



## REPORT

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TO: Standing Committee on City Finance and Services  
FROM: General Manager of Arts, Culture, and Community Services  
SUBJECT: Vancouver Symphony Society 2019/2020 to 2022/2023 Pilot Multi-year Grant Recommendations and Agreement

### **RECOMMENDATION**

- A. THAT Council approve a multi-year agreement (“MYA”) with the Vancouver Symphony Society (“VSS”) for use of the Vancouver Civic Theatres’ (“VCT”) venues, and general operational support for the years of 2019/2020, 2020/21, 2021/22, and 2022/23, as laid out in I – VII below. The MYA will contain the following grants to the VSS:
  - I. Convert the in-kind Theatre Rental Grant to a cash grant to the VSS, for use of VCT’s venues, as listed in Appendix A, and continue this grant allocation process for the VSS for the next three seasons.
  - II. A cash grant totalling \$479,760 to the VSS as listed in Appendix A, “Sept. – Dec., 2019” for use of the VCT’s venues; source of funds is the 2019 Cultural Grants Budget.
  - III. A cash grant totalling \$816,140 to the VSS as listed in Appendix A, “Jan. – August, 2020” for use of the VCT’s venues; source of funds is the 2020 Cultural Grants Budget.
  - IV. A cash grant of \$1,360,900 for general operations and use of the VCT’s venues for the seasons 2020/21, 2021/22, 2022/23; such grant to be eligible for an annual, up to 2% increase to the base level, subject to Council approval of an equivalent % increase to the annual Cultural Grants budget allocation; source of funds to be the 2020, 2021, 2022, and 2023 Cultural Grants Budgets.

- V. A reduction of \$950 off the Council approved Full Day and Half Day Single Performance Rental Rates at the Orpheum (but only for those days set out in the Schedule “A” to the Theatre License Agreement (“TLA”) for the Orpheum and capped at 100 performances per season).
  - VI. An in-kind grant of \$21,759 (over 3 years) in order to co-present with the VSS the programming for the “Day of Music” in 2020, 2021, and 2022 at the Orpheum; source of funding is the 2020, 2021, and 2022 VCT Operating Budget (Marketing and Community Engagement).
  - VII. An in-kind grant of \$6,519 (over 3 years) to the VSS for use of the ANNEX by the VSS (subject to execution of the applicable TLA) to support the “Day of Music” in 2020, 2021, and 2022; source of funding is the 2020, 2021, and 2022 VCT Operating Budget (VCT Grant program).
- B. THAT, pursuant to Section 206(1)(j) of the *Vancouver Charter*, Council deems the Vancouver Symphony Society as an organization that contributes to the culture of Vancouver.
  - C. THAT the General Manager of Arts, Culture and Community Services (“GM of ACCS”) is authorized to negotiate and execute the MYA to disburse the grants and support as described in this report on the terms and conditions generally set out below, provided that the VSS is in good standing with the City of Vancouver, and on such other terms and conditions as are satisfactory to the GM of ACCS and the City Solicitor.
  - D. THAT no legal rights or obligations are created by the approval of Recommendations A above unless and until the applicable MYA is complete and approved by the City in accordance with Recommendation C above and executed and delivered by both the VSS and GM of ACCS (or their designate).

Recommendation A requires two-thirds affirmative votes of all Council members per Section 206 (1) of the *Vancouver Charter*.

## **REPORT SUMMARY**

This report recommends a multi-year agreement combining the Theatre Rental Grant, Operating Cash and other forms of support to the VSS for general operations, programming, and use of Vancouver Civic Theatres’ venues for the years 2019/20, 2020/21, 2021/22, and 2022/23.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

On September 19, 2018 (RTS No. 12719), Council approved a one-time grant to the VSS totalling \$150,000 for use of Vancouver Civic Theatres to support the 100<sup>th</sup> Anniversary celebration programming.

On May 29, 2019 (RTS No. 12914), Council approved 40 Theatre Rental Grants totalling \$591,620 for the period of Sept. 1-Dec. 31, 2019 and 53 Theatre Rental Grants totalling \$967,590 for the period of Jan 1-Aug. 31, 2020.

