, Queen Elizabeth Theatre and Vancouver Playhouse, during the period of September 1, 2010 to August 31, 2011; and approval of a ticket surcharge increase of \$0.25 per ticket, effective July 1, 2010.

BACKGROUND

Rental Rates

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 in relation to those of comparable facilities to ensure that Vancouver's rates are appropriately placed according to local, national and international markets. Results of the survey of rates are shown in Appendix "B".

VCT uses two types of rental rates: commercial rates and flat rates. Although the flat rate is used in most cases, including all granted uses of the theatres, the commercial rate is applied to pop/rock and comedy events, and reflects a percentage of the final ticket sales for the event with a published minimum and maximum.

Recent increases in the flat rental rates are shown below:

	Proposed		
QET/ORPHEUM	2008-2009	2009-2010	2010-2011
Evening	\$10,650	\$11,100	\$11,550
Afternoon	\$8,000	\$8,325	\$8,660
Technical Day/Film shoot	\$5,325	\$5,550	\$5,775
% increase (Eve. Rate)	3.5%	4.0%	4.0%

PLAYHOUSE	2008-2009	2009-2010	2010-2011
Evening	\$2,815	\$2,930	\$3,050
Afternoon	\$2,110	\$2,200	\$2,290
Technical Day/Film shoot	\$1,410	\$1,465	\$1,525
% increase (Eve. Rate)	3.5%	4.0%	4.0%

The average annual increase for the 3 years shown will be 3.83%.

Ticket Surcharge

Ticket surcharges accrue to the Civic Theatres Capital Reserve. The purpose of the Reserve is to fund equipment upgrades and improvements to the Queen Elizabeth Theatre, Vancouver Playhouse and Orpheum. The last increase in the ticket surcharge was on July 1, 2008. The current surcharge is \$2.00 for City-supported not-for-profit performing arts organizations and \$2.25 for all others, on tickets over \$20.00 in face value. Subject to Council approval of the increase recommended in this report, the surcharge will be \$2.25 and \$2.50 respectively. GST/HST is included in the surcharge. After deducting HST, the net revenue will still increase by 4%.

DISCUSSION

Rental Rates

Rental rate increases are reviewed in relation to specific economic factors, such as negotiated labour settlements, general inflation and the City's budget objectives, and in relation to the local, national and regional market (see Rental rates review in Appendix B). It

is proposed that the 2010-2011 increase be equal to 4.0% in line with the last City collective agreement settlements.

Ticket Surcharge

Ticket surcharges are an effective mechanism to raise funds to support capital improvements. Combined with other government and private sector contributions, ticket surcharges provide the necessary support to expand, and sustain our important cultural assets.

As a user-pay system, the ticket surcharge earns money from the ticket-buyers, 42% of whom are from Vancouver and 58% are from the surrounding region.

FINANCIAL IMPLICATIONS

Rental Rates

The rental rate increase impacts revenues for the last four months of the 2010 fiscal year and the first 8 months of the 2011 fiscal year.

The proposed increases for flat rates are:

OET/Orpheum: plus \$450 to \$11,550 for an evening performance.
Playhouse: plus \$120 to \$3,050 for an evening performance.

Commercial rate:

From: Minimum \$7,300 vs. 13.0% of ticket sales to a maximum of \$14,200.
To: Minimum \$7,600 vs. 13.0% of ticket sales to a maximum of \$14,700.

The impact on the 2010 and 2011 Civic Theatres operating revenues will be neutral since the increase in rent is equal to the increase in labour and other operating costs, and have already been build into the 2010 Operating Budget. In regards to the implementation of the HST, the effect on VCT's operating budget will be neutral as taxes are levied on top of rental charges.

Licensees will also not be impacted by HST. VCT collects HST on the rental charges but Licensees deduct this HST before remitting the HST they collect on ticket sales.

Additional funding for the Theatre Rentals Grant budget for September to December for fiscal 2010 can be offset with forecast surplus savings within the existing Community Services and Civic Theatre's operating budgets. To address the systemic issue of increase costs impacting Theatre Operating grants each year from September to December, we are requesting additional funding estimated to be \$40,000 be added to the Theatre Rental Grants budget annually, beginning in fiscal 2011.

Ticket Surcharge

An increase in ticket surcharges will increase revenues by 4% after HST, which is included in the surcharge

CONCLUSION

This report proposes the following user fee increases for Civic Theatres:

An increase in Theatre Rental Rates of 4.0% over the 2009-2010 Rental Rates, effective September 1, 2010 to August 31, 2011; and an increase in the Ticket surcharge for Civic Theatres of \$0.25 per ticket, effective July 1, 2010.

This report also seeks approval to increase to the Theatre Rental Grants budget by \$40,000 for fiscal 2011 and beyond.

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VANCOUVER CIVIC THEATRES

SUMMARY OF RENTAL RATES

APPENDIX "A"

PROPOSED SCHEDULE OF RENTAL RATES for SEPT. 1, 2010 to AUGUST 31, 2011.

*Bold is new rates. Light is 2010/11 rates.

