



Making a difference...together

Minutes of a Meeting of the Royal & McPherson Theatres Services Advisory Committee Held Friday, October 15, 2021, in the Board Room, 625 Fisgard St., Victoria, BC

EP=Electronic Participation

Present: Members: K. Murdoch (Chair), M. Alto, S. Brice, S. Dubow
Staff: N. Chan, CFO; C. Gilpin, Manager, Arts & Culture Support Service; N. More, Committee Clerk (recorder)
Also Present: C. Devlin (President), F. Lehrbass (Executive Director), N. Downer (Manager of Finance), M. Gibbons (Treasurer, EP), Royal & McPherson Theatres Society
Absent: C. Plant

The meeting was called to order at 1:30 p.m.

1. Territorial Acknowledgement

2. Approval of Agenda

MOVED by Member Alto, **SECONDED** by Member Brice,
That the agenda be approved as circulated.

CARRIED

3. Adoption of Minutes

MOVED by Member Brice, **SECONDED** by Member Alto,
That the minutes of the September 9, 2020, meeting be adopted as previously circulated.

CARRIED

4. Chair's Remarks

Chair Murdoch remarked on the discussions on regional theatres, and the past attempt to amend the service bylaws that cap the contribution level from the CRD to the theatre services. The Royal and McPherson Theatres Society (RMTS) was in attendance to give a presentation about what is happening at the theatres and the drivers for the RMTS budget, why the money was being asked for and what it would be used for. The regional theatres effort may yet be sorted out at the CRD, and in the meantime, Chair Murdoch was appreciative of those present taking the time on this matter. He noted that the presentation would give members of the Advisory Committee information on the use of the money, which they could report back to their respective municipal councils.

5. Presentations/Delegations

4.1 Presentation: C. Devlin, President, Royal & McPherson Theatres Society, Royal & McPherson Theatres Financial Status

C. Devlin spoke on behalf of the Society. He reported that the Society's budget timing had been adjusted to align better with the CRD budget process. He addressed the Advisory

Committee with the aid of a PowerPoint presentation, included in the agenda package.
C. Devlin's remarks included the following main points:

- Challenges included the pandemic and infrastructure. With support from the CRD last year and professionals retained, have met goals related to re-opening and financial plans, revenue diversification, maintenance of physical structure and a capital plan.
- Re-opening plan includes government funding and donations; thus, plans to grow organizational capacity for fundraising.
- Anticipation of a budget deficit in 2022, as a function of the lag between preparing for productions and realizing revenue from them. However, the existing operating and capital surpluses built up over past years can be utilized; i.e., using the rainy-day fund.
- Operating funding still facing long-term challenges due to the requisition amount in the two CRD bylaws not having changed since 1998, and the depreciating value of the grants over time. The Society meets expenses through revenue, surcharges, and bar concessions.
- Capital funding for maintenance, repair and improvements of the facilities needed in both the short and long term totals about \$26 million over the next ten years. The RMTS internally-restricted capital fund and the CRD capital reserve for both theatres amounts to significantly less than the required amount. The strategic focus of the Society Board is to prioritize fundraising, which could mean hiring a specialist for that effort.
- The theatres need a healthy mix of community non-profit as well as commercial shows to accumulate revenue for capital maintenance.

Clarifications and discussion included the following points:

- Robust discussions have been held about what it means to operate at 50% capacity. In order to stay open and not go broke, a critical mass of presenters must first be reached.
- By provincial regulations, the requisitions must either be fixed (as they are now) or indexed.
- The Society has been risk-managing some of the long-term capital projects. Layered or matching funding will have to be sought. Some capital projects will be split into phases, such as investigation, costing, and implementation. With solid plans for projects, the Society would make specific asks when presenting to participating councils.
- The regional theatre question will go back to the Performing Arts Facilities Select Committee for further consideration.
- Emergency benefit program under federal government to mitigate pandemic measures and transition to full capacity won't be known until after the Throne Speech and subsequent legislation.
- For capital projects that are shovel ready, combined federal/provincial infrastructure grants will be pursued by the Society. Advocacy avenues on a more political level can be explored.

- The life span of the two theatres depends on how well the facility is maintained, owner investment and other funding.
- The Royal Theatre expansion feasibility study is back on track, with key staff to review space plan issues before architectural drawings are begun. If that goes forward, there is opportunity for fundraising for the capital and maintenance projects of the Royal and McPherson to be tied together.

MOVED by Member Dubow, **SECONDED** by Director Alto,
That the Royal & McPherson Theatres Financial Status Presentation be received for information.

CARRIED

6. Committee Business

5.1. 2022 Budget Process for the Royal Theatre Service and the McPherson Playhouse Service

N. Chan provided context for the report. The Advisory Committee mandate is to provide the Finance Committee with a recommendation on funding for the theatres services, within the constraints of the bylaws. The Finance Committee this year does not meet again prior to the consideration of the CRD provisional budget. However, the budget will be built to take direction from the Advisory Committee, as shown in these minutes, and presented at the Committee of the Whole on October 27.

MOVED by Member Alto , **SECONDED** by Member Brice,
The Royal & McPherson Theatres Services Advisory Committee recommends to the Finance Committee to recommend to the Capital Regional District Board:
That the maximum allowable contribution amount be approved for the Royal Theatre and McPherson Playhouse services.

CARRIED

7. **New Business:** There was no new business.

8. Adjournment

MOVED by Member Alto, **SECONDED** by Director Dubow,
That the meeting be adjourned at 2:31 p.m.

CARRIED

CHAIR

RECORDER