Appendix A

Final Report

Analysis of Service Options to Support Performing Arts Facilities

May 29th, 2025

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Executive Summary

The Options

Nordicity was engaged in January 2025 by the Capital Regional District (CRD) and its Performing Arts Facilities Select Committee (PAFSC) to undertake a cost-benefit analysis of the five service options currently under consideration to support the region's theatres, as described in the Table below.

Table 1: CRD Service Options

	Option A	Option B	Option C	Option D	Option E
	Full Regional – Updated 2021 Model	Full Regional – with Theatre Rental Grants	Sub-Regional – 13 Munis/3 Theatres	Sub-Regional – 6 Munis/3 Theatres	Sub-Regional – 4 Munis/2 Theatres
Plan	Planning Grants	Planning Grants	Planning Grants	N/A	N/A
Develop	Maintenance (Royal, McPherson, C. White) + Major Capital Reserve	Maintenance (Royal, McPherson, C. White) + Major Capital Reserve	Maintenance (Royal, McPherson, C. White)	Maintenance (Royal, McPherson, C. White)	Maintenance (Royal, McPherson)
Fund	Royal, McPherson, Charlie White	Royal, McPherson, Charlie White + Theatre Rental Grants	Royal, McPherson, Charlie White + Theatre Rental Grants	Royal, McPherson, Charlie White + Theatre Rental Grants	Royal, McPherson + Theatre Rental Grants
Participating Jurisdictions	All	All	13 Municipalities (All, less: Juan de Fuca, Salt Spring Island, Southern Gulf Islands)	6 Municipalities (Core + North Saanich, Sidney)	4 Core Municipalities (Esquimalt, Oak Bay, Saanich, Victoria)
Approval	Full Regional AAP	Full Regional AAP	Sub-Regional AAP	Council Consent	Council Consent

The proposed service models include a combination of three service functions – Plan, Develop, and Fund:

- **Plan**: The **Planning Grants Program** supports local governments and non-profit organizations in undertaking feasibility studies, business planning, and construction plans for performing arts facilities.
- **Develop**: The Develop function aims to strengthen and maintain the regional theatres, through 1) **Major Capital Access Grants** for large-scale construction or expansion projects, and 2) **Minor Capital Grants** for maintenance and accessibility upgrades.
- **Fund**: The Fund function focuses on the ongoing operations of regional theatres. This function provides **operating grants** to regional theatres. Some service options also propose the introduction of a **Theatre Rental Grant Program**, which would help non-profit community presenters and artists offset the cost of renting regional venues, thus improving access and venue usage rates with more local programming.

The Methodology

Nordicity undertook four phases of background research, community engagement, analysis, and reporting from January to May 2025. In the analysis, the goal was to assess which service model best aligns participant contributions with the cultural benefits they receive. Following analysis, an evaluation framework was created and scores were assigned to determine the final recommendation.

Each option represents a different distribution of both financial responsibility and public value across the 16 jurisdictions. A successful scenario includes:

- Costs and benefits that are proportionally aligned at the participant level;
- Access to cultural infrastructure that is better shared across the region; and,
- Regional funding that reflects a justifiable exchange between investment and impact.

The goal of this work is to support evidence-based decision-making to help the Capital Regional District identify a service model that is regionally inclusive, financially sustainable, and responsive to the evolving needs of the region's performing arts sector now and into the future.

The Current State of Regional Theatres

The Capital Regional District is home to three regional theatres – Royal Theatre ("Royal"), McPherson Playhouse ("McPherson"), and Charlie White Theatre ("Charlie White") – which serve as critical infrastructure for live performance across the region.

Although the three theatres are physically located in Victoria and Sidney, audience data confirms that their **community reach** extends across the entire CRD. Each theatre serves different roles in the CRD's performing arts ecosystem:

- The **Royal Theatre** is the largest with 1416 seats and the highest average rental cost for non-profit presenters of $8,367. Current data shows that it combines the highest per-performance reach (1,091 attendees) with the greatest programming volume, supporting 125 performances annually.
- The **Charlie White Theatre** is the smallest regional theatre, offering 310 seats and delivering 101 performances in 2024. In line with its size, its average non-profit rental rate is lowest at $2,525 and it primarily focuses on smaller-scale events. It enables a diverse, community-focused programming slate that maximizes access and experimentation.
- The **McPherson Playhouse** offers a balance between scale and cost. It offers 772 seats and delivers around 101 performances annually with an average attendance of 519 per show. Its cost per performance is similar to the Royal with and its average non-profit rental rate is $4,785, but its moderate audience size indicates that it plays a stabilizing role in the regional theatre ecosystem — offering consistent programming to a mid-sized audience.

The three regional theatres operate under **different ownership and business models**.

- The Royal Theatre was built in 1913 and has been owned by the CRD since 1997, while the McPherson Playhouse was originally constructed in 1914 and has been owned by the City of Victoria since 1962. The CRD is responsible for the asset management and operations of both theatres.[1]
- The Charlie White Theatre is operated by the Mary Winspear Centre (Memorial Park Society) and supported by direct municipal funding from Sidney and North Saanich.
- The current bylaws that govern operational and minor capital funding for the Royal and McPherson (Bylaw No. 2568 for the Royal Theatre and Bylaw No. 2290 for the McPherson Playhouse) have been in place for over 25 years. Bylaw No. 4560 was only recently passed in 2024 to allow the Royal Theatre Service's maximum contribution to rise over time based on the converted costs of assessment (property value) of the participating jurisdictions, as opposed to inflation. It also allows funds to be moved from operating to minor capital and vice versa as necessary. No such bylaw has been passed for the McPherson Playhouse Service, and funding remains capped at 1998 levels.
- The Royal Theatre and McPherson Playhouse follow a rental-only model, where presenters are responsible for booking and covering venue costs, including technical and front-of-house staffing. This model has become a key source of revenue for these venues without increased public funding. Despite this, RMTS offers discounted rental rates for special community shows.

