
CONFIDENTIAL MEMORANDUM

March 9, 2012

TO: Mayor and Council

CC: Corporate Management Team, Wendy Stewart, Richard Newirth

FROM: Penny Ballem
City Manager

SUBJECT: Playhouse Theatre Company

Dear Mayor and Council:

I am writing to let you know that this afternoon, the Board of Directors of the Vancouver Playhouse Theatre Company will announce the closure of the organisation at a press conference at 2 pm.

The Playhouse has been our resident theatre for decades. It has a long history of financial and sustainability troubles which were well documented in our reports to Council in 2011 (see attached). In 2007, Max Reimer, one of the most experienced and successful executive directors in the country was recruited to address the issues and move the theatre to a sustainable operating plan. In 2011, the Theatre came to the city citing critical cash flow issues related to their historical issues, the rigidity of the residency model and the general economic environment.

After much discussion, and acknowledging the key role played by the Playhouse in supporting our cultural sector as well as the significant funding challenges broadly faced the whole arts community, Council approved a package to infuse substantial financial resources into the institution in the form of a cash grant (approximately \$500,000) and forgiveness of an outstanding debt to Vancouver Civic Theatres of \$426,000. The City also committed to an annual operating grant of \$150,000 in addition to the theatre rental grant for ongoing support.

In order to address some of the structural issues related to the Civic Theatre model, the city and the Playhouse have worked over the last 2 years on revising the residency arrangement with the Civic Theatres to provide the organization with greater use of the Playhouse facility

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at no increased cost. The City also put in place a team of finance staff, cultural services staff and an experienced consultant, Kathleen Speakman, to assist the Playhouse with their 3 year plan. All of the above were part of a multi-pronged effort to allow the Playhouse to become sustainable over the long term. At the time of the Council decision, clear direction was given to staff that there would be no more resources available for the Playhouse and the company was appreciative and cognizant of Council's significant efforts on their behalf.

The City, provincial and federal arts agencies, the private sector, local not-for-profit arts groups and many other partners have worked very hard, particularly over the last year, to support the Playhouse and their efforts to establish a sustainable operational model. A combination of factors has contributed to the Board's decision to cease operations and staff concurs with this decision.

While attendance has stayed relatively stable over the past 10 years, subscriptions, which provide the financial certainty and equity for an arts organization, have decreased by approximately 50%, from a high of 8,000 to 4,500 in the current season. The accumulated debt a year ago was approximately \$1,000,000. While the current debt has been reduced to \$600,000, there are no resources to make up this gap. The Playhouse is out of cash.

From all the work done by our team over the past year, it is clear that the Playhouse would need an additional infusion of at least \$500,000 per year on an ongoing basis (along with clearance of their current deficit) to become viable and sustainable. The mandate of the organization as determined by the senior government's art's councils is to be a producing theatre company and any deviation from this mandate would jeopardise funding from both the Canada Council for the Arts and BC Arts Council, thereby exacerbating the financial challenges currently faced by the Playhouse.

Unfortunately, the marketplace niche for the work of the Playhouse, while of importance in our cultural sector, is suffering and their share of the public's attendance and financial support has diminished over the years. The current economic environment is also challenging for both donors and while the Playhouse has maintained 20% corporate support for their operating budget, expanding that to meet the ongoing structural needs has not been possible.

The Playhouse has also served a major role in the theatre community's 'ecosystem' (both in Vancouver and provincially) by its employment in the artistic community and its production capacities as well as by nurturing the development of nascent talent that has gone on to feed the professional work of many other arts organizations.

In terms of the actions necessary by the City in regard to this significant change, I can advise you that the following work is underway:

- The Civic Theatres has been preparing for this possibility and is already working hard to schedule additional productions from the community performing arts groups, touring groups as well as other non arts events to ensure use of the facility and an ongoing cultural offering to our public.
- The City will be working with principals in the Playhouse and other senior members of the performing arts community to ensure the activities of the Playhouse in the broader cultural eco-system (outreach, training, employment opportunities in technical, back-of-house activities) are sustained to the greatest extent possible by the broader performing arts community.

