

# Report to Council



**Date:** January 11, 2021  
**To:** Council  
**From:** City Manager  
**Subject:** KCT Fee Adjustment for Reopening Under Restrictions  
**Department:** Active Living & Culture – Cultural Services

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## **Recommendation:**

THAT Council receives the report from the Cultural Services Department, dated January 11, 2021, regarding the proposed temporary fee structure for reopening Kelowna Community Theatre (KCT) under restrictions;

AND THAT Council approves the temporary fee structure for use at KCT as an amendment to the Active Living & Culture Fees and Charges Bylaw No. 9609.

## **Purpose:**

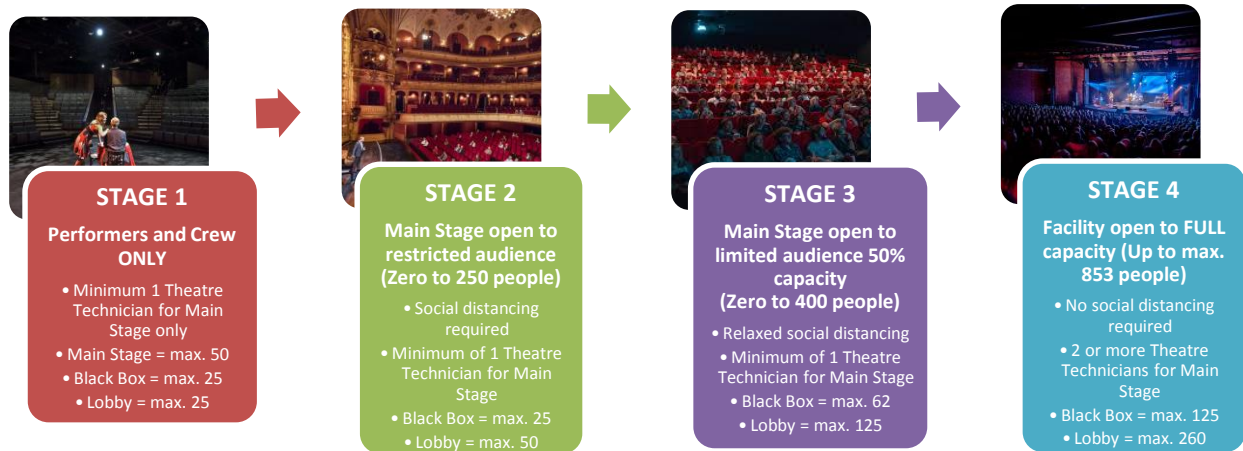
To provide Council with an overview of the Kelowna Community Theatre temporary fee structure to support recovery efforts as a result of to the COVID-19 pandemic.

## **Background:**

The City of Kelowna recognizes that the COVID-19 pandemic has impacted all aspects of community life in a profound way. Our top priority is the health, safety and well-being of the public and our staff. Staff continue to follow the direction of the Provincial Health Officer (PHO) as re-opening plans for sport, recreation and cultural facilities and programs are managed to curb the spread of COVID-19 in our community.

[BC's Restart Plan](#) has guided the reopening of our community facilities during COVID-19. This Restart Plan, along with many subsector plans, were designed for adaptability – to be able to move forward as restrictions loosen, and also step back if restrictions tighten. Within this context, the re-introduction of live performances at KCT is being carefully considered. While the recent spike in COVID-19 cases through fall 2020 further demonstrate the management of restrictions, the development of a reopening framework and associated fee structure allows for 2021 advanced planning by local cultural organizations.

In order to gradually introduce live performance and safe rental activity into the facility, the Kelowna Community Theatre will reopen in stages.



In consideration of the unique challenges facing the creative sector and what's predicted to be a slow and gradual return of the performing arts, additional measures are being considered to support the sector including a temporary change to the fee structure for Main Stage rental rates. This proposed fee adjustment would enable smaller scale activities to be offered to the community while restrictions on sizes of gatherings are in place.

This strategy is designed to be flexible to adapt to future recommendations and/or directives set forth by the PHO and/or the City of Kelowna.

#### Discussion:

The factors considered in the development of a temporary Main Stage rental fee structure through each stage of reopening include:

- supporting the creative sector including local artists and non-profit organizations to remain relevant and continue operations as they rebuild and recover;
- consideration for the audience capacity at KCT due to crowd limitations in the latest PHO's restrictions and the total number of tickets available for sale;
- enticing producers and presenters to offer performances for the public to re-engage safely in the performing arts;
- allowing a transition time while the public begins to rebuild personal confidence and comfort levels to attend live performances;
- ensuring a shared risk and reward model.

