



A5

ADMINISTRATIVE REPORT

Report Date: May 5, 2012
Contact: Todd Ayotte
Contact No.: 604.665.3021
RTS No.: 9538
VanRIMS No.: 08-2000-20
Meeting Date: May 29, 2012

TO: Vancouver City Council
FROM: Deputy Director, Vancouver Civic Theatres
SUBJECT: Civic Theatres Rental Rates 2012-2013

RECOMMENDATION

THAT Council approve the rental rate increases for the Queen Elizabeth Theatre, Vancouver Playhouse, Orpheum, Queen Elizabeth Plaza and Queen Elizabeth Theatre Salons, as outlined in the Schedule of Rental Rates for Civic Theatres (Appendix "A"), effective September 1, 2012.

REPORT SUMMARY

This report seeks Council approval of the proposed fee increase for Civic Theatres as outlined in the Schedule of Rental Rates contained in Appendix "A" for the uses of the Orpheum, Queen Elizabeth Theatre, Vancouver Playhouse, Queen Elizabeth Plaza and Queen Elizabeth Theatre Salons during the period of September 1, 2012 to August 31, 2013.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approves the Schedule of Rental Rates for Civic Theatres on an annual basis.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

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 in relation to those of comparable facilities to ensure that Vancouver's rates are appropriately placed according to local,

national and international markets. The results of the survey of rates are shown in Appendix "B" (Rental Rate Review).

VCT uses two types of rental rates: commercial 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 at the Queen Elizabeth Theatre and Orpheum, and reflects a percentage of the final ticket sales for the event with a published minimum and maximum.

A summary schedule of some of the key flat rental rates for prior years and the proposed 2012-2013 rate increases are shown below:

QET/Orpheum	Proposed		
	2010-11	2011-2012	2012-2013
Evening	\$11,500	\$12,000	\$12,240
Afternoon	\$8,660	\$9,000	\$9,180
Technical Day/Film shoot	\$5,775	\$6,000	\$6,120
% increase		4.0%	2.0%

Playhouse	Proposed		
	2010-2011	2011-2012	2012-2013
Evening	\$3,050	\$3,170	\$3,230
Afternoon	\$2,290	\$2,380	\$2,430
Technical Day/Film shoot	\$1,525	\$1,585	\$1,615
% increase		4.0%	2.0%

QET Plaza	Proposed			
	2011-2012		2012-2013	
	Commercial	Non-Profit & Charities*	Commercial	Non-Profit & Charities*
Hourly (up to 4 hours)	\$250	\$125	\$255	\$128
Daily	\$2,500	\$1,250	\$2,550	\$1,275
Weekly	\$7,500	\$3,750	\$7,650	\$3,825
Weekend	\$3,750	\$1,875	\$3,825	\$1,915
Monthly	\$15,000	\$7,500	\$15,300	\$7,650
% increase	Base	Base	2.0%	2.0%

*Non-profit & charity organizations must be registered

Salons	Proposed	
	2011-2012	2012-2013
Day Rate	\$550	\$560
Evening Rate	\$450	\$460
Half Day	\$350	\$357
Added hourly event	\$90	\$92
Added hourly set up	\$70	\$71.50
% increase	Base	2.0%

All booking enquiries received for the 2012-2013 season have been informed of a potential rental increase pending Council approval. A letter has been sent to all Resident Companies and current Licensees informing them of the potential rental increase. Once Council has approved the rental rate increases, a follow-up letter will be sent to all Resident Companies and current Licensees to confirm the increase.

Strategic Analysis

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

Given the uncertainty with the local market and that CPI inflation is currently at 1.9%, we are proposing for the existing Civic Theatres rental spaces, that the 2012-13 increase be equal to 2.0% for all venues except the Orpheum Annex. Given that the Orpheum Annex is just completing its first year of operations, we recommend maintaining the existing rate through the 2012-13 season.

