



ADMINISTRATIVE REPORT

Report Date: April 13, 2015
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Meeting Date: April 29, 2015

TO: Standing Committee on Planning, Transportation and Environment
FROM: Acting General Manager of Community Services
SUBJECT: Civic Theatres Rental Rates 2015-2016

RECOMMENDATION

THAT Council approve the recommended Rental Rate increase as outlined in the Schedule of Rental Rates for Vancouver Civic Theatres (VCT) (Appendix "A"), effective September 1, 2015.

REPORT SUMMARY

This report seeks Council approval of the proposed fee increases for VCT as outlined in the Schedule of Rental Rates contained in Appendix "A" for the uses of the VCT during the period of September 1, 2015 to August 31, 2016.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approves the Schedule of Rental Rates for VCT on an annual basis as recommended by staff.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

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 primarily in relation to operational cost increases.

We are proposing for the existing VCT rental spaces, that the 2015-16 increase be equal to approximately 3.00% for the Queen Elizabeth Theatre, Orpheum and Vancouver Playhouse and a flat rent adjustment for the Annex and the QET Plaza in order to better reflect the cost to operate those ancillary venues. We have also created a new category of rentable ancillary spaces (i.e. lobbies, rehearsal studios) as well as a new rental category for not for profit organizations with the intent to animate all parts of our venues at affordable rates making sure that our spaces remain accessible to the community.

We are proposing an increase of 3.00% for the Queen Elizabeth Theatre/Orpheum, Vancouver Playhouse Theatre and an adjustment for the Annex and QET Plaza as per Schedule A.

As noted above VCT is moving to a two tier rental rate structure for our spaces:

1. commercial/flat rates that includes labour costs which is used in most cases, including all granted uses of the theatres; and,
2. NEW - a significantly reduced rate for not-for-profits - consisting of rental rate plus labour costs for events presented and/or produced by registered Not-For-Profit, including community based cultural and multi-cultural organizations.

A summary schedule of some of the key rental rates for prior year and the proposed 2015-2016 rates are shown below for comparison:

Queen Elizabeth Theatre/Orpheum	2014-2015	Proposed Commercial 2015-2016	Change	% Change	NEW Proposed Registered Not-for-Profit 2015-2016
Full Day (8:00am-midnight)	\$12,640	\$13,020	\$380	3.0%	\$3,500
Half Day (8:00am-5:00pm)	\$9,480	\$9,770	\$290	4.6%	\$3,500

Vancouver Playhouse Theatre	2014-2015	Proposed Commercial 2015-2016	Change	% Change	NEW Proposed Registered Not-for-Profit 2015-2016
Full Day (8:00am-midnight)	\$3,335	\$3,435	\$100	3.0%	\$1,000
Half Day (8:00am-5:00pm)	\$2,510	\$2,585	\$75	3.0%	\$1,000

Annex	2014-2015	Proposed Commercial 2015-2016	Change	% Change	NEW Proposed Registered Not-for-Profit 2015-2016
Performance (1 performance)	\$1,035	\$1,300	\$265	25.6%	\$350

❖ Full Proposed Rate Schedules can be found in Appendix A

All booking enquiries received for the 2015-2016 season have been informed of a potential rental increase pending Council approval. A letter has been sent to all Not-for-Profit organizations and commercial 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 of these organizations to confirm the increase.

Strategic Analysis

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.

The commercial rates proposed reflect market conditions and the costs to operate the venue. Average Rent per seat for the respective venues as compared to other venues is as follows:

Queen Elizabeth Theatre/Orpheum	Proposed Commercial 2015-2016	Per Seat	Toronto	Los Angeles	Edmonton	San Jose
Full Day (8:00am-midnight)	\$13,020	\$4.71	\$5.39 ⁱ	\$7.11 ⁱⁱ	\$5.56 ⁱⁱⁱ	\$3.57 ^{iv}

Vancouver Playhouse Theatre	Proposed Commercial 2015-2016	Per Seat
Full Day (8:00am-midnight)	\$3,435	\$5.14

Annex	Proposed Commercial 2015-2016	Per Seat
Performance (1 performance)	\$1,300	\$6.74

The not-for-profit rates are designed to enhance access to the Civic Theaters for community based and not-for-profit organizations.

These proposed rental rates have been reviewed in relation to like sized venues in other cities across North America. The proposed increases reflect a CPI increase of 2% plus, an additional 1% to offset small ancillary items which are now included in the base rent.

This strategy will simplify and streamline the billing and invoicing process with the goal to eliminate some of the unpopular ancillary charges that were individually itemized and invoiced, required additional scrutiny and complicated administrative processes for relatively little return (i.e. displays, tables, early lobby access, stage uses etc.), all of which were all hidden additional expenses in the past. The 1% is based on an analysis of invoices to the VSO; VO; as well as other commercial partners.

Proposed increases to the rental rates for the Annex are closing the gap between previous years' rental rates and the costs to operate this venue.

Based on the feedback from the community, we have introduced for the first time the Not-For-Profit rates. These rates are designed to encourage diversity and increase the usage of venues by providing affordable spaces to the community and are based on covering the fixed building costs for the respective venues.