On July 9, 2019 (RTS No. 12991), Council approved new rental rates for VCT that included both commercial rates and non-profit rates, for Sept. 1, 2020-Aug. 31, 2023.

On September 11, 2019 Council unanimously approved a new culture plan for Vancouver – Culture | Shift: Blanketing the City with Arts and Culture (2019 – 2029).

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

The VSS is the largest performing arts organization using the City's civic theatres with 110 of the 170 annual concerts produced at Vancouver Civic Theatres ("VCT") venues. The VSS is a long-standing recipient of both cash grants and TRG grants from the City and this annual support will allow the VSS to continue to present impactful events, activities, and services that contribute to the cultural richness and vitality of Vancouver.

The City Manager recommends approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

Founded in 1919, The Juno Award winning Vancouver Symphony Society (VSS) is the largest not-for-profit performing arts organization west of Ontario. The VSS performs 170 concerts annually, reaching 250,000 people per season, while providing employment to 71 musicians and 30 staff. Last season, this pillar cultural organization celebrated their 100<sup>th</sup> Anniversary and provided additional programming, including their "Day of Music", a day long, free, collaborative series of concerts at the Orpheum and ANNEX which reached 16,000 citizens.

In recognition of the VSS's important and unique contributions to the cultural life of Vancouver, the City of Vancouver has a long history of providing significant financial support to the VSS through operating grants, Theatre Rental Grants (TRG)<sup>1</sup>, nominal leases, and one-time occasional grants such as an approved \$150,000 Innovation Fund grant to support the VSS Centenary Season. In terms of Cultural granting, the VSS is the single largest recipient of TRG, receiving almost 50% of the total TRG budget to support the VSO and the VSO School of Music. The VSS receives the second largest grant of all cultural grantees - approximately 11% of the total Cultural grants budget (the largest being 19%, the third largest being 7%, and the majority of grantees receiving well below 1%). This important level of supports makes the VSS the second largest grant recipient in the Cultural Services portfolio, second only to the Vancouver Art Gallery, which manages the City's art collections. Further, the VSS benefits from a nominal lease for their VSO School of Music, a significant cost avoidance, valued at approximately \$1,000,000 per year. This significant

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<sup>1</sup> The TRG is an in-kind grant allocation program and is a direct internal transfer from the Cultural Grants budget to the VCT Operating Budget. Council-approved TRGs are disbursed as a credit equal to the appropriate not-for-profit VCT rental rate to offset the eligible technical, rehearsal, or performance rental cost usage and is applied as rental revenue to the VCT Operating Budget.

level of direct and in-kind support is warranted given the VSS's important role in Vancouver's large and diverse cultural ecology.

In recognition of the importance of the VSS to Vancouver and the challenges of running a performing arts organization based on year-to-year granting, the recommendations in this report propose to create a new consolidated multi-year granting structure and VCT use agreement for the VSS which will allow its Board and management greater flexibility and insight as to intended City funding levels, enabling them to make appropriate operational and programmatic expense decisions based on anticipated levels of funding.

### ***Strategic Analysis***

In order to create this new multi-year grant agreement for the 2019/20, 2020/21, 2021/22, and 2022/23 seasons, staff recommend converting the VSS's traditional TRG from in-kind grant to a cash grant in combination with the Operating cash grant, which they have also traditionally received. This combined, multi-year grant allows for cost certainty and better supports mid-range financial planning for the VSS.

In addition to the multi-year cash grants, this report recommends: 1) a reduction of \$950 off the Council approved Full Day and Half Day Single Performance Rental Rates at the Orpheum for agreed upon days up to 100 performances per season; and 2) in-kind grants to co-present with the VCT the "Day of Music" programming in 2020, 2021, and 2022 at the Orpheum and the ANNEX.

These combined grants, in-kind contributions, and other forms of support would be detailed in a Multi-Year Agreement ("MYA") between the VSS and the City for the years 2019/20 through 2022/23.

