



Making a difference...together

ROYAL AND MCPHERSON THEATRES SOCIETY ADVISORY COMMITTEE

Notice of Meeting on MONDAY, SEPTEMBER 9, 2020, at 10:00 a.m.

Commons Room, (entrance on West side, facing Government St.)

625 Fisgard Street, Victoria, BC

K. Murdoch (Chair)

S. Brice

J. Loveday

C. Plant

G. Young

AGENDA

1. Approval of Agenda

2. Adoption of Minutes of July 29, 2020

Recommendation: That the July 29, 2020, minutes of the Royal and McPherson Theatres Society Advisory Committee meeting be adopted.

3. Chair's Remarks

4. Presentations/Delegations

4.1. Royal & McPherson Theatres Financial Status, L. DeLarge, President, C. Devlin, Vice-President, F. Lehrbass, Executive Director, N. Downer, Manager of Finance, Royal & McPherson Theatres Society (RMTS)

5. Committee Business

5.1. 2021 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service

Recommendation: That the 2021 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service report be received for information.

5.2. Electronic and In-Person Meetings of CRD Committees and Commissions

Resolution:

1. That this resolution applies to the Royal and McPherson Theatres Society Advisory Committee for the meeting being held on September 9, 2020, and
2. That the attendance of the public at the place of the meeting cannot be accommodated in accordance with the applicable requirements or recommendations under the *Public Health Act*, despite the best efforts of the committee, because:
 - a. The available meeting facilities cannot accommodate more than 14 people in person, including members of the committee, presenters and staff, and
 - b. There are no other facilities presently available that will allow physical attendance of the committee and the public in sufficient numbers; and
3. That the committee is ensuring opening, transparency, accessibility and accountability in respect of the open meeting by the following means:

To ensure quorum, please advise Nancy More at 250-360-3009 or nmore@crd.bc.ca if you cannot attend.

- a. By providing notice of the meeting in newspaper or local notice Board, including the methods for providing written or electronic submissions,
- b. By making the meeting agenda, as well as the other relevant documents, available on the CRD website, and directing interested persons to the website by means of the notices provided in respect of the meeting,
- c. By strongly encouraging the provision of, and subsequently receiving and distributing to members, written correspondence from the public in advance of the meeting, and
- d. By making the minutes of the meeting available on the CRD website following the meeting.

6. New Business

7. Adjournment



**Minutes of a Meeting of the Royal and McPherson Theatres Society Advisory Committee
Held Wednesday, July 29, 2020, in Room 488, 625 Fisgard St., Victoria, BC**

Present: **Directors:** K. Murdoch (Chair), S. Brice, J. Loveday (via telephone), G. Young
 Staff: J. Lam, Manager, Arts & Culture Support Service; N. Chan, Chief Financial
 Officer; N. More, Senior Administrative Secretary (recorder)
Absent: C. Plant

The meeting was called to order at 12:04 pm.

1. Approval of Agenda

MOVED by Director Young, **SECONDED** by Director Brice,
That the agenda be approved as circulated.

CARRIED

2. Adoption of Minutes

MOVED by Director Brice, **SECONDED** by Director Young,
That the minutes of the April 23, 2019, meeting be adopted as circulated.

CARRIED

3. Chair's Remarks

The Chair had no remarks.

4. Presentations/Delegations: There were none.

5. Committee Business

5.1. Status of Amending Bylaws 4299 and 4300

Chair Murdoch introduced the topic and remarked on the process for the bylaws. N. Chan summarized the status of the bylaws since third reading at the CRD Board in May of 2019, and J. Lam provided highlights of the report. Of the three participating municipalities for Bylaw 4299, Oak Bay has provided consent, Saanich requested changes to the Bylaw 4299 and Victoria requested meetings with staff of the three municipalities for consensus-finding. Victoria Council, the sole participant for Bylaw 4300, has not made a decision on Bylaw 4300.

The Committee discussion included the following points:

- The bylaws are stalled without final decision from participating municipalities.
- Clarification that Saanich did defeat a motion of consent for Bylaw 4299. The correspondence received by the CRD outlined suggested changes but did not note the non-consent.

