
TO: GENERAL COMMITTEE

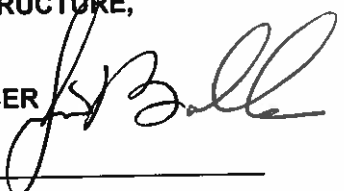
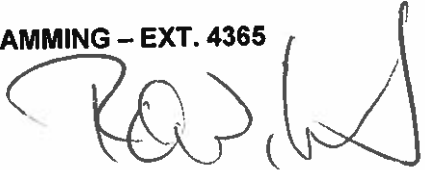
SUBJECT: Mady Centre for the Performing Arts and General Fees
BY-LAW MAINTENANCE

PREPARED BY AND KEY CONTACT: F. ANDREWS, CULTURE OFFICER PROGRAMMING – EXT. 4365

SUBMITTED BY: R. WILLIAMS, DIRECTOR OF CULTURE

GENERAL MANAGER APPROVAL: R. FORWARD, GENERAL MANAGER OF INFRASTRUCTURE,
DEVELOPMENT AND CULTURE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER



RECOMMENDED MOTION

1. That Schedule M of the Fees By-Law 2011-049 be replaced with Schedule M attached as Appendix A to reflect revised fees for the Mady Centre For The Performing Arts (MCFTP) for Not-For-Profit/Arts and Commercial clients as of July 1st, 2011.
2. That the Fees By-law 2011-049 be amended from time to time, to incorporate fees which currently exist within regulatory and other by-laws, as deemed necessary, and that the regulatory by-law be amended accordingly to remove such fees, as appropriate.

PURPOSE & BACKGROUND

3. The purpose of this staff report is to revise the existing rental rates for the MCFTP that were approved in Fees By-law 2011-049.
4. Further, recommendations made within this report will authorize general housekeeping amendments to be made from time to time as may be deemed necessary to incorporate fees which currently exist within regulatory and other by-laws previously enacted by Council into the Fees By-law and authorize amendments to the regulatory or other by-laws, as may be appropriate to remove such fees.
5. The 2008 to 2010 rental rate of \$220.00, as approved by Council in Motion 11G-072, was an interim fee that was to be in place until the completion of the new MCFTP. The fee was levied with the specific purpose of allowing the majority of Barrie's arts organizations and artists the opportunity to use and experience the Downtown facility and to promote it as a viable venue post new construction.

ANALYSIS

6. The Department of Culture collected information on rental rates from other performing arts theatres in Southern and Central Ontario, with similar seating capacities. A comparative analysis, attached as Appendix B, was executed and the rates being recommended were based on this and on efforts to ensure the rental rates for the MCFTP were competitive.

7. In our review we considered the following criteria in assessing the levy of fees:

- a. Capital and operating costs of the MCFTPA. We considered the capital and operating costs in light of Council's leadership to move to full cost recovery. A portion of the capital costs is being debt financed and the related interest costs are considered. While our target is 50% cost recovery on Not-For-Profit and 100% cost recovery on commercial clients within a decade, we recognize the need to be competitive.
- b. Financial capacity of Barrie arts organizations. The cost of producing and presenting theatrical and other cultural productions is expensive and often require significant amounts of volunteer resources. This understanding was considered in establishing the rental costs of the theatre. Through our annual grants program staff has access to the financial statements and profiles of many of the potential renters. At this early stage of market development companies or organizations are not typically able to pay a premium rate. The theatre is conceived as an opportunity to assist local organizations and entrepreneurs in their efforts to build capacity.
- c. The role of Cultural Products in enhancing the lives of Barrie & Regional residents. Cultural products allow residents to experience the benefits of their labour. It has been found to be a great motivator in the education of residents young and old. In our recent market study of arts and culture participation in Barrie and surrounding region we found that two-thirds of Barrie and regional residents participated in culture. Recent studies by the Ontario Ministry of Culture also substantiated the findings of our own study that Cultural products are perceived to be important to the quality of life of residents.
- d. City of Barrie Plan for Culture and its desired outcome of increasing capacity in local arts organizations and artists. In 2006, Barrie City Council adopted the Plan for Culture which recognized the need for a direct strategy to increase capacity in the local cultural sector. The Plan for Culture entitled "Building A Creative Future", outlines strategies for the development of cultural infrastructure, support for artists, celebration of local talent, and for nurturing culture as an economic driver by building local capacity first.
- e. The role of the new MCFTPA in City Centre Revitalization. Research by Richard Florida and others have demonstrated the positive relationship between cultural industries and economic growth. As has been the case with many municipalities worldwide, nurturing and growth of cultural and culture related activity have been used to kick start economic development in many urban cores.
- f. Commercial theatres rental rates. While the overriding effort is to move to full cost recovery this needs to be balanced with competitive market rates for hosting of corporate functions. Entering the corporate market for this type of facility at a moderately competitive rate. This rate will be reviewed from time to time as more market information becomes available.
- g. The anticipated contribution of the MCFTPA to an increase in the GDP of Barrie's downtown. The Plan for Culture completed in 2006 identified that the Barrie cultural sector contributed \$15.36 million to the City's economy in 2005. In this same report it was conservatively projected that Barrie residents travelling outside of Barrie for cultural experiences spent \$5.4 million annually. Cultural productions presented at the MCFTPA will reduce the number of Barrie residents leaving the City. Audiences attending the MCFTPA will not only purchase tickets but will also frequent businesses in the Downtown.

