



CITY OF VANCOUVER

IN CAMERA

ADMINISTRATIVE REPORT

Report Date: March 28, 2011
Contact: David McLellan
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RTS No.: 9149
VanRIMS No.: 08-2000-21
Meeting Date: April 5, 2011

TO: Vancouver City Council

FROM: David McLellan, General Manager, Community Services Group

SUBJECT: Emergency Grant to the Vancouver Playhouse Theatre Company

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 [*disclosure harmful to business interests of a third party*] of the *Freedom of Information and Protection of Privacy Act*.

RECOMMENDATION

- A. THAT Council approve a one-time emergency grant of \$100,000 to the Vancouver Playhouse Theatre Company; source of funds to be Contingency Reserve.
- B. THAT staff report back to Council on the results of a consultant report on an Operational Plan and Financial Strategy for the Vancouver Playhouse Theatre Company.
- C. THAT the Vancouver Playhouse Board of Directors demonstrate that the society's financial situation has stabilized by providing to the City an implementation plan or appropriate restructuring plans by September 30, 2011.

Approval of grant recommendations requires eight affirmative votes.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of recommendations A, B and C.

COUNCIL POLICY

City Council established the annual civic grant programs, including Cultural Grants, in March 1978. The current Operating and Project Grant categories were approved on December 14, 1989.

Pursuant to the June 26, 2008 report Culture Plan Implementation Phase One - Review of Grant Programs (RTS# 07236), Council adopted a new policy framework for the City's Cultural Grants and Support Programs, which initiated the first phase of an implementation plan to realign programs with the City's strategic cultural priorities and streamline programs and administration.

Approval of grant recommendations requires eight affirmative votes.

PURPOSE

The purpose of this report is to seek Council's approval for a one-time emergency grant of \$100,000 to the Vancouver Playhouse Theatre Company in order to allow the company to continue operations.

BACKGROUND

The Vancouver Playhouse Theatre Company has been interconnected with the City of Vancouver for more than 48 years and is the resident company of the City owned Playhouse Theatre with more than 200 uses per year. It is designated as one of Canada's 14 major regional theatres by the Canada Council.

Their mandate, as it has evolved with the region's cultural needs, is to be a vital cultural leader in the theatre ecology, describing and shaping our community's perspectives by engaging a wider audience in significant theatre experiences. Their repertoire is contemporary and classic, Canadian and international, reaching deep into our community, across our country and beyond.

Today, it is among the largest performing arts producers in Vancouver including such peers as the Ballet, Symphony, Opera, and Arts Club Theatre. The Playhouse does not own its own facility nor control its performance space. This situation is unique amongst national peers and is not the industry practice for other Canadian regional theatres.

In 2006 City Council approved a lease for the Cultural Amenity Space at 102-160 West 1st Ave (Wall Centre) for the Vancouver Playhouse Theatre Company. In 2008, the Wall Centre development was delayed due to an uncertain economy and the 2010 Winter Games. Currently, commencement of construction is imminent.

In December 2009, the City prepared a letter of understanding with the Playhouse to give the company suitable primary residency status within the civic Playhouse Theatre building. The letter has allowed the three-year pilot residency with the Civic Theatres to move forward.

In early 2010, Council approved, in camera, an emergency one time grant of \$100,000 based on a recommendation by the Cultural Grants Assessment Committee. The Committee had expressed strong support for the strategic leadership of the company's Artistic Managing Director, but expressed serious reservations about the unsustainable organizational structure in which the Artistic Managing Director, as the sole senior staff, must head considerable change management. The City's 2010 grant leveraged additional support from board members and private donors, and enabled an advance on the company's Canada Council's grant. Unfortunately however, similar to most arts organizations in British Columbia, the Playhouse experienced cuts in provincial funding from the British Columbia Arts Council.

On March 17, 2011 City Council approved a 2011 \$501,080 Theatre Rental Grant for the Vancouver Playhouse Theatre Company. The Playhouse's request of \$100,000 for a 2011 Operating Grant had been reviewed by an Assessment Committee, however the committee did not recommend that the request be funded.

The committee noted that a first-time Operating grant is not appropriate stream of support for s. 21 [REDACTED]. The committee commended the Artistic Managing Director for his role in revitalizing the board of directors and noted the significant achievement of exceeding box office targets in the 2009/2010 season. The Committee further commended the Artistic Managing Director for spear-heading the transition for the company's residency status over the past year and for developing and implementing meaningful new community collaborations and partnerships within the local theatre ecology.

A 2011 artistic residency grant request by the Playhouse that would highlight aboriginal and diverse artists was viewed by the Assessment Committee as highly compelling, but given the serious financial concerns a grant was not recommended.

This month the City expanded its support of the VPTC by providing free office space at the Civic Theatres valued at \$20,000 per year.

On March 22, 2011, the City Manager authorized emergency funding to the Vancouver Playhouse Theatre Company subject to approval by Council when it reconvenes in early April. Should Council not approve the grant, the Playhouse will be required to repay the \$100,000 advanced emergency funds.

Discussion

The Vancouver Playhouse Theatre Company (VPTC) has been experiencing financial difficulties over the past several years due to a combination of the factors noted above as well as the introduction of the HST and the overall economic downturn. The VPTC is now experiencing s. 21 [REDACTED]

[REDACTED] (The VPTC announced its 2011/2012 season on March 23, 2011.) s. 21 [REDACTED]

s. 21

[REDACTED] which directly rely upon the VPTC's production capabilities.

Beyond this interim funding support of \$100,000, the VPTC will require additional cash support (currently estimated in the order of \$500,000 but to be confirmed by the operational and financial audit underway through a process instituted by the City of Vancouver) over the next two years, as well as additional in-kind support, before the organization will be able to operate in a fully self-sustaining capacity.

Among the critical challenges facing the company is the cost of maintaining a 25,000 square foot temporary production centre that is used by the Playhouse and multiple other companies for sets, costumes, props and rehearsal. In 2006, when the Playhouse was selected as the City's lessee for the Wall Centre amenity space, the expectation by the Playhouse Board was that a temporary production facility would be developed and rented until the new space would become available in 2009. The currently leased space required substantial capital investment and is costly (s. 21 [REDACTED]). The Board's expectation was that the temporary costs would be financed as part of the capital fundraising for the build-out of the new space at the Wall Centre. They also expected that there would be no common area expenses and the organization would be responsible for Hydro and utilities only. Rent would be nominal.

s. 21

[REDACTED]

Because the VPTC is an integral part of the operations of both the City of Vancouver Civic Theatres as well as an integral part of the overall cultural community and economy, the City is undertaking a comprehensive review of their operations and business model in order to ensure the long-term viability of the organization. A consultant has been retained for this purpose and the results of this review will be part of the report-back to Council later this year.

In addition, staff propose that the Vancouver Playhouse Theatre Company's Board of Directors be asked to demonstrate that the society's financial situation has stabilized by providing to the City an implementation plan or appropriate restructuring plans by September 30, 2011.

FINANCIAL IMPLICATIONS

s. 21

This report requests Council approval of \$100,000 emergency grant for the Vancouver Playhouse Theatre Company source of funds to be Contingency reserve.

This funding will provide the Playhouse with cash flow that will enable the receipt of additional donations to complete the 2010/2011 season.

Should Council not approve the grant, the Playhouse will be required to repay the \$100,000 advanced emergency funds.

CONCLUSION

Approval of this recommendation is vital to provide time-critical support to the Vancouver Playhouse Theatre Company in order to ensure its ongoing operations and preserve its place as a leading organization in Vancouver's cultural landscape.

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