- The financial status of the theatres since they have been closed due to the pandemic: use of operating reserve funds, federal staffing support programs, layoffs and other measures taken by the Society and theatre management
- Clarification that both establishing bylaws provide for a maximum requisition, not a fixed amount for the annual cost of the service
- Implications for Victoria based on the amending bylaws
- Oak Bay, Victoria and Saanich own the Royal Theatre and provide funding, in part, so it does not fall into disrepair.
- Question about line by line cost allocations for each theatre
- A driving force behind the proposed amendments was the request from the Society for a higher level of funding, with a resulting opportunity to provide bylaw uniformity.
- Circumstances brought about by the pandemic response could lessen appetite from municipal participants to change the maximum levy or look for new funding initiatives.
- Budget submissions from the Royal and McPherson Theatres Society should provide forecasts and reporting on the financial impacts of the closures.
- Have the Society provide a financial update in the fall and details on the budget request.
- Deal with the stalled bylaws by asking municipalities for consent or non-consent; or, have the CRD Board withdraw or not pursue the bylaws, giving staff leeway to explore options.

MOVED by Director Brice, **SECONDED** by Director Young,
That the Royal and McPherson Theatres Services Advisory Committee recommend to the Governance and Finance Committee:

That the Capital Regional District Board not proceed with Bylaw 4299 and Bylaw 4300.

CARRIED

Staff and Committee discussed that the typical process would be for the Society to present the theatres budget to the CRD with respect to the contribution of the CRD. Due to the pausing of theatre operations, more due diligence is required for the contributions to be provided in the upcoming budget.

The Committee requested that communication to the theatres include the information that the Committee has recommended that the CRD Board not proceed with the two bylaws.

MOVED by Director Brice, **SECONDED** by Director Young,
That the Royal and McPherson Theatres Society be requested to report to the Royal and McPherson Theatres Service Advisory Committee in the fall with a financial update to inform the 2021 budget.

CARRIED

6. **New Business:** There was none.

7. **Adjournment**

MOVED by Director Young, **SECONDED** by Director Brice,
That the meeting be adjourned at 1:11 p.m.

CARRIED

CHAIR

RECORDER



RMTS Mission Statement

Enriching the quality of life in the region, through a sustainable and relevant performing arts centre.

RMTS Vision Statement

To be the integral hub for performing arts of the region, recognized for diverse and valued performances, professional standards, and historic spaces.



CRD Royal & McPherson Theatres Advisory Committee

September 9, 2020



the
ROYAL & MCPHERSON
theatres society—

Agenda

The Royal Theatre and the McPherson Playhouse require continued support to ensure that the municipalities' assets are maintained and to continue to provide service to the community.

Operational Funding

- Operating grants versus RMTS contributions

Maintenance & Capital Improvements

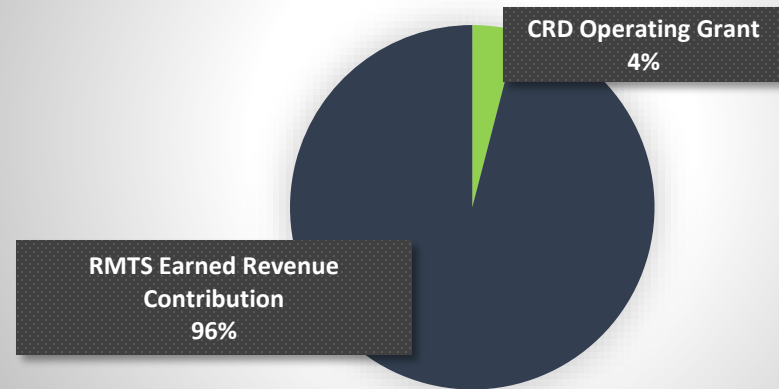
- Building costs
- Capital projects and funding

