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REPORT TO ROYAL AND MCPHERSON THEATRES SERVICES ADVISORY COMMITTEE MEETING OF WEDNESDAY, OCTOBER 9, 2024

SUBJECT **2025 Budget for the Royal Theatre Service and the McPherson Playhouse Service**

ISSUE SUMMARY

The Royal and McPherson Theatres Services Advisory Committee (RMTSAC) oversees the operating and capital contributions provided to the Royal and McPherson Theatres Society for the Royal Theatre Service and the McPherson Playhouse Service.

BACKGROUND

On September 11, 2024, the CRD Board adopted amending Bylaw No. 4560 to modernize the Royal Theatre Service bylaw. This removed restrictions between operating and capital contributions and introduced a formula to calculate the maximum allowable contribution as the greater of the previous fixed maximum of \$580,000 or \$0.00590 per \$1000 of net taxable value of land and improvements. The recommended lift to the Royal Theatre Service to \$596,000 in budget 2025 would be the first increase in funding to this service in the past 25 years.

The bylaw governing the McPherson Playhouse specifies a fixed maximum contribution of \$750,000. These budget recommendations are based on the adopted bylaws for these subregional services (see Legal Implications below for details).

The Capital Regional District (CRD) provides these contributions, along with service agreements, to the Royal and McPherson Theatres Society (RMTS), a non-profit organization of theatre management professionals established for the purpose of operating the Royal Theatre and McPherson Playhouse and collaborating on the asset management of these facilities with CRD Engineering. Each year RMTS is required to provide audited financial statements to the CRD as part of their reporting requirements (Appendix A) and also produces an annual report with more information on programming and service delivery statistics (Appendix B).

The RMTSAC reports to the Finance Committee, which does not meet before the consideration of the provisional budget on October 30th, 2024. Input from RMTSAC on budget levels will flow through the Finance Committee to be considered as part of the final budget package.

ALTERNATIVES

Alternative 1

The Royal and McPherson Theatres Services Advisory Committee recommends the Finance Committee recommend to the Capital Regional District Board:

1. That the maximum allowable contribution amount of \$596,000 be approved for the Royal Theatre Service; and
2. That the maximum allowable contribution amount of \$750,000 be approved for the McPherson Playhouse Service.

Alternative 2

The Royal and McPherson Theatres Services Advisory Committee recommends the Finance Committee recommend to the Capital Regional District Board:

1. That the Royal Theatre Service Budget be approved as amended; and
2. That the McPherson Playhouse Service Budget be approved as amended.

IMPLICATIONS

Alignment with Board & Corporate Priorities

In the current CRD Corporate Plan (2023-2026), initiative 10b-2 states the CRD will “Scale up regional support for performing arts facilities within the region.” Increasing funding to the Royal Theatre service is aligned to this goal.

Financial Implications

In addition to operational expenses, RMTS has also planned approximately \$2.1 million in building improvement capital expenses in 2025 for necessary repairs and upgrades. These improvements include building envelope repairs at the Royal Theatre and McPherson Playhouse, new balcony seating at the Royal Theatre and repairing the entrance canopies at the McPherson Playhouse (see Appendix C and D for complete lists of capital projects). RMTS collects a building improvement fee as part of its ticket sales and those proceeds also assist in funding capital projects.

Legal Implications

On August 22, 2023, amending Bylaw No. 4561 to modernize the parameters of the McPherson Playhouse Service was sent to the City of Victoria for council consent. If it receives council consent, then it would be sent to the Inspector of Municipalities at the Province of BC, and then to the CRD Board for adoption. The outcome of this amending bylaw is dependent on when the City of Victoria will consider the matter and the results of that deliberation. The timeline for receiving the results of this process is unknown at this time.

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 Royal and McPherson Theatres Society has provided audited financial statements, and five-year capital plans for the Royal Theatre and McPherson Playhouse to provide more context and rationale for the CRD contribution levels.

RECOMMENDATION

The Royal and McPherson Theatres Services Advisory Committee recommends the Finance Committee recommend to the Capital Regional District Board:

1. That the maximum allowable contribution amount of \$596,000 be approved for the Royal Theatre Service; and
2. That the maximum allowable contribution amount of \$750,000 be approved for the McPherson Playhouse Service.

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ATTACHMENTS

- Appendix A: 2023 Audited Financial Statements for the Royal & McPherson Theatres Society
- Appendix B: 2023 Annual Report for the Royal & McPherson Theatres Society
- Appendix C: 2025 Budget for the Royal Theatre Service
- Appendix D: 2025 Budget for the McPherson Playhouse Service