8. The proposed MCFTPA daily rental rate (8 to 11 hours) is comparable to other performing arts theatres for Not-For-Profit/Arts renters and in most cases higher for Commercial daily renters. One difference is the number of rental periods being processed. This is to provide accessibility in terms of cost for a variety of cultural productions. Theatrical presentations for the most part

- require longer hours than do dance recitals, business presentations, or other less technically complicated performances.
9. The daily operating costs of the MCFTPA includes staffing costs of \$394.00 and utilities of \$50.92. Full cost recovery is the long-term goal and the current fee recommendation is a first step in eventually getting there.
 10. The quantity of rental time periods will provide the flexibility to accommodate a variety of rentals at affordable rates.
 11. The Department of Culture will review the rental rates in preparation for the 2012 budget.
 12. The general housekeeping recommendation made within this report will authorize staff to prepare amending by-laws, as necessary, to move existing fees such as those associated with permits, licenses, snow removal, etc. which have typically been included in regulatory by-laws, into the Fees By-law.
 13. The inclusion of all fees under the Fees By-law will facilitate efficient annual review and provide a single source of reference for members of the public.
 14. Authorizing general housekeeping amendments will be an efficient way of dealing with the transition of fees from the regulatory by-law to the Fees by-law from time to time, as necessary.

ENVIRONMENTAL MATTERS

15. There are no environmental matters related to the recommendation.

ALTERNATIVES

16. There are two alternatives available for consideration by General Committee:

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| <u>Alternative #1</u> | General Committee could maintain the approved 2011 MCFTPA rental rates. This alternative is not recommended as this rental rate was only intended to be an interim rate until the completion of the new MCFTPA. We need to ensure the rental fees and associated recovery rates reflect the revised MCFTPA operating costs. |
| <u>Alternative #2</u> | General Committee could increase the proposed MCFTPA rental rates. Although this alternative is available it may result in a drastic reduction in revenue opportunities and create a perception that the facility is NOT meant to be used by a wide cross section of the community but meant for a privileged few. |
| <u>Alternative 3</u> | General Committee could maintain fees within current regulatory or other by-laws. This alternative is not recommended. By maintaining fees within the Fees By-law, as opposed to within regulatory or other by-laws, regular annual review of the fees is more readily accommodated and the general public can rely upon a single reference source for fees established by the City. |

FINANCIAL

17. The 2011 Operating Budget for the MCFTPA is as follows and identifies the anticipated split between Not-For-Profit Organizations and Commercial:

	<u>Annual Expenses</u>	<u>NFP Portion</u>	<u>Commercial Portion</u>
Salaries & Benefits	\$116,339	\$93,071	\$23,268
Office Supplies/Promotion	\$10,000	\$8,000	\$2,000
Contracted Services	\$28,840	\$23,072	\$5,768
Equipment Leasing	\$60,000	\$48,000	\$12,000
Utilities	\$18,540	\$14,832	\$3,708
Other Operating Expenses	\$23,647	\$18,918	\$4,729
Interest on Debt	\$126,958	\$101,566	\$25,392
Total Expenses	\$384,324	\$307,459	\$76,865
Rental Revenue	\$97,248	\$69,008	\$28,240
Other Revenue	\$50,444	\$40,355	\$10,089
Total Revenue	\$147,692	\$109,363	\$38,329
Net Expenses	\$236,631	\$198,096	\$38,536