Moving forward during COVID-19

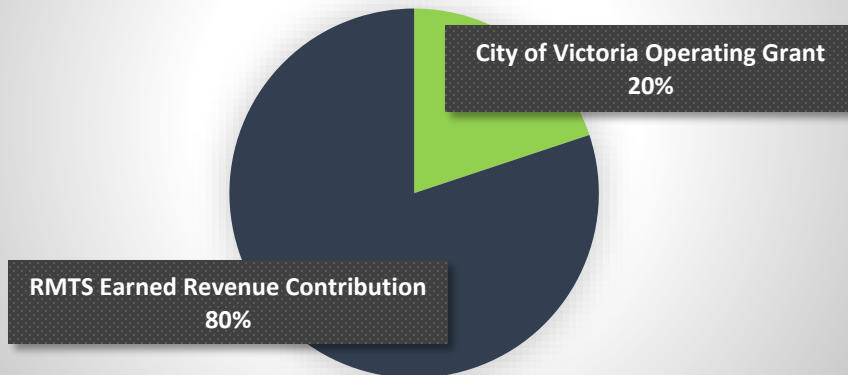
- Financial update
- Revenue opportunities
- Community support

RMTS Operating Contributions

Royal Theatre Operating Expenses 2019

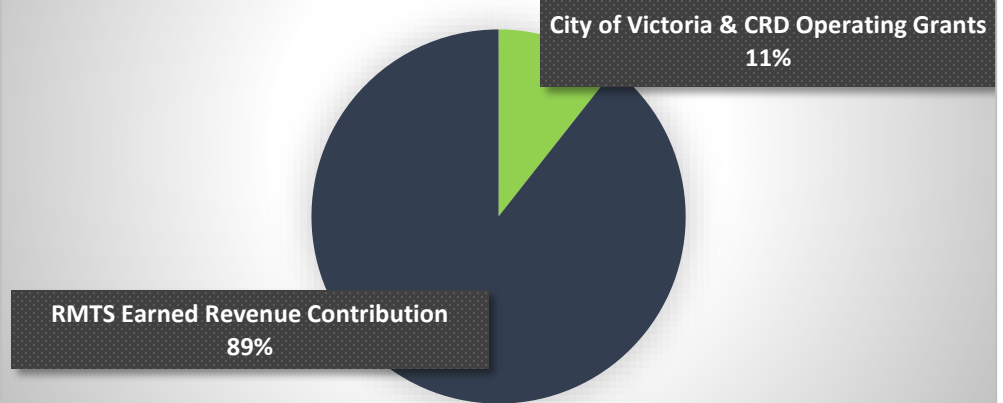


McPherson Playhouse Operating Expenses 2019

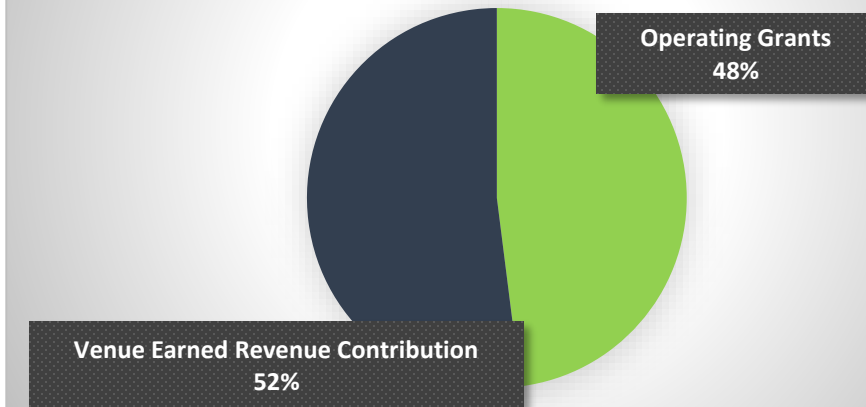


Operating Contribution Comparison

Combined Royal Theatre & McPherson Playhouse Operating Expenses 2019



Average North America Operating Expense 2016-Medium Sized PACs



According to a 2016 Venue Data Source report (International Association of Venue Managers) of operating expenses & revenues for performing arts centers in North America, the average contributed revenue per permanent seat in a medium-sized performing arts venue.