A rebuilding of audiences at different stages of re-opening will bring support to the performing arts, revenue from ticket and concession sales and increased rental bookings at KCT.

*Temporary Fee Structure for Performances at Kelowna Community Theatre:*

The temporary fee structure is being proposed for Main Stage performance rentals only and uses a sliding scale formula that is based on the number of seats available for sale to determine the Basic Fee.

The calculation of performance rental charges is as follows:

- Current Performance Rental Charges = Basic Fee **or** 10% of Gross Ticket Sales (to a maximum of 2.5 times the Basic Fee), whichever is the greater amount.
- Under the temporary fee structure, Basic Fee = rehearsal rate + a per seat "pre-determined rate" for each seat available for sale, as per current maximum gathering size in alignment with PHO directive, for each rental category.
- The per seat "pre-determined rate" is calculated by dividing the existing Basic Fee for each category of renter (i.e. Non-profit, Commercial) by the full 853-seat capacity of the theatre during normal operations. For example, the existing non-profit Basic Fee is \$800, therefore, the non-profit per seat "pre-determined rate" would be  $\$800/853 \text{ seats} = \$0.94 \text{ per seat}$ .

Example:

The Basic Fee for the calculation of Performance Rental Charges for a Non-Profit, under the current PHO directive of audiences not larger than 50 people, would be calculated as follows:

$$\begin{aligned} \text{Basic Fee} &= \text{rehearsal rate} + \text{a per seat "pre-determined rate" for each seat available for sale} \\ &= \$362.50 + (\$0.94 \times 50 \text{ seats available for sale}) \\ &= \$362.50 + \$47.00 \\ &= \$409.50 \end{aligned}$$

Total Performance Rental Charges for a Non-Profit = \$409.50 **or** 10% of gross ticket sales (to a maximum of 2.5X the Basic Fee), whichever is the greater amount.

Under the temporary fee structure, the Basic Fee calculation will be dependent on the number of seats available for sale in alignment with the current PHO directive for gatherings of this type. The temporary fee structure would remain in place until KCT is able to open to 50 percent capacity or higher (approximately 425 seats) which is when the temporary fees comes close to the current Basic Fee.

All rental fees for the Black Box and Theatre Lobby spaces will remain at current rates, though capacity may be limited due to physical distancing protocols. All extra fees associated with rental bookings, including the \$1.75 Capital Improvement Fee, will remain at the current rates.

Therefore, under the temporary fee structure, the rates for renting the Main Stage of the Kelowna Community Theatre will be as follows:

*Standard Rehearsal Basic Fee:*

Non-Profit - \$362.50

Local Commercial - \$507.50

Commercial - \$725.00

*Temporary Performance Basic Fee:*

Non-Profit - Basic Fee = \$362.50 + \$0.94 per seat available for sale

Local Commercial - Basic Fee = \$507.50 + \$1.31 per seat available for sale

Other Commercial - Basic Fee = \$725.00 + \$1.88 per seat available for sale

*Performance Rental Charges:*

Basic Fee or 10% of Gross Ticket Sales (to a maximum of 2.5 times the Basic Fee) whichever is the greater amount.

In addition, a Live-stream Fee of \$75.00 will be added to any rental booking that charges for access to a live-stream link during a performance.

**Conclusion:**

The creative sector has been severely impacted by the COVID-19 pandemic, and in particular the live performance industry. Offering a temporary fee adjustment will open opportunities for artists and non-profits organizations to progressively and safely return to activity at KCT, while working together to rebuild audiences. A sliding scale temporary adjustment to the Basic Fee will help encourage live performance bookings to return to the KCT stage and is an important piece to the rebuilding of an industry that has been hard hit by the pandemic.

**Internal Circulation:**

Divisional Director, Financial Services Corporate Finance Manager  
Administration & Business Services Manager  
Communications Advisor

**Financial/Budgetary Considerations:**

Restrictions imposed on gatherings and social distancing are anticipated to impact KCT operations well into 2021. Based on best understanding of the return to operations anticipated by sector professionals across the country, KCT is expected to gradually reopen through 2021 and likely not reach full house operations until fall 2021. While the return of audiences in large numbers is still uncertain, an Operating Request was approved as part of the 2021 Provisional Budget to modify KCT's overall budget to the most likely scenario of revenues and expenses for 2021.

**Considerations not applicable to this report:**

Legal/Statutory Authority Legal/Statutory  
Procedural Requirements External  
Agency/Public Comments Communications

Submitted by:

C.McWillis, Cultural Services Manager

**Approved for inclusion:**

JG

Jim Gabriel, Divisional Director, Active Living & Culture