QUEEN ELIZABETH THEATRE & ORPHEUM	EVENINGS	AFTERNOONS	MORNINGS
1 performance	\$11,550 \$11,100	\$8,660 \$8,325	\$5,775 \$550
2 performances in the same time period	\$17,325 \$16,650	\$12,990 \$12,500	\$8,660 \$8,325
Meetings & Conferences	\$5,100	\$5,100	\$5,100
Daily Maximum \$11,550. Staff extra.	\$4,850	\$4,850	\$4,850
Secondary School Graduations	\$7,600	\$7,600	\$7,600
VSO School Concerts (11:00 am & 1:00 pm)	\$7,280	\$7,280	\$7,280
			\$8,660 \$8,325
Commercial rent	\$7600 vs. 13% to a max. of \$14,700 \$7300 vs 13% to a max. of \$14,200		
RENTAL DEPOSIT (non-refundable)	\$2,900 \$2,660	Per performance or set-up day.	
TECHNICAL DAY/FILM SHOOT	\$5,775 \$5,550	Per day (8:00 am to midnight)	
ADDITIONAL STAGE/LOBBY USE	\$460 \$440	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	\$3,050 \$2,930	\$2,290 \$2,200	\$1,525 \$1,465
2 performances in the same time period.	\$4,575 \$4,400	\$3,435 \$3,300	\$2,290 \$2,200
Meetings & Conferences	\$1,150	\$1,150	\$1,150
Daily Maximum \$3050. Staff extra.	\$1,100	\$1,100	\$1,100
RENTAL DEPOSIT (non-refundable)	\$765 \$735	Per performance or set-up day.	
TECHNICAL DAY/FILM SHOOT	\$1,525 \$1,465	Per day (8:00 am to midnight).	
ADDITIONAL STAGE USE	\$300 \$300	Per Hour	
ADDITIONAL LOBBY USE	\$100	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.	

ALL RATES ARE SUBJECT TO GST.

27-May-10

RENTAL RATES REVIEW

2009-2010

APPENDIX "B"

THEATRE	CITY	SEATING CAP.	BASE RENT		ADDED RENT	TOTAL RENT \$55/80%	RENT per SEAT
2008-2009	Vancouver Civic Th.		proposed		proposed		
QET	FLAT RATE	2,756	\$11,100			\$11,100	\$4.03
ORPHEUM	FLAT RATE	2,780	\$11,100			\$11,100	\$3.99
QET	COMMERCIAL RATE	2,756	\$7,300	vs	13.0% cap. 14200	\$14,200	\$5.15
ORPHEUM	COMMERCIAL RATE	2,780	\$7,300	vs	13.0% cap. 14200	\$14,200	\$5.11
PLAYHOUSE	FLAT RATE	668	\$2,930			\$2,930	\$4.39
2008 Actuals							
HULT CTR.	EUGENE, OR	2,500	\$3,750	plus	8% gross over \$40,000	\$9,350	\$3.74
SCHNITZER HALL	PORTLAND, OR	2,776	\$3,600	vs.	8%	\$9,772	\$3.52
MOORE	SEATTLE, WA	1,384	\$2,000	vs.	10%	\$6,090	\$4.40
PARAMOUNT	SEATTLE, WA	2,807	\$4,500	vs.	10%	\$12,351	\$4.40
McCAW HALL	SEATTLE, WA	2,960	\$3,700	vs.	9%	\$11,722	\$3.96
ROYAL	VICTORIA	1,434	\$1,725	vs.	10%	\$6,310	\$4.40
CHAN CENTRE	U.B.C.	1,185	\$4,750			\$4,750	\$4.01
JACK SINGER HALL	CALGARY, AB	1,800	\$3,400	vs.	10%	\$7,920	\$4.40
JUBILEE AUDITORIUM	CALGARY, AB	2,535	\$5,500	vs.	10% cap. \$12,000	\$11,154	\$4.40
JUBILEE AUDITORIUM	EDMONTON, AB	2,514	\$5,500	vs.	10% cap. \$12,000	\$11,062	\$4.40
F. WINSPEAR CENTRE	EDMONTON, AB.	1,932	\$2,800	vs.	10%	\$8,501	\$4.00
THUNDER BAY AUD.	THUNDER BAY	1,497	\$1,800	vs.	10%	\$6,587	\$4.00
J. BASSETT	TORONTO, ON	1,330	\$5,365			\$5,365	\$4.03
ROY THOMSON HALL	TORONTO, ON	2,630	\$7,200	plus	100 times top tkt. price	\$16,200	\$6.16
MASSEY HALL	TORONTO, ON	2,753	\$5,200	plus	100 times top tkt. price	\$14,200	\$5.16
SONY CTR.	TORONTO, ON	3,223	\$11,500	plus	2.8%	\$16,463	\$4.66
HAMILTON PLACE	HAMILTON, ON	2,193	\$2,300	vs.	11%	\$10,614	\$4.84
CENTRE IN SQUARE	KITCHENER, ON	2,047	\$2,500	vs.	11%	\$9,907	\$4.84
SOUTHAM HALL, NAC	OTTAWA, ON	2,323	\$5,700	plus	2%	\$7,744	\$3.33
St. DENIS THEATRE	MONTREAL. PQ	2,218	\$2,500	plus	7-9% calc at 8%	\$10,307	\$4.65
AVERAGE							\$4.37
MEDIAN							\$4.40

Assumptions: Where a percentage of ticket sales applies, an average ticket price of \$55 was applied to an 80% house. Where a "top ticket price" is a factor, \$90 was used.

DATA IS TAKEN FROM POLSTAR'S CONCERT VENUE DIRECTORY 2008 EDITION AND CONSTITUTES THE MOST RECENT PUBLISHED DATA AVAILABLE