The data included in the rental rates review (Appendix "B") is gathered through an annual survey of published rates at comparable facilities in order to identify a "per seat" cost for comparison. Our proposed flat rates for the Queen Elizabeth Theatre (\$4.40 per seat) and Orpheum (\$4.55 per seat) are well within the range of the comparable published rental rates, showing an average per seat cost of \$4.56. Our Commercial rates for the Queen Elizabeth Theatre and Orpheum reflect a greater range of cost per seat (\$2.90-\$5.61 at the Queen Elizabeth Theatre and \$3.00-\$5.80 at the Orpheum). The published minimum and maximum Commercial rates were established in response to a more volatile market for Commercial events and were intended to allow us to earn additional revenue when a show sells well, and ensure a guaranteed minimum if a show sells poorly.

For the Orpheum Annex, our base rental rate includes basic staffing costs: 1 Technician and 2 Front of House staff. The difficulty in establishing comparisons is that most of the similar venues do not include staffing in their published base rent. Therefore, in order to establish a more accurate comparison, the chart for the Orpheum Annex in Appendix "B" reflects a "per seat" cost that combines the published base rent and comparable staffing costs. Based on this comparison, the Orpheum Annex rate of \$5.18 per seat is competitive with comparable venues, falling below the average of \$5.35 per seat.

Implications/Related Issues/Risk (if applicable)

Financial

The 2.0% rate adjustment reflects an increase in gross revenue of approximately \$31,000 for 2012 based on current bookings from September 1 to December 31. Arts organizations who receive Theatre rental grants will be impacted by the increase as the existing Theatre Rental Grant allocation is not increasing to match the rate increase. The approved rates will be used when building the 2013 operating budget targets.

CONCLUSION

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

An increase in Theatre rental rates of 2.0% over the 2011-2012 Rental rates, effective September 1, 2012 to August 31, 2013. This applies to the Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse, Queen Elizabeth Plaza and Queen Elizabeth Theatre Salons. The Orpheum Annex rental rate will not increase in the 2012-13 season.

* * * * *

VANCOUVER CIVIC THEATRES - SUMMARY OF RENTAL RATES

APPENDIX "A"

Schedule of rental rates for September 1, 2012 to August 31, 2013

Queen Elizabeth Theatre & Orpheum <small>Bold are new rates; 2011-2012 rates are in italic</small>	EVENINGS	AFTERNOONS	MORNINGS
1 Performance	\$12,240 <i>\$12,000</i>	\$9,180 <i>\$9,000</i>	\$6,120 <i>\$6,000</i>
2 Performances in the same time period	\$18,360 <i>\$18,000</i>	\$13,770 <i>\$13,500</i>	\$9,180 <i>\$9,000</i>
Meetings & Conferences - Daily Maximum \$12,240 (Staff extra)	\$5,410 <i>\$5,300</i>	\$5,410 <i>\$5,300</i>	\$5,410 <i>\$5,300</i>
Secondary School Graduations	\$8,060 <i>\$7,900</i>	\$8,060 <i>\$7,900</i>	\$8,060 <i>\$7,900</i>
VSO School Concerts (11am & 1pm)			\$9,180 <i>\$9,000</i>
Commercial Rent	\$8,060 vs. 14% to a maximum of \$15,600 <i>\$7,900 vs. 14% to a maximum of \$15,300</i>		
Rental Deposit (non-refundable)	\$3,060 Per performance or set up day <i>\$3,000</i>		
Technical Day/Film Shoot	\$6,120 Per day (8am to midnight) <i>\$6,000</i>		
Additional Stage/Lobby Use	\$490 Per hour <i>\$480</i>		
Displays	First display free subject to conditions		
Sponsor displays	\$56 Per display area; per performance		
Non Sponsor/sales displays	\$112 Per display area; per performance		
Vancouver Playhouse <small>Bold are new rates; 2011-2012 rates are in italic</small>	EVENINGS	AFTERNOONS	MORNINGS
1 Performance	\$3,230 <i>\$3,170</i>	\$2,430 <i>\$2,380</i>	\$1,615 <i>\$1,585</i>
2 Performances in the same time period	\$4,850 <i>\$4,755</i>	\$3,640 <i>\$3,570</i>	\$2,430 <i>\$2,380</i>
Meetings & Conferences - Daily Maximum \$3,230 (Staff extra)	\$1,225 <i>\$1,200</i>	\$1,225 <i>\$1,200</i>	\$1,225 <i>\$1,200</i>
Rental Deposit (non-refundable)	\$815 Per performance or set up day <i>\$800</i>		
Technical Day/Film Shoot	\$1,615 Per day (8am to midnight) <i>\$1,585</i>		
Additional Stage/Lobby Use	\$315 <i>\$310</i>		
Displays	First display free subject to conditions		
Sponsor displays	\$56 Per display area; per performance		
Non Sponsor/sales displays	\$112 Per display area; per performance		
Queen Elizabeth Theatre Salons <small>Bold are new rates; 2011-2012 rates are in italic</small>	EVENING	FULL DAY	HALF DAY
1 Event	\$460 <i>\$450</i>	\$560 <i>\$550</i>	\$357 <i>\$350</i>
Added hourly event rate	\$92 <i>\$90</i>	\$92 <i>\$90</i>	\$92 <i>\$90</i>
Added hourly set up rate	\$71.50 <i>\$70</i>	\$71.50 <i>\$70</i>	\$71.50 <i>\$70</i>
Orpheum Annex <small>No increase</small>	EVENINGS	AFTERNOONS	MORNINGS
1 Performance	\$1,000	\$1,000	\$1,000
2 performances in the same time period	\$1,500	\$1,500	\$1,500
Meetings & Conferences	\$500	\$500	\$500
Daily Maximum \$1,000 for meetings & conferences (staff extra)			
Rental Deposit (non-refundable)	\$250 Per performance or set up day		
Technical Day/Film Shoot/Rehearsals	\$500 Per day (8am to midnight)		
Additional Stage use	\$2,500 Per week (labour extra)		
	\$50 Per hour plus labour costs		