- The ongoing work in the City, at the direction of Council, to enable the acquiring of production space will be even more critical and will continue to be a priority for staff.
- The city has a review of the Civic Theatre model underway, with Kathleen Speakman as our consultant. This will ensure the lessons learned from the Playhouse experiences working as a resident theatre will be integrated into our thinking. The target date for completion and review with Council is September 2012.
- There are relatively small impacts on City Civic Theatres staff and HR is working with Civic Theatres and the relevant unions for our staff to ensure they are informed and appropriate action is taken.

The Playhouse deserves our thanks for the original and creative productions they provided, the many decades of opportunities those productions gave to performers, technical staff and theatre personnel, and the role the Playhouse played in Vancouver's larger arts community, where they helped to create an environment of support, learning and growth.

The City will work with the Playhouse and other funders to support an orderly closure of the theatre company and to develop a plan going forward for how to fill any gaps created in the cultural community. In addition, the current business review and strategic plan for the Civic Theatres will inform how we move forward and best maximise the utilization, value, and impact of our cultural facilities in the coming years.

Penny Ballem
City Manager

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PB/



CITY OF VANCOUVER

IN CAMERA

ADMINISTRATIVE REPORT

Report Date: March 28, 2011
Contact: David McLellan
Contact No.: 604.871.6939
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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ADMINISTRATIVE REPORT

Report Date: June 10, 2011
Contact: Richard Newirth
Contact No.: 604.871.6455
RTS No.: 9244
VanRIMS No.: 08-2000-21
Meeting Date: June 14, 2011

TO: Vancouver City Council
FROM: Managing Director of Cultural Services
SUBJECT: Immediate Financial Support for Key Cultural Organizations

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.

RECOMMENDATIONS

- A. THAT Council approve the following for the Museum of Vancouver (MOV):
 - i. \$84,750 as final payment of the Museum's 2011 Operating Grant to be paid immediately (originally scheduled for October 2011);
 - ii. Cash advance of \$300,000 of which \$110,500 is to be paid immediately and \$189,500 to be paid October 1, 2011. Source of funds to be the Cultural Precinct Reserve.
- B. THAT Council approve the following for the Vancouver Playhouse Theatre Company (VPTC):
 - i. Extend the waiver of rent for the use of offices at the Civic Theatres for the VPTC from April 15, 2012 until March 2014 (valued at \$20,000 per year);
 - ii. Direct City staff to assist the VPTC to secure additional space for a call centre (6-12 workstations), fundraising and Wine Festival offices (4-6 offices) by August 1, 2011 and a 3,000 square foot wardrobe shop by December 2011, for nominal rent;

- iii. Approve additional use of the Civic Theatre Playhouse facility for 2011, for use beyond the Theatre Rental Grant of \$501,080 approved by Council in 2011. The source of funds for the additional costs to Civic Theatres, for 2011 only, to be the Cultural Precinct Reserve. Source and mechanisms for funding for expanded use of the Civic Theatres by VPTC, beyond 2011, to be determined at a future date in the context of the Civic Theatres' Strategic Planning;
 - iv. Forgive the existing debt of \$426,888 currently owed to the City of Vancouver by the VPTC;
 - v. Provide an emergency one time only grant of up to \$400,000 for the VPTC. Source of funds to be the Cultural Precinct Reserve; to be paid in 2011 when required and approved by the Director of Finance;
 - vi. Approve an Operating Grant for the VPTC in 2012 and beyond, in the amount of \$150,000 annually. Source of funds to be determined as part of 2012 Operating Budget process;
 - vii. Direct staff to retain a consultant to work with the VPTC Artistic Managing Director and the Board of Directors to develop a viable operating plan and financial strategy for submittal to and approval by Council no later than November 30, 2011.
- C. THAT Council require, as a condition of this funding, that both the VPTC and the Museum of Vancouver be required to submit quarterly reports to the City on its financial position, including cash flow statements, revenues, projected year end financial status, etc.
- D. THAT Council direct staff to convene an advisory committee to consider and make recommendations for support to major cultural institutions by the end of September 2011.