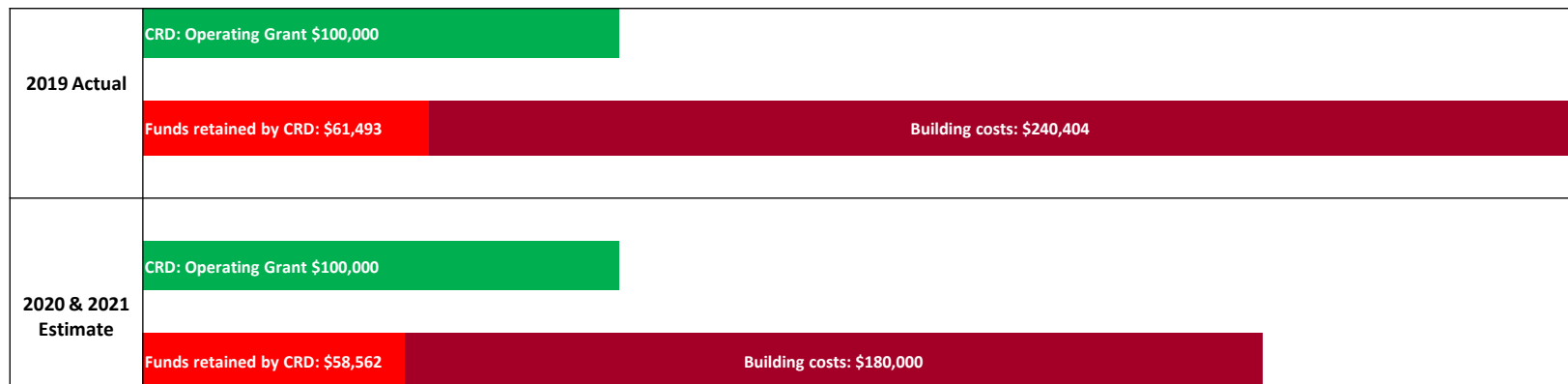
Royal Theatre Building Costs

2019 Actual

Operating Grant	100,000
Funds retained by CRD:	
Insurance	- 32,180
CRD Finance & Corporate Services	- 22,933
CRD Arts Manager Support	- 6,380
	- 61,493
Net funds received to cover building costs	38,507
Building costs:	
Utilities	- 80,912
Maintenance staff	- 91,821
Cleaning supplies	- 9,839
Repairs & maintenance	- 44,388
Service agreements	- 13,444
	- 240,404
Shortfall of grant funding to cover building costs	- 201,897

2020 & 2021 Estimate

Operating Grant	100,000
Funds retained by CRD:	
Insurance	- 33,330
CRD Finance & Corporate Services	- 18,622
CRD Arts Manager Support	- 6,610
	- 58,562
Net funds received to cover building costs	41,438
Building costs:	
Utilities	- 70,000
Maintenance staff	- 56,000
Cleaning supplies	- 6,000
Repairs & maintenance	- 36,000
Service agreements	- 12,000
	- 180,000
Shortfall of grant funding to cover building costs	- 138,562



