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To: ["Direct to Mayor and Council - DL"](#)
CC: ["City Manager's Correspondence Group - DL"](#)
["Singh, Sandra" <Sandra.Singh@vancouver.ca>](mailto:Sandra.Singh@vancouver.ca)
Date: 2/23/2021 4:34:53 PM
Subject: Memo: VCT Board Motion to Council at November 19, 2020 meeting
Attachments: ACCS - GM - Memo (Council) - VCT Advisory Board Motion (2021-02-23).pdf

Dear Mayor and Council,

Please see the attached memo from Sandra Singh regarding the November 19, 2020 Motion by the Vancouver Civic Theatres (VCT) (Advisory) Board. Key points of information in the memo include:

- Description of the VCT Board Motion for Council consideration;
- Discussion of the impacts of COVID-19 on VCT and planned actions in response to the pandemic;
- A brief overview of VCT's operational business model, including rental and service rates, staffing levels, decision making processes, and regular clients; and
- Staff recommendations in response to the VCT Board recommendations to Council as proposed in the Motion.

Staff will share this assessment with the VCT Board at its next meeting.

If you have any questions, contact Sandra Singh at sandra.singh@vancouver.ca and she will ensure the questions are answered through the weekly query process.

Best,
Paul

Paul Mochrie (he/him)
Acting City Manager
City of Vancouver
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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməŋəm (Musqueam), ləwəw 7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.

MEMORANDUM

February 23, 2021

TO: Mayor and Council

CC: Paul Mochrie, Acting City Manager
Karen Levitt, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Director, Civic Engagement and Communications
Rosemary Hagiwara, Acting City Clerk
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Natalie Lue, Director, Vancouver Civic Theatres

FROM: Sandra Singh
General Manager, Arts, Culture & Community Services

SUBJECT: Proposed Motion to Council by VCT (Advisory) Board at November 19, 2020 meeting

PURPOSE

The purpose of this memo is to provide comments, analysis, and recommendations prepared by staff in response to the Council Motion proposed by the VCT Advisory Board Committee

BACKGROUND

At its November 19, 2020 meeting, the VCT (Advisory) Board passed the following motion for Council consideration:

WHEREAS

The COVID-19 crisis has had a significant impact to the operation of the Vancouver Civic Theatres (VCT) and current Provincial Health Orders have a major effect on the types of activities that can take place in VCT facilities. The Vancouver Civic Theatres Board would like to provide VCT management the flexibility to work with producers and organizers to use the facilities for events and projects that may be different in type, size, scope and/or duration than projects usually taking place at the VCT venues.

THEREFORE BE IT RESOLVED THAT the Vancouver Civic Theatres Board, in its capacity as advisors to Council and as representatives of the arts and culture community, recommend that Council direct City staff to implement the following new temporary policy:

"At the discretion of the Vancouver Civic Theatres (VCT) Director, VCT staff may be flexible with rental rates, service rates, and staffing levels that differ from the current Council-approved VCT rental rates and provisions for the temporary nine-month period commencing December 1, 2020, through September 1, 2021, for any event, film shoot, or project taking place at any of the VCT venues. These special arrangements must include at a minimum, complete cost recovery for related event/project specific costs and staff, and must be for events and projects that have significant positive impact for Vancouver's cultural community, the local neighbourhoods surrounding the VCT facilities, and/or Vancouver's film and television industry."

DISCUSSION

COVID Impacts on Civic Theatres

The COVID -19 pandemic initially forced the closure of the four civic theatres in March 2020 and resulted in the temporary layoff of the majority of staff (approximately 170).

As a unique self-sustaining entity of the City, the VCT was required to present a Restart Plan for approval by the Business Planning Oversight Committee (BPOC) that not only showed community benefit but also proposed innovative uses that would not negatively impact the budget further (i.e. breakeven) as it was forecast that the City would have to absorb the VCT loss for 2020 (and subsequently 2021) at approximately \$4M each year. As a civic operation, the VCT is not eligible for provincial or federal pandemic relief funding.

Reopening the theatres required the development of significant safety plans, revised operating procedures, and efforts to minimize risk for all involved in order to bring back necessary staff and ultimately audiences into the theatres, albeit at prevailing mass gathering capacity limits as outlined in the Provincial Health Officer (PHO) orders. The VCT presented a three phase Restart Plan and received permission to proceed with Phase I – activating and staffing the Orpheum and Annex theatres for activities without a live audience.

These restrictions posed onerous challenges not only for the VCT but also for our full range of rental clients; from small emerging not-for-profit artist collectives to commercial producers and presenters. Without subsidy, most of these groups would not be able to keep their organizations in operation much less rent the theatres. And so Council's approval to maintain the Theatre Rental Grant, and to establish the COVID-19 Cultural Impact Critical Assistance (CICA) grant program enabled arts and culture groups to return to the VCT.

Rental and Service Rates

VCT rental and service rates are approved by Council.

On July 9, 2019, Council approved a three-year rate card for the theatres for September 1, 2019 to August 31, 2023 with a cost of living increase of 2% year over year. The rates recommended by staff are required to cover the fixed and staffing costs associated with the rental of the venue(s).