Recommendations A and B authorizing grants require eight affirmative votes for approval.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of A through D.

CITY MANAGER'S COMMENTS

This report outlines a serious situation in terms of financial viability for 2 of the City's major cultural institutions. There are multiple drivers which have created the situation described for both the Museum of Vancouver and the Vancouver Playhouse Theatre. There are a number of longstanding historical issues which were then complicated by the collapse of the economy in 2008 with the resultant decrease in philanthropic giving, reduced provincial government funding for the Arts, and diminished public attendance. These were further compounded by the intense competition for sponsorship dollars during the pre and post 2010 Winter Games. Staff have done a significant amount of work to understand the risks and benefits of the city stepping in and creating a financial bridge for these two key organizations. Discussions have been held in confidence with key leaders in the broader cultural community to ascertain support for the city taking the steps outlined in the recommendations. Staff have developed a plan for ongoing review and oversight of progress toward financial and programmatic sustainability for these institutions. Finally, it is clear that our granting programs and overall

approach to the cultural sector is lacking a strategy to ensure that our major institutions are able to be successful in the current environment. These institutions are the core platform for our arts and cultural sector in the city of Vancouver - their success is crucial to the overall success of smaller organizations in the sector. This gap in our cultural plan will also be addressed as outlined below.

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.

In 1989, Council approved a provision for advance grants to nonprofits that receive ongoing Cultural Operating Grants from the City. City operating grants for the five major exhibiting institutions (which include the Museum of Vancouver) are distributed throughout the year in instalments with the first payment provided as an advance in January, prior to the completion of the grant assessment review process.

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 priorities and streamline programs and administration.

Approval of grant recommendations requires eight affirmative votes.

PURPOSE

The purpose of this report is twofold:

1. To seek Council's approval to provide support to the Museum of Vancouver to assist the organization in addressing a severe short term cash flow situation; AND,
2. To seek Council approval of an emergency grant to the Vancouver Playhouse Theatre Company as well as additional financial and operational arrangements to ensure the ongoing operations and viability of the company.

BACKGROUND and DISCUSSION

Museum of Vancouver

s. 21

[REDACTED] in addition
establish an endowment with the proceeds for long term sustainability of the Museum, on February 17, 2011, Council approved in camera an early advance grant of \$300,000 to the Museum (RTS#09067).

s. 21



s. 21



this report recommends action through a number of steps designed to allow the institution to pay off its accrued deficit and continue on a financially sustainable path.

s. 21 this report recommends immediate payment on the Museum’s final 2011 Operating Grant instalment of \$84,750. In addition, to make up for the cash shortfall, the Museum is requesting Council consider a cash advance of \$300,000 to be advanced to the Museum in 2011, to be “repaid” in mid 2012 through a reduced cultural grant s. 21. Staff recommend advancing the cash in two payments, source of funds to be the Cultural Precinct Reserve, as detailed in the Table 1.

Table 1 - MOV Funding

Amount (\$)	Date	Purpose	Funding Source
373,250	Already paid in installments	2011 Grant (total grant = \$ 758K)	2011 Cultural Grants Budget
300,000	Paid Feb 2011	Advance 2011 Grant	2011 Cultural Grants Budget
MOV Funding Proposed in this report:			
84,750	Pay immediately vs October 2011	Final Instalment 2011 Grant	2011 Cultural Grants Budget
110,500	Pay immediately	One time payment	Cultural Precinct Reserve; to be repaid in 2012
189,500	Pay October 2011	One time payment	Cultural Precinct Reserve; to be repaid in 2012