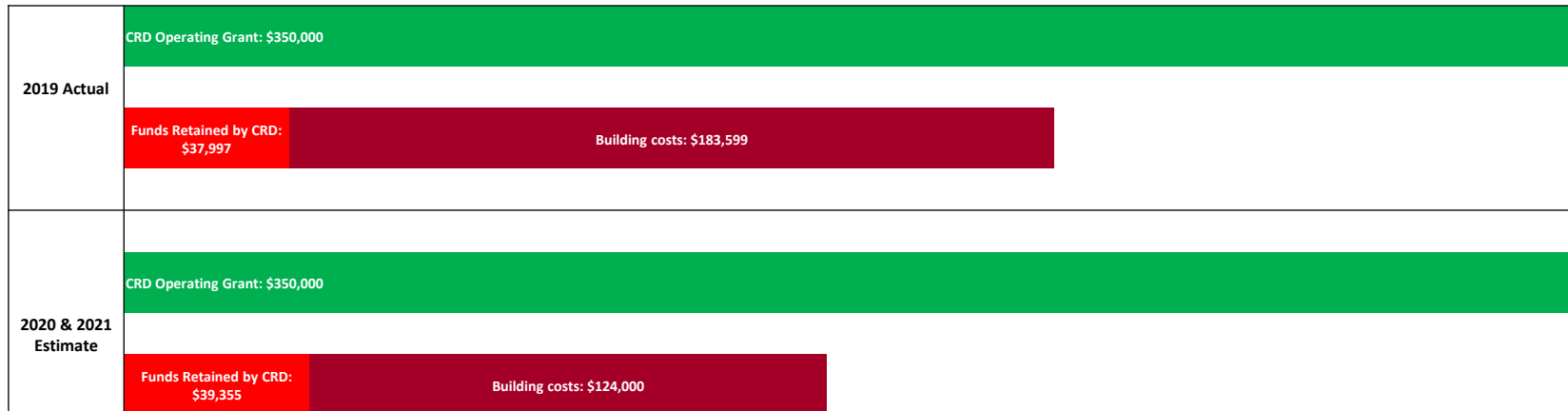
McPherson Playhouse Building Costs

2019 Actual

Operating Grant	350,000
Funds retained by CRD:	
CRD Finance & Corporate Services	- 31,617
CRD Arts Manager Support	- 6,380
	- 37,997
Net funds received to cover building costs	312,003
Building costs:	
Utilities	- 41,813
Maintenance staff	- 84,572
Cleaning supplies	- 8,988
Repairs & maintenance	- 38,029
Service agreements	- 10,197
	- 183,599
Remaining grant funding to cover operations	128,404

2020 & 2021 Estimate

Operating Grant	350,000
Funds retained by CRD:	
CRD Finance & Corporate Services	- 32,745
CRD Arts Manager Support	- 6,610
	- 39,355
Net funds received to cover building costs	310,645
Building costs:	
Utilities	- 35,000
Maintenance staff	- 43,000
Cleaning supplies	- 5,000
Repairs & maintenance	- 32,000
Service agreements	- 9,000
	- 124,000
Remaining grant funding to cover operations	186,645



Capital Projects Funding

- Capital Reserve funds are held in-trust by the CRD for each theatre.
- These funds are used solely to repair and maintain the assets of the owners – they are not used for operations in any way
- The CRD maintains control of these funds and approves all projects for the maintenance and upgrade of the two 100-year-old buildings
- The CRD traditionally requisitions the maximum allowable under the relevant 1998 Bylaws for capital expenditures (Royal - \$480,000, McPherson - \$400,000)
- This maximum allowable funding for the theatres has been frozen for the past 20 years which may compromise the maintenance and the structural integrity of these theatres in the future
- The magnitude of annual capital expenditures required is demonstrated by each theatre's 5-year capital plan. Full annual requisitions from the CRD often do not cover all maintenance required
- The RMTS' commitment to the venues is demonstrated by contributing our own generated capital funds towards capital projects which maintain and increase the assets of the owners

5-Year Capital Plan

ROYAL THEATRE 5 YEAR CAPITAL PLAN (NOT APPROVED)

Capital Exp.Type	Capital Project Title	Total Proj Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5 - Year Total
Replacement	Replace Theatre Doors		Res	\$0	\$290,000					\$290,000
New	Add Balcony & Pit Railings	\$75,000	Res	\$50,000	\$0					\$0
Replacement	HVAC Upgrade	\$500,000	RMTS	\$0	\$500,000					\$500,000
Replacement	Replace House Light System - Phase 2	\$90,000	Res	\$0	\$90,000					\$90,000
Renewal	Stage Light Fixtures	\$35,000	Res	\$0	\$35,000					\$35,000
Replacement	Replace Dimmer Modules and CEMs	\$45,000	Res	\$0	\$45,000					\$45,000
Replacement	Replace Extendable Scissor Lift	\$26,000	Res	\$0	\$26,000					\$26,000
Renewal	COVID-19 Safety Improvements	\$86,000	Grant	\$0	\$69,000					\$69,000
Renewal	COVID-19 Safety Improvements		RMTS	\$0	\$17,000					\$17,000
Renewal	Accessible Access & Centre Front Doors	\$20,000	Res	\$0	\$20,000					\$20,000
Replacement	Replace Exit Signs	\$10,000	Res	\$0	\$10,000					\$10,000
New	Add Water Bottle filling stations	\$23,000	Res	\$0	\$20,000					\$20,000
Defer	Emergency Repairs	\$50,000	Res	\$0	\$50,000					\$50,000
Study	Study and Plan Rebuilding of Orchestra Pit	\$40,000	Res	\$0		\$40,000				\$40,000
Replacement	Replace Seats and Aisle Lights	\$500,000	Res	\$0		\$500,000				\$500,000
Renewal	Repair Building Envelope	\$2,000,000	Res	\$0			\$500,000	\$500,000	\$400,000	\$1,400,000
Renewal	Repair Building Envelope		Grant	\$0				\$500,000		\$500,000
				\$50,000	\$1,172,000	\$540,000	\$500,000	\$1,000,000	\$400,000	\$3,612,000
	Capital Equipment Replacement			\$88,000	\$89,000	\$90,000	\$93,000	\$93,000	\$453,000.00	
	Production: Stage, Lighting, Sound			\$18,000	\$13,000	\$11,000	\$12,000	\$12,000	\$66,000.00	
	FOH: Custodial, Bar, Concession			\$1,278,000	\$642,000	\$601,000	\$1,105,000	\$505,000	\$4,131,000	