#### *How a Multi-Year Agreement Would Work*

A Multi-Year Agreement would provide the VSS with a series of commitments and conditions from the City to the VSS in relation to future grant funding recommendations, costs of theatre use, and other related details, over multiple seasons. The intent is to provide the VSS with insight into the City's intentions with regard to future year's funding and costs so that the VSS can plan its service levels (programming) with a greater understanding of anticipated revenues.

Such an agreement would mean that the VSS's funding through the MYA would be prioritized should there be some unexpected reduction in the Cultural Services grants budget.

#### *Value of the Multi-Year Grant: The TRG and Operational Grant*

Based on the analysis of the initial TRG application for the 2019/20 season plus an application for support for the general programming and operations for the years 2020/21, 2021/22, and 2022/23, staff recommend a total grant of \$1,295,900 to contribute to the programming taking place at the VCT each season, plus a grant of \$65,000 to support general programming and operations for term of the MYA.

In addition, as a high profile and high frequency user of the civic theatres (65% of VSS's annual programming takes place at VCT, and 57% of the total annual bookings at the Orpheum), staff also recommend that a reduction off the Full Day and Half Day Single Performance rental rates

at the Orpheum be approved (as specifically laid out in the Theatre Licence Agreement between the VSS and VCT).

Given the success of the inaugural “Day of Music” in celebration of the VSS’ 100<sup>th</sup> season, an in-kind grant of \$21,759 would enable VCT to co-present this event with the VSS at the Orpheum, and an in-kind grant of \$6,519 will be provided for co-presentation at the Annex in 2020, 2021, and 2022.

The total support outlined above will allow for a more holistic multi-year funding agreement which allows for a more efficient, sustainable and predictable agreement between the VSS and the City of Vancouver moving forward.

### **Financial**

#### *Analysis for base level grant for use of the VCT*

The 2019 TRG budget is \$2,772,851 and the 2019 allocation is summarized in Table 1. In September 2018 (RTS 12719), Council approved grants in advance of the 2019 approved budget, totalling \$1,749,055 for Spring 2019 events. Council approved in advance of the 2019 budget, supplemental grants totalling \$31,249 for Spring 2019 events. As of August 31, 2019, 14 grantees cancelled or underused their Spring 2019 approved grants, allowing \$102,750 for reallocation. On May 29, 2019 (RTS 12914), Council approved grants totalling \$591,620 for Fall 2019 events. As of November 30, 2019, 6 grantees cancelled or underused their Fall 2019 approved grants, allowing \$22,230 for reallocation. With those approvals and factors considered, the total available for allocation is \$479,760 for events from Sept. 1–Dec. 31, 2019.

**Table 1 – Summary of 2019 Theatre Rental Grants (TRG) Allocations**

2019 TRG portion of the Cultural Grants Budget	2,772,851
2019 TRG (Jan. – Aug.) allocated May 2018 (RTS 12154)	(1,749,055)
2019 Supplemental TRG (Jan. – Aug.) one- time allocation Sept. 2018 (RTS 12719) to align with Creative City Strategy early findings	(31,249)
2019 TRG Spring 2019 cancellations or underuses available for reallocation	102,750
2019 TRG (Sept.-Dec.) allocated May 2019 (RTS 12914)	(591,620)
<b>Remaining 2019 TRG funding available for allocation</b>	<b>503,677</b>
2019 TRG Fall 2019 cancellations or underuses available for reallocation	22,230
2019 VSS cash grant recommendation in this report (Sept.-Dec.)	(479,760)
<b>Remaining 2019 TRG balance after VSS allocation</b>	<b>46,147</b>

Staff, therefore recommend a cash grant totalling \$479,760 to the VSS for events from September 1 - December 31, 2019. The source of funds is the 2019 TRG budget.