VANCOUVER CIVIC THEATRES - SUMMARY OF RENTAL RATES

APPENDIX "A" CONT'D

Schedule of rental rates for September 1, 2012 to August 31, 2013

Queen Elizabeth Plaza Bold are new rates; 2011-2012 rates are in italic	Hourly (4 hours max)	Daily	Weekly	Weekend	Monthly
Commercial	\$255 <i>\$250</i>	\$2,550 <i>\$2,500</i>	\$7,650 <i>\$7,500</i>	\$3,825 <i>\$3,750</i>	\$15,300 <i>\$15,000</i>
Registered Non-Profit	\$128 <i>\$125</i>	\$1,275 <i>\$1,250</i>	\$3,825 <i>\$3,750</i>	\$1,915 <i>\$1,875</i>	\$7,650 <i>\$7,500</i>
ALL RATES ARE SUBJECT TO HST					

RENTAL RATE REVIEW

APPENDIX "B"

QUEEN ELIZABETH THEATRE, ORPHEUM, VANCOUVER PLAYHOUSE

THEATRE	CITY	SEATING CAPACITY	BASE RENT	TOTAL RENT	RATE PER SEAT
QET	VANCOUVER	2,781	\$12,240 (proposed flat rate)	\$12,240	\$4.40
QET	VANCOUVER	2,781	\$8,060 vs. 14% to a max of \$15,600 (proposed commercial rate)	\$8,060-\$15,600	\$2.90-\$5.61
ORPHEUM	VANCOUVER	2,688	\$12,240 (proposed flat rate)	\$12,240	\$4.55
ORPHEUM	VANCOUVER	2,688	\$8,060 vs. 14% to a max of \$15,600 (proposed commercial rate)	\$8,060-\$15,600	\$3.00-\$5.80
VANCOUVER PLAYHOUSE	VANCOUVER	668	\$3,230 (proposed flat rate)	\$3,230	\$4.84
HULT CTR.	EUGENE, OR	2,450	\$4,950 plus 8% gross over \$40,000	\$10,374	\$4.23
SCHNITZER HALL	PORTLAND, OR	2,776	\$4,055 vs. 8%	\$10,623	\$3.83
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	1,416	\$1,940 vs. 10%	\$6,232	\$4.40
CHAN CENTRE	U.B.C.	1,185	\$5,410	\$5,410	\$4.57
JACK SINGER HALL	CALGARY, AB	1,800	\$4,000 vs. 10%	\$7,920	\$4.40
JUBILEE AUDITORIUM	CALGARY, AB	2,535	\$6,500 vs. 10% to a max of \$14,000	\$11,154	\$4.40
JUBILEE AUDITORIUM	EDMONTON, AB	2,514	\$6,500 vs. 10% to a max of \$14,000	\$11,062	\$4.40
WINSPEAR CENTRE	EDMONTON, AB.	1,932	\$3,675 vs. 10%	\$8,503	\$4.40
THUNDER BAY AUD.	THUNDER BAY	1,497	\$2,000 vs. 10%	\$6,584	\$4.00
ROY THOMSON HALL	TORONTO, ON	2,630	\$7,500 plus 100 times top ticket price	\$18,936	\$7.20
MASSEY HALL	TORONTO, ON	2,753	\$5,500 plus 100 times top ticket price	\$14,500	\$5.27
SONY CTR.	TORONTO, ON	3,191	\$10,000 plus 4.5%	\$16,311	\$5.12
HAMILTON PLACE	HAMILTON, ON	2,193	\$2,500 vs. 11%	\$10,612	\$4.84
CENTRE IN SQUARE	KITCHENER, ON	2,047	\$2,500 vs. 11%	\$9,907	\$4.84
SOUTHAM HALL, NAC	OTTAWA, ON	2,323	\$5,900 plus 2%	\$7,943	\$3.42
St. DENIS THEATRE	MONTREAL. PQ	2,218	\$2,500 plus 7-9%	\$10,310	\$4.65
AVERAGE OF COMPARABLES					\$4.56
MEDIAN					\$4.40

Notes: Where a % 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 Pollstar's Concert Venue Directory 2011-12 Edition and constitutes the most recent published data available

RENTAL RATE REVIEW

APPENDIX "B" CONT'D

ORPHEUM ANNEX

The Orpheum Annex rental rates include staffing (2 Front of House staff for 6 hours each and 1 Stage Technician at 8 hours). The "per seat" comparison includes base commercial rental rates and comparable staffing at house rates.

PERFORMANCE RATES				
VENUE	LOCATION	SEATING CAPACITY	RENT	RATE PER SEAT
Orpheum Annex	Downtown	193	\$1,000 Staff included	\$5.18
Arts Club- Revue Stage	Granville Island	198	\$1,000 Staff included	\$5.05
Evergreen Cultural Centre	Coquitlam	220	\$920 (\$720 base rent/\$200 staff)	\$4.18
Firehall Theatre	East Vancouver	175	\$1016 (\$600 base rent/\$416 staff)	\$5.80
Performance Works	Granville Island	200	\$1,388 (\$1,000 base rent/\$388 staff)	\$6.94
Presentation House	North Vancouver	158	\$552 (\$360 base rent/\$192 staff)	\$3.49
Soctiabank Dance Centre Faris Studio	Downtown	154	\$1,116 (\$700 base rent/\$416 staff)	\$7.25
Vancouver East Cultural Centre	Commercial	275	\$1,520 (\$1,000 base rent/\$520 staff)	\$5.53
Waterfront Theatre	Granville Island	224	\$808 (\$420 base rent/\$388 staff)	\$3.61
Shadbolt Centre for the Arts	Burnaby	285	\$1,278 (\$698 base rent/\$580 staff)	\$4.48
(James Cowan Theatre)	Burnaby	150	\$1,070 (\$490 base rent/\$580 staff)	\$7.13
AVERAGE OF COMPARABLES				\$5.35
MEDIAN				\$5.29

REHEARSAL RATES				
VENUE	LOCATION	SIZE SQ/FT	BASE RENT	RATE PER SQ/FT
Orpheum Annex	Downtown	3,500	\$500	\$0.14
VSO School of Music Recital Hall	Downtown	1500	\$400 (for profit)	\$0.27
		1500	\$250 (not for profit)	\$0.17
Holy Rosary	Downtown	2,400	\$300	\$0.13
Coal Harbour Community Centre	West End	2,028	\$496	\$0.24
Roundhouse Community Centre	Yaletown	1,500	\$904	\$0.60
Ryerson United Church	Kerrisdale	3,330	\$300	\$0.09
Vancouver Academy of Music	Kitsilano	1,920	\$400	\$0.21
Croatian Cultural Centre	Commercial	3,760	\$800	\$0.21
AVERAGE OF COMPARABLES				\$0.24
MEDIAN				\$0.21