s. 12(3)(b) and s. 21

Vancouver Playhouse Theatre Company

s. 21

In December 2009, the City signed a letter of understanding that provided a three year pilot arrangement with the Vancouver Playhouse Theatre Company to have residency terms in the civically owned Playhouse Theatre. This initiative was designed to provide some relief from the significant constraints imposed on the Playhouse as a resident theatre in the city's facility through an operating model which has been in place through Vancouver Civic Theatres for the last 50 years. Unfortunately, progress has been slow in formalizing the residency arrangement - however, there is now enhanced flexibility available to the Playhouse to enable their ongoing success. These changes include: more autonomy for scheduling of programming, expanded Theatre Rental Grant eligibility, the ability for the Playhouse to utilize the box office, access to recently available office space within the facility, access to salons and the recital hall in the basement. These changes will assist in the future and are critical to the Playhouse Theatres ongoing survival.

In April 2010, Council approved in camera a one-time transitional grant of \$100,000 (RTS# 08599) to the VPTC. Subsequent to that, the VPTC applied for a 2011 Operating Grant. Under city policy, the VPTC had never been eligible for an annual operating grant; in 2011, their application was denied by the peer review process, s. 21

In addition, the Playhouse applied for a grant from Vancouver 125 and was not successful. Thus on April 5, 2011, Council approved in camera (RTS #09149), an emergency grant of \$100,000 to the VPTC s. 21 while staff undertook an urgent review of the situation.

On April 21, 2011, Council received a detailed briefing in camera, advising as to the continued financial challenges faced by the VPTC as well as other cultural organizations. Staff also presented the VPTC's request for additional support which is outlined below.

Over the last 3 months there has been significant effort by staff and other partners to assist in stabilizing the situation for the VPTC and to enable ultimate success. Key foundational elements have been established as fundamental to the chance of future success and sustainability for the Playhouse. These include:

- The Playhouse has a very experienced director in Max Reimer and his leadership will be key to the success of the creative programming and the theatre as a whole:
 - s. 21 [REDACTED] this is the second year in a row to show positive trending in subscription sales.
 - The 2011/2012 season announced by the Playhouse shows substantially increased programmatic activity including collaborations with many other local theatre organizations, readings and other activities to be held in the rehearsal hall, and a theatre for young audiences program.
 - In discussions with leaders in the cultural sector there is broad agreement that Reimer is a strong leader and has broad support in the sector as someone who will be key to success with the appropriate supportive conditions.
- A clear understanding that the Playhouse must have a production and wardrobe facility in order to be sustainable:
 - This space needs to be affordable at a notional rent with industrial space level operating costs; over the longer term, the city will likely have to assist with long term arrangements.
 - s. 21 [REDACTED]
 - A production facility distinguishes the Playhouse from most other performing arts organizations. Remaining a producing theatre company is required for ongoing funding by Canada Council and BC Arts Council.
- The arrangement with Vancouver Civic Theatres needs to be reviewed as discussed above:
 - There is significant movement on this front and the pending strategic review of Vancouver Civic Theatre's operating model will further support this.
- The Playhouse requires operating grant support in addition to notional rent for use of the Playhouse Theatre facilities:
 - Comparative review of other resident theatres across Canada indicate that the current arrangement with the Playhouse is unique in the absence of an annual operating grant.
 - This will be reviewed as part of the 2012 budget process and the review of cultural grants.
- The Playhouse can play a role providing a shared service platform for smaller arts and culture institutions which will enable economies of scale as well as support sustainability of the smaller organizations. Areas of activity already include or could include:
 - Production space and wardrobe sharing
 - Rehearsal space
 - Centralized ticket office
 - Centralized call centre

- A review is required of the arrangement between s. 21 as a sustainable donor for the Playhouse:
 - Staff will be reviewing this arrangement and making recommendations for strengthening the relationship and potentially identifying some support space on the QET/Playhouse site.
- The public amenity space committed for the Playhouse in the Wall Centre in the SEFC ODP is not a sustainable option for the Playhouse to acquire:
 - s. 21
 - CSG is currently examining other options for using the space
- Playhouse Board commitment to fundraising will be a key part of the sustainability plan:
 - s. 21
 - s. 21
 - There is strong support from the Board for a collaborative approach with the city for ensuring future success.
- Ongoing annual senior government funding is key to sustainability of the Playhouse:
 - Canada Council funding is expected sometime in July 2011.
 - support from the BC Arts Council has also been signalled for 2011.
- An oversight process needs to be in place to both support and optimize outcomes flowing from Council's financial commitment s. 21.

