

Report Date: November 6, 2015
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Meeting Date: December 1, 2015

TO: Standing Committee on Planning, Transportation and Environment
FROM: Acting General Manager of Community Services
SUBJECT: Civic Theatres Rental Rates 2016-2017

RECOMMENDATION

THAT Council approve the recommended rental rates, as outlined in the Schedule of Rental Rates for Vancouver Civic Theatres (VCT) (Appendix "A"), effective September 1, 2016.

REPORT SUMMARY

This report seeks 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, 2016 to August 31, 2017.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

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

GENERAL MANAGER'S COMMENTS

The Acting General Manager of Community Services recommends approval 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, and 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.

We are proposing an increase of 2.9% for all VCT rates across all spaces (Queen Elizabeth Theatre, Orpheum, Vancouver Playhouse Theatre, Annex, QET Plaza and ancillary spaces) as per Schedule A.

The proposed rates allow for the continuing need to subsidize the rates for the Playhouse and the Annex, with the rental rates for these two facilities set below operating cost by an average of 30%.

In order to further streamline the booking processes, make rates transparent, and make our policies fair and equitable a change to the Civic Theatre Rental Rates is recommended. The proposed rates for not-for-profits now include all labour costs and are the same as the Theatre Rental Grants' rates. Feedback was also received from the not for profit community that this proposed change would increase clarity.

A summary schedule of some of the key rental rates for the prior year and the proposed 2016-2017 rates (all labour included unless clients have specific additional needs or requests) are shown below for comparison:

Queen Elizabeth Theatre/Orpheum	2015-2016	Proposed 2016-2017	Change	% Change
Commercial Customers	\$17,000	\$17,500	\$500	2.9%
Theatre Rental Grantees and Not for Profits (8:00am-12:00am)	\$13,020	\$13,400	\$380	2.9%
Half Day Grantees and Not for Profits (8:00am-5:00pm)	\$9,770	\$9,950	\$280	2.9%

Vancouver Playhouse Theatre	2015-2016	Proposed 2016-2017	Change	% Change
1 Performance	\$3,435	\$4,065	\$115	2.9%
2 Performances in the same day (8:00am-12:00am)	\$5,925	\$6,097	\$172	2.9%

Annex	2015-2016	Proposed 2016-2017	Change	% Change
1 Performance	\$1,300	\$1,338	\$38	2.9%

❖ Full Proposed Rate Schedules can be found in Appendix A

In preparation for a potential increase, all booking enquiries received for the 2016-2017 season have been informed of a potential rental increase pending Council approval. A letter has been sent to all Not-for-Profit organizations (including TRG recipients) and commercial licensees, informing them of the potential rental increase. If Council approves 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 rates proposed are in sync with market conditions and the costs to operate the venues. The not-for-profit rates introduced last year (2015-2016) were designed to enhance access to the Civic Theatres for community based and not-for-profit organizations and have generated additional interest in rentals at VCT. In response to feedback from the not-for-profit sector and in order to increase transparency, not-for-profit rates now include staffing like most other rates including those eligible for the theatre rental grant. The City works to encourage diversity and increase the usage of venues by providing affordable spaces to the community. Not-for-profit rates are based on covering the fixed building costs for the respective venues while streamlining the administrative process and making rates transparent.

The proposed rental rates reflect a CPI increase of 2.0%, plus an additional 0.9% for ancillary items (i.e. displays, tables, early lobby access, stage uses etc.), which are now included in the base rent. The rates allow for the continuing subsidization of the Annex and the Vancouver Playhouse, where the rents are significantly lower than their operating cost.

Facility fees

Ticketing companies charge facility fees directly to the show patrons and remit this fee to the VCT. The fee, net of administrative costs, is transferred to the capital reserve fund for maintenance and capital replacement of the theatres. The facility fees for 2016/17 remain unchanged at \$2.75/ticket sold for non-profit and grantees and \$3.00/ticket sold for commercial clients.

The VCT Board has reviewed and approved the proposed rates.

