

# Report to Council



**Date:** June 1, 2020  
**To:** Council  
**From:** City Manager  
**Subject:** Kelowna Community Theatre Operating Models Review  
**Department:** Active Living & Culture - Cultural Services

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## **Recommendation:**

THAT Council receives for information the report from the Active Living & Culture Services Department, dated June 1, 2020, regarding the Kelowna Community Theatre Operating Model Review.

## **Purpose:**

To provide Council with an overview of the results from the Value for Money audit report for the Kelowna Community Theatre Operating Model and to advise of next steps.

## **Background:**

To demonstrate greater accountability for its use of public funds, the City performs reviews of ongoing projects and programs as a best practice in support of rigorous economic governance.

Value for Money (VFM) audits provide an objective, professional and systematic examination to ensure business elements such as, financial, human and physical resources, are managed with due regard to economy, efficiency and effectiveness. The process involves project/program selection, establishing the specific project scope, sourcing a qualified independent professional, preparation (by the independent professional) of draft and final reports, delivery of an executive summary to the City Manager and reporting annually at the year-end Audit Committee meeting.

The City of Kelowna owns and operates the Kelowna Community Theatre (KCT). The complex opened in 1962 and includes an 847-seat main stage theatre (plus 6 additional wheel-chair and companion seating), a 106-seat black box theatre and the support spaces required to service the two performance venues. The theatre is Kelowna's only large "purpose built" theatre venue.

The facilities currently operate on a "rental theatre" basis. The venues are not programmed by the City and the City does not have control of the artistic product presented by the groups renting the venues.

In 2018/19, Financial Services Division commissioned RWDI Consulting to conduct a VFM audit review of the operating model for the KCT. The purpose of the review was to:

- assess the current operating model;
- identify and describe alternate operating models, providing advantages and disadvantages for each;
- develop more fully the preferred options; and
- make recommendations for modifications as required.

#### **Discussion:**

The key components of the operations considered in the review included:

- Booking Policies & Procedures
- Programming Review
- Staffing and Reporting Structure
- Front of House Services
- Box Office Services
- Booking and Attendance Activity
- Rental Rates
- Financial Viability
- City support to the Arts (solely as it relates to KCT Operations)
- Operating Model Review

Overall the review concludes that the current model is proven to be successful and only requires fine-tuning to become more efficient and generate additional revenue which can be used to further arts development.

The resulting report confirmed that KCT is operating similar to other Canadian theatres and in accordance with established procedures. The theatre shows a strong demand for arts consumption even though booking and attendance activity has varied over the past four years. The KCT's rental rates, on a per seat basis, are within the range of other theatres in Canada. Financially, the KCT is operating within the best practices of other Canadian theatres and is a rarity, in Canada, as a self-sustaining theatre operation.

The key recommendations included in the report:

- It was recommended the theatre have a Technical Director. It is best practice to have a Technical Director where their focus is solely on the efficiency of the technical operations of the facility.
- The contracting out of the Front of House services is an area where improvements and/or alterations could improve customer service and connection to the KCT's patrons and users.
- The current set-up for Box Office services is an area where changes could increase responsiveness to the needs of renters as well as better support the patrons. It is suggested that changes to this service can generate additional revenue to the theatre operations.
- For KCT to continue its strong presence in the community and to provide high-quality events, it should consider bringing in its own shows. That is, it must control some of the artistic content in

the theatre by booking events directly with touring shows and concerts. The report recommends an annual presentation series.

In consideration of the findings contained within the review, Cultural Services staff, in partnership with the appropriate City departments, has:

- been considering the inclusion of a Technical Director as part of KCT staffing. Delays in moving this forward have resulted due to the COVID-19 facility closure and will resume in the coming months;
- been reviewing the Fees and Charges Bylaw and Conditions of Use and Allocation Guidelines for Recreation and Cultural Facilities to maximize facility offerings and efficiency; and
- worked to fill available booking days and enhance programmed spaced at KCT.

For the remainder of 2020 and into 2021, Cultural Services staff will work to further investigate and where appropriate make further recommendations related to:

- changes to Front of House services;
- changes to Box Office services; and
- increased arts programming that could fill existing gaps in performance variety.

**Conclusion:**

The VFM audit validated several City processes and confirmed the current model is proven to be successful, with the KCT being a rarity, in Canada, as a self-sustaining operation, and only requiring fine-tuning to become more efficient. Staff have outlined the necessary actions moving forward and will continue to use the findings of the review to assess any further modifications to KCT operations.

**Internal Circulation:**

Divisional Director, Active Living & Culture  
Divisional Director, Financial Services  
Corporate Finance Manager  
Administration & Business Services Manager  
Kelowna Community Theatre Manager  
Communications Advisor

**Considerations applicable to this report:**

Existing Policy:

- Cultural Policy #274
- Conditions of Use and Allocation Guidelines for Recreation and Cultural Facilities
- Bylaw No. 11739 Amendment No. 6 to Active Living & Culture Fees and Charges Bylaw No. 9609
- 2020-2025 Cultural Plan

**Considerations not applicable to this report:**

Legal/Statutory Authority

Legal/Statutory Procedural Requirements

Financial/Budgetary Considerations

External Agency/Public Comments

Communications Comments

Submitted by:

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Approved for inclusion:

JG