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REPORT TO ARTS COMMITTEE
MEETING OF WEDNESDAY, APRIL 8, 2015

SUBJECT

Organizational restructuring of Blue Bridge Repertory Theatre

ISSUE

The release of BBRT 2015 Operating Grant

BACKGROUND

A \$27,000, 2015 operating grant was approved for Blue Bridge Repertory Theatre (BBRT) in January 2015. The grant had three conditions for release:

1. Receipt of 'Review Engagement' financial statements for the most recently completed year (ending August 2014).
2. A review of a board-adopted, revised business plan consistent with the financial statements.
3. A statement from the board president and treasurer detailing and confirming loan and creditor forgiveness.

Although the conditions for release of the grant as recommended for the original application have been met, the "Revised Business Plan 2015-17" submitted by BBRT clearly outlines significant issues related to BBRT's ability to continue operations. As a result, the Advisory Council discussed the advisability of releasing 2015 funding at its regular meeting on April 7, 2015 with the intent of providing a recommendation to the Arts Committee.

BBRT's Revised Business Plan is the result of a board retreat held on January 24, 2015. It quotes the General Manager stating that "despite continuing artistic success... declining audience and donor support, in combination with BBRT's accumulated deficit, means that BBRT needs to forge a new way forward if it is to survive as a vibrant addition to Victoria's cultural landscape".

Liabilities and risks include bank indebtedness, significant accounts payable to individuals and companies in the community, payables to government agencies, a 2014 deficit of \$86,994, an accumulated deficit of \$222,367, an inability to pay staff, and a lack of working capital and cash flow.

In its own words "BBRT's board of directors, at its February 2, 2015 meeting, recognized that the society would need to engage in a far more prolonged period of strategic planning over 2015/16 and beyond if this plan is to succeed". As such, a further risk is that despite the best of intentions, the Board may be unable to successfully implement its recovery plan in either the short or long term.

Positive aspects of the current situation include: a benefactor that has provided a mortgage payment and interest holiday on BBRT's venue, The Roxy Theatre (the mortgage agreement has recently been renewed through August 2016); and a Board commitment to ensure the survival of the organization by aggressively pursuing the following changes to operations:

- A change in the final production of the 2014/15 season to reduce production costs.
- A suspension of the proposed five-play season that was to run September 2015 to April 2016. Efforts will be focussed on the development of rental revenue from the Roxy Theatre and on fundraising and donor development.
- A return to a three-play summer season format beginning in May 2016.

Release of 2015 operating funds will enable the organization to proceed with its next production and provide an opportunity to begin implementation of the proposed restructuring of the organization's operations.

It was noted that if funds are released they will not be applied to the proposed program as originally applied for. As such, staff will consider if there are any extraordinary conditions related to future applications by this organization.

It is anticipated that non-release of funds will result in the organization ceasing operations.

After considerable discussion the Arts Advisory Council voted by a majority to recommend that 2015 operating funds be released to support the restructuring initiatives of Blue Bridge Theatre as outlined in their Revised Business Plan 2015-17.

ALTERNATIVES

1. Release 2015 operating funds to Blue Bridge Theatre to support the restructuring initiatives as outlined in their Revised Business Plan 2015-17.
2. Withhold operating funds.

IMPLICATIONS

1. Release of funds appears to be BBRT's only chance for continued operations. It will enable the organization to continue with the production of its next play in the current season and, assuming the commitment of BBRT's Board and staff, provide the opportunity to initiate and implement a restructuring plan that may re-establish BBRT as a sustainable entity.

2. Numerous shortcomings have accumulated over a period of time that have resulted in the current crises for this organization; the withholding of CRD funds will likely result in BBRT ceasing operations.

Either alternative can be expected to generate positive or negative reactions from the organization, the arts community, members of the general public and the media.

SUMMARY

Deficiencies in the operations of Blue Bridge Repertory Theatre have prompted the organization

to make changes to its operational model. The proposed changes have provided cause for the Arts Advisory Council to examine the rationale for support.

The organization has significant challenges to attaining sustainability. It will suspend operations for a strategic period of time to fundraise and develop its revenues streams with the goal of resuming operations in the summer of 2016.

While acknowledging the issues facing BBRT the Arts Advisory Council's recommendation is to release 2015 funding to support the organization's effort to re-structure and re-new its business model.

RECOMMENDATION

It is recommended to release 2015 operating funds to Blue Bridge Theatre to support the restructuring initiatives as outlined in their Revised Business Plan 2015-17.



James Lam, Manager
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