Facility Fees - Ticketing companies charge facility fees directly to the show patrons and remit this fee to the VCT which is allocated to the capital reserve fund for maintenance and capital replacement. The facility fee of \$3 for commercial events and \$2.75 for Not-for-Profit events per ticket remains unchanged for tickets costing \$20 or more.

However, a new facility fee has been added to commercial clients in the amounts of \$1.50 per ticket for tickets between \$15.00 and \$19.90. We have also introduced a new facility fee of \$1.00 per ticket for commercial non-ticketed events, and commercial ticketed events for the Plaza.

Implications/Related Issues/Risk (if applicable) Financial

The proposed rental rate adjustment reflects the work we have done on the 2015 budget aiming for a balanced budget based on current bookings from September 1 to December 31. The newly approved rates will be used when building the 2016 operating budget. The risk associated with not implementing these proposed new fees is an impact to the VCT bottom line of approximately \$300,000.

VCT has received positive feedback from the community to these proposed changes and has had extensive round table discussions with over 100 organizations. VCT Board of Directors was consulted, providing support to the proposed VCT Rental Rates for 2015/16.

CONCLUSION

This report proposes an increase in Theatre rental rates of approximately 3.00% over the 2014-2015 Rental rates, effective September 1, 2015 to August 31, 2016, which will apply to the Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse and a flat rate increase for the Annex and QET Plaza as detailed in Appendix A.

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**VANCOUVER CIVIC THEATRES
SUMMARY OF RENTAL RATES**
APPENDIX "A"

Schedule of rental rates for September 1, 2015 to August 31, 2016

Queen Elizabeth Theatre & Orpheum	FULL DAY 8:00am - midnight	HALF DAY 8:00am-5:00pm	REGISTERED NON-PROFIT (Labour extra)
1 Performance	\$13,020	\$9,770	\$3,500
2 Performances in the same time period	\$19,530		\$5,250
Conferences and Trade Shows (Labour Extra)	\$5,675		\$3,500
VSO School Concerts (11am & 1pm)		\$9,770	
Rental Deposit (non-refundable)	\$3,500	Per performance or set up day	
Dark Day (Labour extra)	\$3,500		
Technical Day (Head Carp/Head Electrical, Stage Door included)	\$6,450	Per day (8:00am to midnight)	
Film Shoot (Labour extra)	\$6,450	Per day (8:00am to midnight)	
Hourly Rate	\$ 515		
Vancouver Playhouse	FULL DAY 8:00am - midnight	HALF DAY 8:00am-5:00pm	REGISTERED NON-PROFIT (Labour extra)
1 Performance	\$3,435	\$2,585	\$1,000
2 Performances in the same time period	\$5,155	\$3,880	\$1,500
Conferences and Trade Shows (Labour Extra)	\$1,500		\$1,000
VSO Tiny Tots (Double Morning)		\$2,585	
Rental Deposit (non-refundable)	\$1,000	Per performance or set up day	
Dark Day (Labour extra)	\$1,000		
Technical Day (Head Carp/Head Electrical, Stage Door included)	\$1,718	Per day (8:00am to midnight)	
Film Shoot (Labour extra)	\$1,975	Per day (8:00am to midnight)	
Hourly Rate	\$ 330		
Annex	FULL DAY 8:00am - midnight	HALF DAY 8:00am-5:00pm	REGISTERED NON-PROFIT (Labour extra)
1 Performance	\$1,300	\$1,300	\$350
2 performances in the same time period	\$1,950		\$525
Film Shoot, Conferences and Trade Shows (Labour Extra)	\$1,300		
Rental Deposit (non-refundable)	\$350	Per performance or set up day	
Dark Day (Labour Extra)	\$350		
Technical Day (Labour Extra)	\$650		
Plaza	COMMERCIAL		REGISTERED NON-PROFIT
Rental Deposit	\$1,500		
Daily (8:00am-8:00am - 24 hour period & Labour Extra)	\$3,000		\$1,500
Weekly (Monday -Sunday & Labour Extra)	\$15,000		\$7,500
Ancillary Spaces	FULL DAY 8:00am - midnight	HALF DAY 8:00am-5:00pm	
Queen Elizabeth Salons	\$350	\$175	
Theatre Lobbies (QET/ORPHEUM/PLAYHOUSE)	\$350	\$350	
QET/Orpheum Rehearsal Hall & Playhouse Studio	\$200	\$100	
Labour Extra			
*ALL RATES ARE SUBJECT TO G.S.T.			

ⁱ Toronto average rate per seat based on 6 like sized venues that had cost information available: Massey Hall; Four Seasons; Roy Thomson Hall; Royal Conservatory; and Metropolis.

ⁱⁱ Los Angeles area average rate per seat based on 2 like sized venues that had cost information available: Cerritos Centre for the performing arts and Fox Theatre (in \$US).

ⁱⁱⁱ Edmonton average rate per seat based on the Northern Alberta Jubilee Auditorium

^{iv} San Jose average rate per seat based on the California Theatre (in \$US)