Implications/Related Issues/Risk (if applicable)

Financial

The rental rate increase impacts revenues for the last four months of the 2016 fiscal year and the first 8 months of the 2016 fiscal year. The grant period spans from September 2016 to August 2017 corresponding to performing arts' companies performance season.

The 2.9% proposed rental rate adjustment reflects the work done on the 2016 budget to achieve a balanced budget, based on current bookings from September 1 to December 31. The newly approved rates will be used when building the 2017 operating budget.

The risk associated with not implementing these proposed new fees would be an impact to the VCT bottom line of approximately \$300,000. This impact would be from the increases in labour and other operating costs not being matched by increases in rental rate revenue, combined with the reduced ability of the VCT to continue to subsidize the rates for the Playhouse and the Annex.

CONCLUSION

This report proposes an increase in Theatre rental rates of 2.9% over the 2015-2016 Rental rates, effective September 1, 2016 to August 31, 2017, which will apply to all of the VCT spaces as detailed in Appendix A.

VANCOUVER CIVIC THEATRES SUMMARY OF RENTAL RATES

APPENDIX "A"

Schedule of proposed rental rates for September 1, 2016 to August 31, 2017

QUEEN ELIZABETH THEATRE & ORPHEUM	Commercial 8:00 am - midnight	Theatre Rental Grants Not For Profits 8:00 am - midnight	Half Day 8:00 am - 5:00 pm
1 performance	\$17,500	\$13,400	\$9,950
2 performances in the same time period	\$26,250	\$20,100	
Secondary School Graduations			\$9,950
RENTAL DEPOSIT (non-refundable - per performance or set up day)	\$4,000	\$4,000	
TECHNICAL DAY (Head Carp, Head Electric, Stage Door included)	\$6,640	Per day (8:00 am to midnight)	
FILM SHOOT (Labour extra)	\$6,640	Per day (8:00 am to midnight)	
HOURLY RATE	\$530		
ALL RATES ARE SUBJECT TO GST.			
VANCOUVER PLAYHOUSE	Commercial 8:00 am - midnight	Theatre Rental Grants Not For Profits 8:00 am - midnight	Half Day 8:00 am - 5:00 pm
Draft			
1 performance	\$4,065	\$4,065	\$3,036
2 performances in the same time period.	\$6,097	\$6,097	
RENTAL DEPOSIT (non-refundable - per performance or set up day)	\$1,029	\$1,029	
TECHNICAL DAY (HC, HE and St Dr included)	\$2,032	Per day (8:00 am to midnight)	
FILM SHOOT (Labour extra)	\$2,032	Per day (8:00 am to midnight)	
HOURLY RATE	\$340		
ALL RATES ARE SUBJECT TO GST.			
ANNEX	Commercial 8:00 am - midnight	Theatre Rental Grants Not For Profits 8:00 am - midnight	Half Day 8:00 am - 5:00 pm
Draft			
1 performance	\$1,338	\$1,338	\$1,338
2 performances in the same time period	\$2,007	\$2,007	
Technical Day (Labour extra)	\$669	\$669	
Rental Deposit (non refundable)	\$360	\$360	
ALL RATES ARE SUBJECT TO GST.			
PLAZA	Commercial	Theatre Rental Grants Not For Profits	
Draft			
Daily (8:00 am - 8:00 am - 24 hour period)	\$6,000	\$6,000	
Rental Deposit (non refundable)	\$1,544	\$1,544	
Facility Fee - \$1.00 per ticket sold (not applicable for reg non profit)			
ALL RATES ARE SUBJECT TO GST.			
ANCILLARY SPACES	Commercial 8:00 am - midnight	Theatre Rental Grants Not For Profits 8:00 am - midnight	Half Day 8:00 am - 5:00 pm
Draft			
Queen Elizabeth Salons	\$360	\$360	\$180
Theatre Lobbies (QET/ORPHEUM/PLAYHOUSE)	\$360	\$360	\$180
QET/Orpheum Rehearsal Hall and Playhouse Studio	\$206	\$206	\$180
Labour extra			
Facility Fee - \$1.00 per person/ticket sold (not applicable for reg non profit)			
ALL RATES ARE SUBJECT TO GST.			