McPHERSON PLAYHOUSE 5 YEAR CAPITAL PLAN (NOT APPROVED)

Capital Exp.Type	Capital Project Title	Total Proj Budget	Funding Source	C/F from 2020	2021	2022	2023	2024	2025	5 - Year Total
Replacement	Replace Lobby Windows	\$350,000	Cap	\$350,000						\$0
Study	Railing Study	\$20,000	Res	\$20,000						\$0
Replacement	Replace stage light fixtures	\$50,000	Res		\$50,000					\$50,000
Replacement	Replace Stage Dimmer Rack Control Modules	\$30,000	Res		\$35,000					\$35,000
Replacement	Replace House Light System Phase 2	\$80,000	Res		\$80,000					\$80,000
Replacement	Replace Extendable Scissor Lift	\$26,000	Res		\$26,000					\$26,000
Defer	Emergency Repairs	\$50,000	Res		\$50,000					\$50,000
Renewal	Accessible Access	\$10,000	Res		\$10,000					\$10,000
Replacement	Replace Exit Signs	\$10,000	Res		\$10,000					\$10,000
New	Add water bottle filling stations	\$15,000	Res		\$15,000					\$15,000
Replacement	Replace and Add FOH Directional Signage	\$20,000	Res		\$20,000					\$20,000
Replacement	Balcony Rail Fabrication and Installation	\$25,000	Res		\$25,000					\$25,000
Renewal	COVID-19 Safety Improvements	\$44,000	Grant		\$35,000					\$35,000
Renewal	COVID-19 Safety Improvements		RMTS		\$9,000					\$9,000
Renewal	Repair Building Envelope & Restore Façade	\$1,500,000	Res				\$500,000	\$500,000	\$500,000	\$1,500,000
				\$370,000	\$365,000	\$0	\$500,000	\$500,000	\$500,000	\$1,865,000
	Capital Equipment Replacement			\$80,000	\$80,000	\$80,000	\$81,000	\$81,000	\$402,000.00	
	Production: Stage, Lighting, Sound			\$12,000	\$8,000	\$8,000	\$9,000	\$9,000	\$46,000.00	
	FOH: Custodial, Bar, Concession			\$457,000	\$88,000	\$588,000	\$590,000	\$590,000	\$2,313,000	

- In 2020, the RMTS is contributing \$60,000 from the RMTS capital funds to install sound and light locks in the Royal Theatre for the benefit of our patrons
- In 2021, the RMTS is contributing \$500,000 to replace the HVAC unit in the audience chamber
- In 2021, the RMTS is contributing to the COVID-19 safety improvements at both theatres

Financial Update

We have taken the following steps to ensure continued financial stability:

Employees

- Layoffs to all 215 auxiliary staff & 6 full-time staff
- Canada Emergency Wage Subsidy program
- Remaining 6% of employees are participating in the Work-Sharing program, reducing salaries by 20%
- Successfully negotiated staff layoffs with IATSE

Financial Planning

- Use of earned operating reserve to sustain maintenance and to preserve capacity to re-open
- Preparation of monthly financial statements to determine runway and burn rate
- Implementation of development and fundraising campaigns, grants & foundation applications
- Expanding earned revenue opportunities

Administrative

- Canada Emergency Commercial Rent Assistance
- Suspension of all discretionary spending
- Working with vendors and suppliers to reduce costs

Revenue

We have taken the following steps to generate revenue for financial stability:

Implementation of streaming services

- Provides added value to bookings & clients

Re-opening Plan

- Phased approach for re-opening the theatre: zero audiences, 50 patrons, scaling up to full capacity
- Ensuring compliance COVID-health standards for employees, performers and patrons during each phase of re-opening

Creation and launch of development & fundraising plans

- Launch of individual donor campaign - *Raise the Curtains*
- Seeking out new funding opportunities & completing grant applications

Re-opening the theatres to community groups for non-audience events

- Film, recitals, meetings, etc.