Staff recommending Council approve an immediate grant of up to \$400,000 to be paid in 2011 when required and approved by the Director of Finance; as well as approving an ongoing annual operating grant of \$150,000, beginning in 2012, to provide required support going forward. This would allow the VPTC to be provided a core level of funding similar to other regional theatre companies across Canada. Additional City support would come in the form of no rent being charged for the Civic Theatre offices of the VPTC, the absorption of any costs of operating in the Vancouver Playhouse beyond the Theatre Rental Grant provided to the VPTC, and the write-off of the amount currently owed to the City by the VPTC. The VPTC in return will need to meet specified financial targets and present an operational and financial plan that would need to be approved by Council before any further funds are dispersed. This is summarized in Table 2.

Table 2 - VPT Funding

<u>Amount (\$)</u>	<u>Date</u>	<u>Purpose</u>	<u>Funding Source</u>
100,000	Paid April 2010	One Time Grant	2010 Cultural Grants Budget
100,000	Paid April 2011	One Time Grant	Contingency Reserve
<u>VPT Funding Proposed in this report:</u>			
<u>Amount (\$)</u>	<u>Date</u>	<u>Purpose</u>	<u>Funding Source</u>
20,000	Apr 2012/Mar 2014	Waive Office rent at Civic Theatres	Civic Theatres 2012/2014 Operating budget
45,000	Remainder of 2011	Use of Civic Theatre Playhouse facility	Cultural Precinct Reserve
TBD	2012 and beyond	Use of Civic Theatre Playhouse facility	TBD following Strategic planning
426,888	Immediately	Waive outstanding amount owing to CoV	Loss of income to Civic Theatres; Reduced transfer to Civic Theatre reserve.
400,000	In 2011 as required	One time Grant	Cultural Precinct Reserve
150,000	2012 and beyond	Operating Grant	TBD as part of 2012 Operating Budget

Moving Forward

Staff recognizes that a number of our major cultural organizations, either housed in civic facilities or users of our Civic Theatres, have been facing financial challenges, much of it due to reduced provincial support for the arts. However the city also needs to revitalize its approach to our major institutions to ensure that it is resilient and responsive to the current environment. Recommendations arising from the review of Civic Theatres will become part of a report to Council in the first half of 2012. We also propose that we analyze the unique problems of our major collecting institutions and develop a proposal to address the unique financial pressures and cash flow issues that these organizations face.

A proposal will be brought forward to Council for the creation of an advisory body to advise staff and council on how to address the systemic challenges of major institutions. Included in this group are the Vancouver Art Gallery, Museum of Vancouver, Vancouver Maritime Museum, Science World, HR Macmillan Space Centre, Vancouver Playhouse Theatre Company, Vancouver Opera, Vancouver Symphony Orchestra, and Ballet BC. This advisory body will make recommendations about how to stabilize these anchor institutions which feed, and are fed by, the larger cultural community and cultural economy.

Finally a review of the challenges and opportunities from our CAC cultural amenity space initiative will be undertaken to better document and understand the key sustainability issues which need to be addressed in this program.

FINANCIAL IMPLICATIONS

As outlined above, the situations of both the Museum of Vancouver and the Vancouver Playhouse Theatre require significant short term financial support to enable continued operations of these cultural organizations. A summary of the financial requests in this report is outlined in Table 3 below.