18. The amount of subsidy provided (including the interest expense on debt) on rental fees to Not-For-Profit users is approximately 74.2%, whereas the subsidy on commercial users is approximately 57.8%.
19. The proposed increase in fees will have no impact on the projected revenues for 2011 as the increase in rental rates for the MCFTPA was anticipated in the 2011 Business Plan. Renters currently scheduled to use the MCFTPA after its completion were advised there would be an increase in the rental fees.
20. A common practice amongst Community Theatres is to charge a "Capital Reinvestment" fee on ticket sales for all events. This is a fee that is added to the Theatre Companies ticket price for the purpose of future asset renewal activities. Similar community theatre's charge anywhere from \$0.50 to \$3.00 per ticket for this fee. The Department of Culture is currently in the process of reviewing this practice in the context of the City's Financial Policy Framework. The Department of Culture will report back to Council once this work is completed.
21. It is the objective of staff to continue to carry out housekeeping amendments to incorporate fees presently identified within regulatory or other by-laws, into the Fees By-law and to update the regulatory and other by-laws, as necessary.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

22. The recommendation included in this staff report supports the following goal identified in the 2010-2014 City Council Strategic Plan:

Create a Vibrant and Healthy City Centre – The new MCFTPA will play an important role in the revitalization of the City Centre by hosting a variety of cultural productions representing a diverse array of arts disciplines. These productions will attract audiences into the downtown throughout the year and while there it is anticipated they will also frequent the downtown shops and restaurants before and after the various shows.

- Appendices: Appendix A – Schedule M – Fee's By-law (Department of Culture)
 Appendix B – Theatre Rental Rate Comparison

Appendix "A"

Schedule M – Fee's By-law

Department of Culture

ITEM	2010 APPROVED FEE	2011 PROPOSED FEE	% CHANGE	HST
Special Event Permits:				No
Under 5,000 Participants	\$440.00	\$440.00	0.00%	
5,000 to 30,000 Participants	\$2,420.00	\$2,420.00	0.00%	
over 30,000 Participants	\$5,680.00	\$5,680.00	0.00%	
Theatre Rental:				Yes
Georgian Theatre**				
any 8 hours	\$0	\$1,356	N/A	
up to 4 hours	\$0.00	\$711.90	N/A	
up to 6 hours	\$0.00	\$830.55	N/A	
up to 8 hours	\$0.00	\$972.93	N/A	
1 hour of extra time	\$0.00	\$39.55	N/A	
Downtown Theatre				
Not-For-Profit Organizations:				
Up to 4 Hours	\$220+\$25/hr(min 3hrs) for technical Support+\$15/hr for each add'l hour over 8hrs of continuous use for theatre supervisor	\$350.00	N/A	
4-6 Hours		\$400.00	N/A	
6-8 Hours		\$450.00	N/A	
8-11 Hours		\$500.00	N/A	
7-20 Days		\$425/day	N/A	
21 Days+		\$400/day	N/A	
Hourly Rate (overtime)		\$95/hour	N/A	
Commercial Users:				
Up to 4 Hours	\$220+\$25/hr(min 3hrs) for technical Support+\$15/hr for each add'l hour over 8hrs of continuous use for theatre supervisor	\$650.00	N/A	
4-6 Hours		\$750.00	N/A	
6-8 Hours		\$850.00	N/A	
8-11 Hours		\$950.00	N/A	
7-20 Days		\$800/day	N/A	
21 Days+		\$750/day	N/A	
Hourly Rate (overtime)		\$175/hour	N/A	
Busker Permits:				No
Street Performer Busker Permits	\$50.00	\$50.00	0.00%	

** HST exempt for rentals where the actors are not being paid or sharing in the profits.
Events where the participants can receive a prize of substantial value HST on rental will apply.

Appendix "B"

Theatre Rental Rate Comparison

Theatre	Seats	NFP Rental Rate	Commercial Rental Rate
Theatre Burlington	150	\$300/day	\$300/day
Hamilton Studio Theatre	128	\$500/day	\$500/day
Mississauga Rogers Theatre	110	\$525/day	\$525/day
Fergus	252	\$220/day	\$370/day
Shelburne Grace Tipling	195	\$135/6 hours	\$135/6 hours
Guelph River Run Studio	225	\$450/day	\$500/day
Parry Sound Studio	225	\$825/day	\$1,050/day
Orillia Studio	200	\$520/day	\$520/day