On May 29, 2019 (RTS 12914), Council approved grants to 53 organizations for VCT uses from January 1-August 31, 2020 totalling \$967,590 in advance of Council’s approval of the 2020 operating budget. Source of Fund is the 2020 Cultural serves Grant Budget – TRG. These

grants are summarized in Table 2. Should the 2020 TRG budget remain the same as 2019 at \$2,772,851, a balance of \$1,805,261 would remain for allocation. This balance does not include any potential re-allocations from the Approved Spring 2020 grants due to cancellations or underuses.

**Table 2 – Summary of 2020 Theatre Rental Grants (TRG) projected allocations**

2020 TRG portion of the Cultural Grants Budget (projected same as 2019)	2,772,851
2020 TRG (Jan.-Aug.) allocated May 2019 (RTS 12914)	(967,590)
<b>2020 total estimated TRG budget remaining</b>	<b>1,805,261</b>
2020 VSS cash grant recommendation in this report (Jan.-Aug.)	(816,140)
<b>2020 TOTAL Estimated TRG BUDGET AVAILABLE FOR ALLOCATION Sept. 1 - Dec. 31, 2020</b>	<b>989,121</b>

Staff, therefore recommend a cash grant totalling \$816,140 to the VSS for events from January 1 - August 31, 2020, with an estimated balance of \$989,121 remaining for allocation to other performing arts in 2020 year.

*Analysis for base level grant for ongoing programs and operations*

Staff reviewed the VSS' Cultural Operating Grant application. The review considers the VSS' contribution to its artistic discipline and to a diverse creative local sector, support of artists and access for a diverse public, the leadership they provide to a wide range of artists, audiences and creative sector, and capacity to sustain ongoing operations. With those considerations, staff recommend a grant of \$65,000 to contribute to ongoing programs and operations annually for the term of the MYA, conditional upon annual interim reports, executing Theatre Licence Agreements, being in good standing with the City of Vancouver, and Council approval of annual Operating budgets.

*Annual Inflation*

The recommended MYA also includes a provision for up to 2% inflation each year, subject to Council's approval of an inflationary increase on the overall Cultural Services grants budget. This dependency is important to ensure that sufficient funds remain in the Cultural Services grants budget to fund the many other cultural organizations supported by Cultural grants. If this inflation is committed irrespective of the same factor on the overall budget, then if there is a year that Council decides to not add inflation to the grants budget, support to other organizations will be reduced. Given the mean grant to cultural grant recipients is between \$25,000- and \$30,000, the 2% inflationary increase for the VSO is approximately the same as the total level of support for many other organizations.

Because this 2% increase will be conditional, it will be recommended to the VSS to consider the inflationary increase of 2% as unconfirmed and to plan flexibility in their expenses accordingly.

**CONCLUSION**

The VSS is an established pillar cultural organization in the City and prime performer in the VCT's venues attracting over 250,000 attendees each season and with an increasing program

of free public performances. In recognition of the quality, impact, and scope of programs and services offered to artists, staff and the general public by the VSS, staff recommend a MYA that combines the many ways in which the City supports the VSS to enable the VSS greater flexibility over and insight into intended City support.

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**Multi-year Grant Agreement for the VSS**

<b>Year</b>	<b>For use of VCT Jan. – Aug.</b>	<b>For use of VCT Sept. – Dec.</b>	<b>Programs and Operations</b>	<b>In-kind*</b>	<b>Total Grant Rec.</b>
2019		\$479,760			\$479,760
2020	\$816,140	\$479,760	\$65,000	\$28,278	\$1,389,178
2021	\$816,140	\$479,760	\$65,000	\$28,278	\$1,389,178
2022	\$816,140	\$479,760	\$65,000	\$28,278	\$1,389,178
2023	\$816,140				\$816,140
	\$3,264,560	\$1,919,040	\$195,000	\$84,834	\$5,463,434

\*In-kind includes \$21,759 for use of Orpheum, \$6,519 for use of Annex for the VSO Day of Music for years 2020-2022.

\*\*Above does not include the reduction of \$950 off Full Day and Half Day Single Performance Rental Rates.

\*\*\* Above does not include conditional 2% annual inflation.