Table 3 - Summary of Requests

Org.	Amt.(\$)	Date	Purpose	Funding Source
MOV	84,750	Pay immediately vs October 2011	Advance 2011 Grant	2011 Cultural Grant Budget
	110,500	Pay immediately	One time payment	Cultural Precinct Reserve; to be repaid in 2012
	189,500	Pay October 2011	One time payment	Cultural Precinct Reserve; to be repaid in 2013
VPT	20,000	Apr 2012/Mar 2014	Waive Office rent at Civic Theatres	Civic Theatres 2012/2014 Operating budget
	45,000	Est. - Remainder of 2011	Use of Civic Theatre Playhouse facility	Cultural Precinct Reserve
	45,000-150,000	Estimated - 2012 and beyond	Use of Civic Theatre Playhouse facility	TBD following Strategic planning
	426,888	Immediately	Waive outstanding amount owing to CoV	Loss of income to Civic Theatres; Reduced transfer to Civic Theatre reserve.
	400,000	In 2011 as required	One time Grant	Cultural Precinct Reserve
	150,000	2012 and beyond	Operating Grant	TBD as part of 2012 Operating Budget

The final payment of \$84,750 of the Museum's 2011 approved Operating Grant comes from the Council approved 2011 Cultural Grants budget of \$10,554,400.

The source of funds for the cash advance of \$300,000 for the Museum of Vancouver will be the Cultural Precinct Reserve. The proposed "repayment" by the Museum in 2012, from a yet to be approved Cultural Grants budget will be transferred back to the Cultural Precinct Reserve, if approved by Council at that time.

The waiver of the Civic Theatres office rent for the Vancouver Playhouse Theatre Company for two more years valued at \$20,000 per year will be a lost of revenue for Civic Theatres' valued at approximately \$40,000. The additional space for a call centre, four to six offices and a wardrobe shop, the expectation is that this will be provided through existing City owned spaces or elsewhere at nominal rent.

The cost for additional use of the Civic Theatre Playhouse facility for 2011, for use beyond the Theatre Rental Grant of \$501,080 is estimated at approximately \$45,000. The source of funds for the additional costs to Civic Theatres, for 2011 only, will be the Cultural Precinct Reserve. The source and mechanisms for funding for expanded use of the Civic Theatres by

VPTC, beyond 2011, to be determined at a future date in the context of the Civic Theatres' Strategic Plan and the 2012 Budget.

The existing amount of \$426,888 currently owed to Civic Theatres (City of Vancouver) by the VPTC is for ticket surcharges and fees charged to the company. This will cause reduced revenue for Vancouver Civic Theatres and a reduced transfer to the Civic Theatre reserve.

The Cultural Precinct Reserve will be the source of funds for the emergency one time only grant of up to \$400,000 for the VPTC.

Source of funds for the Operating Grant for the VPTC in 2012 and beyond, in the amount of \$150,000 annually will need to be allocated from 2012 Cultural Grants.

This report recommends \$745,000 in funding to organizations and to cover Civic Theatre costs from the Cultural Precinct Reserve which would leave an unallocated balance in that reserve of \$2,943,329.

The Cultural Precinct Reserve was established with an In Camera Council Report, RTS 5820 Cultural Precinct - Capital Project on March 21, 2006. The purpose of the reserve was to "...endorse a city-led planning process, with financial support from and in cooperation with the Province of British Columbia, to develop a multi-phased major downtown cultural precinct centred on Georgia Street ...". Due to the urgency of this request it is proposed that the reserve be utilized on a one-time basis for the purposes as stated in the report.

PERSONNEL IMPLICATIONS

There are no personnel implications.

CONCLUSION

The Museum of Vancouver and the Vancouver Playhouse Theatre Company are two major cultural institutions in the City of Vancouver. Due to a number of factors both institutions are experiencing structural issues in their financial wellbeing. This report documents the background and context for these problems. It puts forward for council a plan for rectifying. Although there is no absolute guarantee of success, through careful oversight and strategic review of our approach to supporting the cultural sector, success is achievable. Staff will put in place appropriate oversight mechanisms to optimize the chance of long term success of these two important organizations in the fabric of the cultural sector in the city of Vancouver.

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