McPherson Box Office

- 19 shows at the theatres & 4 shows at miscellaneous venues currently on sale for 2021

Community Support

We continue to support the community through:

RMTS Box Office & Website

- Service to the regional arts industry at the theatres as well as venues around town
- To date, in 2020, the RMTS has facilitated over \$147,000 in donations from ticket refunds for cancelled shows for local not-for profits. The RMTS did not charge for this service to support local organizations during this time

Tessitura Ticketing Software

- RMTS pays the fees for licensing, maintenance and remote hosting in the cloud, amounting to over \$100,000 annually
- Enables consortia members, Pacific Opera Victoria, Victoria Symphony and Dance Victoria, to continue to process donations, sell tickets to their future seasons and utilize the CRM functionality for marketing and engagement

Audience Engagement

- Clients utilize RMTS to engage 12,000+ (social media) & 11,000+ (E-news) followers

Industry collaboration

- Working with not-for-profits to explore engagement opportunities & encouraging audiences to return to the theatres when it is safe to do so

Moving Forward

Without continued support from the owners and the retention of our key professional and skilled employees, the existing infrastructure required to operate the theatres will be devastated, directly impacting:

- The theatres' physical infrastructure
- The financial stability of the RMTS
- The ability to retain trained and professional staff needed to re-open
- The theatres' earned revenue which is being used to support necessary operations through this stage
- The RMTS's ability to continue to support (financially and with staff expertise) the arts and entertainment community in a post COVID-19 world

“The Royal Theatre and the McPherson Playhouse are essential performance venues for the city of Victoria, both in terms of capacity, technical capabilities, and creation of culture. There are no other comparable facilities here. If these venues were to close permanently it would be a significant blow to the cultural landscapes and livability of the city and leave a gaping hole in the range of venues in the region available to accommodate concerts and performing arts.”

Dimitri Demers, MRG Live



Making a difference...together

REPORT TO THE ROYAL & MCPHERSON THEATRES SOCIETY ADVISORY COMMITTEE MEETING OF WEDNESDAY, SEPTEMBER 09, 2020

SUBJECT **2021 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service**

ISSUE SUMMARY

The Royal and McPherson Theatres Society Advisory Committee (RMTSAC) oversees the operating and capital grant provided to the Royal Theatre through service Bylaw No. 2587 and to the McPherson Playhouse through service Bylaw No. 2685. At their meeting of July 29, 2020, the Committee noted that restrictions resulting from the COVID19 pandemic have resulted in the interruption of operations for both venues.

In order to understand the impacts of the current situation on the theatres and to exercise due diligence in the 2021 budget process as it relates to funding of the theatres, the Committee requested that representatives of the Royal & McPherson Theatres Society meet with the Committee to provide an update on the current and projected operational and financial status of the theatres.

BACKGROUND

The bylaws governing the theatre services specify a maximum grant of \$580,000 for the Royal Theatre (\$100,000 operating; \$480,000 capital) and \$750,000 for the McPherson Playhouse (\$350,000 operating; \$400,000 capital). Historically the grant to both theatres has been approved at the maximum amount. Capital Regional District (CRD) Financial Services staff are currently structuring the 2021 budget to maintain funding at these levels.

IMPLICATIONS

Financial Implications

Based on available information, the Committee's determination of the needs of the Royal Theatre and McPherson Playhouse through funding service Bylaw Nos. 2587 and 2685 will be reflected in the CRD 2021 budget.

CONCLUSION

Annual funding of the Royal Theatre through Bylaw No. 2587 and for the McPherson Playhouse through Bylaw No. 2685 are part of the budget approval process. The RMTSAC recommendation flows through the Governance and Finance Committee to the various stages of CRD Board approval for the 2021 budget.

RECOMMENDATION

That the 2021 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service report be received for information.

Submitted by:	James Lam, Manager, Arts & Culture Support Service
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer