



## ADMINISTRATIVE REPORT

Report Date: March 31, 2014  
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Meeting Date: April 29, 2014

TO: Vancouver City Council  
FROM: General Manager of Community Services  
SUBJECT: Rental Rate Increases - Civic Theatres 2014-2015

### *RECOMMENDATION*

- A. THAT Council approve the recommended Rental Rate increase as outlined in the Schedule of Rental Rates for Civic Theatres (Appendix "A"), effective September 1, 2014.
- B. THAT recommended rates for the Queen Elizabeth Plaza fee structure be adjusted to include Technical/set up rates (Appendix "A"), effective September 1, 2014.

### *REPORT SUMMARY*

This report seeks Council approval of the proposed fee increases for Civic Theatres as outlined in the Schedule of Rental Rates contained in Appendix "A" for the uses of the Civic Theatres during the period of September 1, 2014 to August 31, 2015. The report also seeks approval for recommended rate adjustments for the Queen Elizabeth Plaza fee structures to include Technical/set up rates for the period September 1, 2014 to August 31, 2015.

### *COUNCIL AUTHORITY/PREVIOUS DECISIONS*

Council approves the Schedule of Rental Rates for Civic Theatres on an annual basis. Council approves any rate adjustments as recommended by staff.

**CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

The General Manager of Community Services recommends acceptance of the new fee schedule.

**REPORT****Background/Context****RENTAL RATES**

Rental rates are reviewed each year prior to the preparation of the annual operating budget. Adjustments are made effective September 1<sup>st</sup> of each year in alignment with the traditional performing arts season. The rental rates are reviewed primarily in relation to operational cost increases.

We are proposing a marginal increase of 1.25% for the 2014-2015 season. A summary schedule of some of the key rental rates for prior years and the proposed 2014-2015 rates are shown below for comparison:

Queen Elizabeth Theatre/Orpheum	Proposed		
	2012-2013	2013-2014	2014-2015
Evening	\$12,240	\$12,485	\$12,640
Afternoon	\$9,180	\$9,364	\$9,480
Technical Day/Film shoot	\$6,120	\$6,242	\$6,320
% increase		2.0%	1.25%

Vancouver Playhouse Theatre	Proposed		
	2012-2013	2013-2014	2014-2015
Evening	\$3,230	\$3,295	\$3,335
Afternoon	\$2,430	\$2,479	\$2,510
Technical Day/Film shoot	\$1,615	\$1,647	\$1,670
% increase		2.0%	1.25%

Orpheum Annex	Proposed		
	2012-2013	2013-2014	2014-2015
Performance	\$1,000	\$1,020	\$1,035
Meeting/Conference	\$500	\$510	\$515
Technical Day/Film Shoot/Rehearsal	\$500	\$510	\$515
% increase		2.0%	1.25%

VCT uses two types of rental rates for our indoor performance spaces: 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 only, and reflects a percentage of the final ticket sales for the event with a published minimum and maximum.

For the 2014-2015 season, we are proposing a 1.25% increase to the minimum and maximum rates, and no increase in the percentage rate calculation:

Queen Elizabeth Theatre/Orpheum	Proposed	
	2013-2014	2014-2015
Commercial Rental Rates	\$8,140 or 15% to a maximum of \$15,750	\$8,242 or 15% to a maximum of \$15,945

All booking enquiries received for the 2014-2015 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.

### QUEEN ELIZABETH PLAZA FEE STRUCTURE

For the Queen Elizabeth Plaza, we are not proposing a rate increase for the 2014-2015 season. However we are proposing to establish a fee which will allow a lower rate for days just committed to set up versus the full event fee. This is a more equitable way to structure fees and make them more affordable especially for events which take more time for set up and this approach also aligns with the Technical day fee we utilize for our indoor venues.

QET Plaza	Proposed					
	2012-2013		2013-2014		2014-2015	
	Standard	Non-Profit*	Standard	Non-Profit*	Standard	Non-Profit*
Hourly (Event)	\$255	\$128	\$255	\$128	\$255	\$128
<i>Hourly (Tech)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\$128</i>	<i>\$64</i>
Daily (Event)	\$2,550	\$1,275	\$2,550	\$1,275	\$2550	\$1275
<i>Daily (Tech)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\$1,275</i>	<i>\$638</i>
Weekly (Event)	\$7,650	\$3,825	\$7,650	\$3,825	\$7,650	\$3,825
<i>Weekly (Tech)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\$3,825</i>	<i>\$1,913</i>
Weekend (Event)	\$3,825	\$1,913	\$3,825	\$1,913	\$3,825	\$1,913
<i>Weekend (Tech)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\$1,913</i>	<i>\$957</i>
Monthly (Event)	\$15,300	\$7,650	\$15,300	\$7,650	\$15,300	\$7,650
<i>Monthly (Tech)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\$7,650</i>	<i>\$3,845</i>
% increase (Event)	2.0%	2.0%	0.0%	0.0%	0.00%	0.00%

\*Non-profit & charity organizations must be registered

### ***Strategic Analysis***

#### RENTAL RATES

Rental rates are reviewed annually in relation to the specific economic factors, such as general inflation, cost and labour increases, the City's budget objectives, and in relation to the local, regional and national market (see rental rates review in Appendix "B"). We are proposing for the existing Civic Theatres rental spaces, that the 2014-15 increase be equal to 1.25% for the Queen Elizabeth Theatre, Orpheum, Orpheum Annex and Vancouver Playhouse. Further review of the Civic Theatres rate structures will be carried out in 2014 once the new Director is in place. Any recommended changes will be brought forward to Council under a separate report.

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 (\$4.55 per seat) are on par with the average per seat of \$4.55. The Orpheum (\$4.70 per seat) is slightly above the average, but well below comparable venues in similar markets (Toronto's Roy Thompson Hall (\$6.27), Massey Hall (\$5.27), Sony Centre (\$5.12). The Playhouse per seat cost is higher on a per seat cost based on the capacity (668 as there are few comparables in the 600-900 seating range. For the Orpheum Annex, the proposed rate of \$5.36 per seat is competitive with comparable venues, falling below the average of \$5.88-6.56 per seat.

Commercial rates for the Queen Elizabeth Theatre and Orpheum reflect a greater range of cost per seat (\$2.96-\$5.73 at the Queen Elizabeth Theatre and \$3.07-\$5.93 at the Orpheum). The published minimum and maximum Commercial rates were established some years ago 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.

#### QUEEN ELIZABETH PLAZA FEE STRUCTURE

For the first few years following the renovations, when the Queen Elizabeth Plaza was available for short-term rental from the community, we have not seen a substantial uptake in usage beyond a small number of anchor tenants. Feedback from the community is that although the plaza continues to be a desirable space for short-term rentals, the costs associated with set up days are a barrier. In response, this report proposes maintaining the short-term rental rate ("event rate") and adding a "technical/set up rate" to make days committed to set up more affordable. Our expectation is that this will generate an increase in Plaza utilization.

#### *Implications/Related Issues/Risk (if applicable)*

##### *Financial*

#### RENTAL RATES

The proposed rental rate adjustment reflects an increase in gross revenue of approximately \$34,000 for 2014 based on current bookings from September 1 to December 31. The approved rates will be used when building the 2015 operating budget.

#### QUEEN ELIZABETH PLAZA FEE STRUCTURE

Adjusting the Plaza rate structure to include both an "event rate" and a "technical/set up rate" will establish the Plaza as a more affordable option for short-term outdoor events. Our expectation is that this will increase utilization and revenue.

#### **CONCLUSION**

This report proposes an increase in Theatre rental rates of 1.25% over the 2013-2014 Rental rates, effective September 1, 2014 to August 31, 2015, which will apply to the Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse and Orpheum Annex. This report proposes adjustments to the Queen Elizabeth Plaza fee structure to include Technical/set up day rates, which will be effective September 1, 2014 to August 31, 2015.

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**VANCOUVER CIVIC THEATRES  
SUMMARY OF RENTAL RATES**

Schedule of rental rates for September 1, 2014 to August 31, 2015

Queen Elizabeth Theatre & Orpheum	EVENINGS	AFTERNOONS	MORNINGS
1 Performance 2 Performances in the same time period	\$12,640 \$18,960	\$9,480 \$14,220	\$6,320 \$9,480
Meetings & Conferences Daily Maximum \$12,240 (Staff extra)	\$5,585	\$5,585	\$5,585
Secondary School Graduations VSO School Concerts (11am & 1pm)	\$8,325	\$8,325	\$8,325 \$9,480
Commercial Rent	\$8,242 vs. 15% to a maximum of \$15,945		
Rental Deposit (non refundable)	\$3,160	Per performance or set up day	
Technical Day/Film Shoot	\$6,320	Per day (8am to midnight)	
Additional Stage/Lobby Use	\$505	Per hour	
Displays		First display free subject to conditions	
Sponsor displays	\$57	Per display area; per performance	
Non Sponsor/sales displays	\$113	Per display area; per performance	
Vancouver Playhouse	EVENINGS	AFTERNOONS	MORNINGS
1 Performance 2 Performances in the same time period	\$3,335 \$5,010	\$2,510 \$3,760	\$1,670 \$2,510
Meetings & Conferences Daily Maximum \$3,335 (Staff extra)	\$1,265	\$1,265	\$1,265
Rental Deposit (non refundable)	\$840	Per performance or set up day	
Technical Day/Film Shoot	\$1,670	Per day (8am to midnight)	
Additional Stage Use	\$325	Per hour	
Additional Lobby Use	\$110	Per Hour	
Displays		First display free subject to conditions	
Sponsor displays	\$57	Per display area; per performance	
Non Sponsor/sales displays	\$113	Per display area; per performance	
Orpheum Annex	EVENINGS	AFTERNOONS	MORNINGS
1 Performance 2 performances in the same time period	\$1,035 \$1,550	\$1,035 \$1,550	\$1,035 \$1,550
Meetings & Conferences Daily Maximum \$1,545 for meetings & conferences; staffing extra	\$515	\$515	\$515
Rental Deposit (non-refundable)	\$300	Per performance or set up day	
Technical Day/Film Shoot/Rehearsals Daily	\$515	Per day (8am to midnight)	
Technical Day/Film Shoot/Rehearsals Weekly	\$2,585	Per week (labour extra)	
Additional Stage use	\$52	Per hour (labour extra)	
Queen Elizabeth Plaza	STANDARD		NOT-FOR-PROFIT
<u>Event Rates</u>			
Hourly	\$255		\$128
Daily	\$2,550		\$1,275
Weekly	\$7,650		\$3,825
Weekend	\$3,825		\$1,913
Monthly	\$15,300		\$7,650
<u>Technical/Set up rates (new)</u>			
Hourly	\$128		\$64
Daily	\$1,275		\$638
Weekly	\$3,825		\$1,913
Weekend	\$1,275		\$638
Monthly	\$7,650		\$3,845
ALL RATES ARE SUBJECT TO APPLICABLE TAXES			

## RENTAL RATE REVIEW

### QUEEN ELIZABETH THEATRE, ORPHEUM, VANCOUVER PLAYHOUSE

THEATRE	CITY	SEATING CAPACITY	BASE RENT	TOTAL RENT	RATE PER SEAT
QET	VANCOUVER	2,781	\$12,640 (proposed flat rate)	\$12,640	\$4.55
QET	VANCOUVER	2,781	\$8,242 vs. 15% to a max of \$15,945 (proposed commercial rate)	\$15,945	\$5.73
ORPHEUM	VANCOUVER	2,688	\$12,640 (proposed flat rate)	\$12,640	\$4.70
ORPHEUM	VANCOUVER	2,688	\$8,242 vs. 15% to a max of \$15,945 (proposed commercial rate)	\$15,945	\$5.93
VANCOUVER PLAYHOUSE	VANCOUVER	678	\$3,335 (proposed flat rate)	\$3,335	\$4.92
ROY THOMSON HALL	TORONTO, ON	2,630	\$7,500 plus 100 times top ticket price	\$16,500	\$6.27
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%	\$16,319	\$5.12
HAMILTON PLACE	HAMILTON, ON	2,193	\$2,500 vs. 11%	\$10,612	\$4.84
CENTRE IN SQUARE	KITCHENER, ON	2,047	\$4,000 vs. 11%	\$9,910	\$4.84
St. DENIS THEATRE	MONTREAL, PQ	2,218	\$2,500 plus 7-9%	\$10,310	\$4.65
CHAN CENTRE	U.B.C.	1,185	\$5,520	\$5,520	\$4.66
SOUTHAM HALL, NAC	OTTAWA, ON	2,323	\$8,500 plus 2%	\$10,543	\$4.54
ROYAL	VICTORIA	1,416	\$1,940 vs. 10%	\$6,232	\$4.40
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	\$3,700 vs. 10%	\$8,503	\$4.40
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
THUNDER BAY AUD.	THUNDER BAY	1,497	\$2,000 vs. 10%	\$6,584	\$4.00
McCAW HALL	SEATTLE, WA	2,960	\$3,900 vs. 9%	\$11,722	\$3.96
HULT CTR.	EUGENE, OR	2,450	\$4,195 plus 8% gross over \$40,000	\$9,619	\$3.93
SCHNITZER HALL	PORTLAND, OR	2,776	\$4,300 vs. 8%	\$9,768	\$3.52
<b>AVERAGE OF COMPARABLES</b>					<b>\$4.55</b>

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 2013-14 Edition and constitutes the most recent published data available

## RENTAL RATE REVIEW

### 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.

<b>PERFORMANCE RATES</b>				
VENUE	LOCATION	SEATING CAPACITY	RENT	RATE PER SEAT
Orpheum Annex	Downtown	193	\$1,035 Staff included	\$5.36
Arts Club- Revue Stage	Granville Island	198	\$1,050 Staff included	\$5.30
Evergreen Cultural Centre	Coquitlam	220	\$1,100 (\$900 base rent/\$200 staff)	\$5.00
Firehall Theatre	East Vancouver	175	\$1,168 (\$700 base rent/\$468 staff)	\$6.67
Performance Works	Granville Island	200	\$1,412-2,412 (\$1,000-2,000 base rent/\$412 staff)	\$7.06-\$12.06
Presentation House	North Vancouver	158	\$552 (\$360 base rent/\$192 staff)	\$3.49
Soctiabank Dance Centre Faris Studio	Downtown	154	\$1,237.50 (\$700 base rent/\$537.50 staff)	\$8.04
Vancouver East Cultural Centre	Commercial	275	\$1,420-1,720 (\$900-1,200 base rent/\$520 staff)	\$5.16-\$6.25
Shadbolt Centre for the Arts	Burnaby	150	\$1,120 (\$540 base rent/\$580 staff)	\$7.47
(James Cowan Theatre)	Burnaby	285	\$1,349.50 (\$769.50 base rent/\$580 staff)	\$4.74
<b>AVERAGE OF COMPARABLES</b>				<b>\$5.88-\$6.56</b>