Given the size and operating model of the venues, the VCT also attempts to be competitive in the market by providing some flexibility within the standard commercial and not-for-profit theatre rental rates to include rehearsals with audience rates, technical day rates, half day rates, etc. The current rates already meet the requirements of this motion that “these special arrangements must include at a minimum, complete cost recovery for related event/project specific costs and staff; prioritizing events and projects that have significant positive impact for Vancouver's cultural community, the local neighbourhoods surrounding the VCT facilities, and/or Vancouver's film and television industry”.

The Council-approved VCT Rental Rates for the 2021-2022 season are currently in use by TRG, CICA and other not for profit groups who have built their budgets (as has the VCT) based on these rates. In creating any new rates we could not undercut these not for profit rates which are already hovering at break even.

Staffing Levels

The VCT operating model is subject to the Collective Agreements between the City and CUPE15 and Local 118 of IATSE.

Delegated Authority

At present, the only delegated authority held by the Director, VCT is for the implementation and awarding of funds of the VCT Grant from within the VCT Operating Budget (which is approved by Council through the City's annual budget process). The City's legal counsel, however, confirmed that Council cannot delegate to staff the authority to make grants. As with all of our grant programs, each individual grant must be approved by two thirds of Council. Negotiation of below-market rates or rates lower than what has already been approved by Council would be considered a grant.

Current Rental Clients

- **Commercial producers and presenters** are significant clients of the Queen Elizabeth Theatre (QET) and Orpheum (in that order) and are currently unable and unwilling to rent the theatres until we returned to full seating capacity operations and international travel bans are lifted.
- **Film & Television productions** book the venues for location shoots working to their schedule and the VCT venue availability. Location filming, while potentially lucrative rentals, operates on a shorter more immediate booking timeline.
- **Theatre Rental Grant (TRG)**, and now the **COVID-19 Cultural Impact Critical Assistance (CICA)** grant, clients are not-for-profit arts organizations receiving in-kind funding to present in our civic theatres. Their applications and the grants awarded are

based on prevailing VCT rental rates, however, with the approval of the TRG program for Fall 2020 by Council, the VCT was given the flexibility to include spaces and event expenses not previously covered by the TRG grant program. The current TRG rates and revised applicable expenses have resulted in a steady utilization of the Annex and Orpheum until the end of 2020 with increased interest in 2021 and beyond subject to prevailing PHO orders.

Financial Implications

The VCT 2021 budget provides rationale and reasonableness for Finance to support the City's contribution of approximately \$4M to the VCT 2021 budget due to the Covid-19 related closures and health & safety restrictions placed on the theatres that continue from 2020.

The annual rental rate increase of 2% is factored into the 2021 budget and is predicated on the same level of increase in the TRG grant envelop in order to not negatively impact the TRG groups. But as the hardest hit business sector, the arts community will take longer to recover operationally from the financial impact of the pandemic so we will see fewer TRG bookings in 2021 and a slow return of commercial producers/presenters if PHO orders continue to restrict the number of patrons permitted in the theatres. It will take some time to return to pre-pandemic levels.

Planned Actions

VCT has recently received approval for the recall of an additional Booking & Events Coordinator to maximize and facilitate the number of bookings in the theatres. Awareness of our accommodating, film-friendly reputation and attractive spaces is high within the Film/TV community through our networking with stakeholders such as Creative BC and our long term relationships with location managers.

VCT has developed stringent OH&S-approved safety plans and is working towards Phase II of the VCT Restart Plans (currently activation of the Vancouver Playhouse (Playhouse) and QET without audiences) as early as the first quarter of 2021 with the eventual addition of audience services when PHO orders permit audiences back into theatres.

VCT's measured approach to re-opening its facilities underscores our goal to ensure the health and safety of everyone involved. Assessments of potential bookings include rigorous discussions about safety and contingency.

Within these operating procedures, the VCT continues to increase recovery efforts by seeking out and engaging in reasonably low risk but potentially high yield opportunities to fill gaps in the booking schedule, attract completely new rental clients, and contribute to the VCT's return to previous self-sustaining levels as soon as possible.

FINAL REMARKS

The original impetus for the Motion was to incentivize and drive potential commercial business (given that our not for profit arts and culture groups have access to the TRG and CICA grant) in order to reopen the QET and Playhouse. Under the current PHO orders, we have not seen any viable interest because we have not been able to bring audiences back into the theatres.

Approval for the Director, VCT to have some discretionary ability, and the delegated authority, to negotiate and approve new and different rental opportunities as presented in the Council Motion proposed by the VCT Advisory Board Committee is a proactive move to return to pre-pandemic bookings and revenue generating levels. Based on legal counsel, however, in order to implement below-market rates or rates lower than what has already been approved by Council, staff must obtain Council approval for these rates.

Staff, therefore, recommend that the existing VCT Rental Rates for 2021-2022 be maintained, and that the rental rates and structure be reviewed and revised to include rates for exceptional circumstances for submission to Council for approval as part of the budget process for the 2022-2023 season and beyond.

If Council has any further questions or needs additional information, please feel free to contact Sandra Singh directly at sandra.singh@vancouver.ca.

A handwritten signature in black ink, appearing to read "Sandra Singh". The signature is fluid and cursive, with the first name "Sandra" and the last name "Singh" clearly distinguishable.

Sandra Singh, General Manager
Arts, Culture, and Community Services

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