[1] The City of Victoria promised to transfer ownership of the McPherson Playhouse to the CRD during a Council decision in 2016 if a new collaborative service is established to support it.

- The Charlie White Theatre increasingly engages in co-productions (accounting for approximately 30-50% of shows) particularly with local community presenters, sharing in the programming and financial responsibilities.
- All three theatres are also used by educational institutions across the region. Schools and music education organizations regularly rent the facilities for student productions and performances. These engagements support youth participation in the arts and reinforce the theatres' broader educational and cultural development roles.

The Major Gaps and Challenges

While the Royal Theatre and McPherson Playhouse have played a vital role in the region's cultural landscape, the **current funding framework that was established decades ago now presents significant limitations.** The lack of inflationary growth in the funding provided to the Royal and McPherson over the last 25 years means that the purchasing power of this funding has declined by approximately 40%, while the costs of operating these venues have continued to rise at a similar rate. These financial limitations have also hindered the theatres' abilities to maintain their facilities from a physical and operational standpoint. These limitations have resulted in increased costs for presenters through rental rates, which impact access to regional theatres by non-profit and educational presenters. The trickle-down effects of these rates also impact audiences due to rising ticket prices.

As well, the existing CRD services that support the Royal and McPherson are all **sub-regional** – only supported by Victoria (who supports the McPherson Playhouse alone), Saanich, and Oak Bay – despite evidence that these theatres are increasingly used by presenters and audiences located across the region. This arrangement has placed **undue burden on some jurisdictions over others**, while responsibilities to nurture and grow the performing arts ecosystem in the Capital Regional District should fall more evenly across the region. Travel time analysis undertaken as part of this study found that twelve municipalities in the Capital Regional District can access the Royal, McPherson, and Charlie White within a 40-minute drive time. Research has found that only 6% of audience members travel more than 40 minutes to attend arts events in the region (with 48% travelling 20 min or less and 46% travelling 20-40 min). Recent efforts by the CRD to amend regional theatre services to be more equitable, particularly Bylaw No. 4561 for the McPherson Playhouse, have stalled, which continues to jeopardize the operational sustainability of this theatre and the health of the performing arts ecosystem.

The conversation around regional equity has also brought attention to **underserved areas in the region.** In particular, the **West Shore** – which includes Colwood, Langford, View Royal, Highlands, Metchosin, and Sooke – has seen rapid population growth and increased demand for arts and cultural programming, yet lacks a large-scale, dedicated performing arts venue. Planning Grants are proposed to help address this gap by supporting early-stage development work for new facilities in areas like the West Shore. It is necessary to note that the travel time analysis found that, with the addition of a new regional theatre in Langford, all 13 municipalities in the Capital Regional District would be able to access a regional theatre within a 40-minute drive time.

In terms of usage rate, total performances at Royal Theatre and McPherson Playhouse are nearing pre-pandemic levels, indicating a **steady recovery in audience demand and theatre operations**, though a closer look reveals that that the number of shows presented by non-profit organizations at the McPherson Playhouse remains significantly lower – approximately 60% of pre-pandemic levels. Compared to comparable venues, the McPherson Playhouse's overall usage rate is significantly lower. This drop is not due to lack of demand, as consultations found that local artist groups are interested in putting on more performances, but rather **affordability barriers** largely due to stage and front-of-house labour costs. The Charlie White Theatre also reports similar trends that suggest that **untapped capacity remains**.

The Analysis

The analysis activities undertaken by Nordicity found that certain components of each option under consideration are more valuable than others, namely:

- **Planning Grants** remain valuable from a qualitative standpoint, in recognition of ongoing efforts to develop a regional theatre in the West Shore, spearheaded by the Juan de Fuca Performing Arts Centre Society (JdFPACS).
- **Minor Capital Grants** will be necessary in any future service option to support the maintenance and accessibility upgrade needs of each theatre.
- Increased **Operating Funding** that is regularly adjusted is necessary to support the fiscal sustainability of regional theatres, and particularly for the Royal and McPherson Theatres whose funding has been stagnant for far too long.
- **Theatre Rental Grants** are necessary to improve access to regional theatres for non-profit presenters by providing needed relief for the high labour costs associated with current rental rates. These grants can also help unlock more presentation activity on dark days at regional theatres.
- The **Major Capital Grants** value is unsubstantiated at this time due to two structural issues:
  - *Infrequent or Uncertain Major Capital Needs*: major capital expenditures in the region are undefined at this time; holding significant idle funds imposes a drag on performance and limits operational flexibility as a result.
  - *Excessive or Unused Reserve Size*: large surpluses without clearly articulated use cases reduce fiscal discipline and risk becoming de facto endowments, which may dilute performance accountability.
- Despite these concerns, the reserve remains a valid concept in the long-term. In regional systems where debt financing can be politically or structurally challenging, a capital reserve may offer a more feasible path to investment. For this reason, revisiting the reserve strategy once capital plans for future regional theatre development are more clearly defined may be a more reasonable approach. A needs-based approach to reserve sizing and disbursement timing would strengthen the business case considerably.

The Recommendations

Option C is recommended as the most impactful service model among the options considered (see Appendix E for detailed scoring). This option scored highest across multiple criteria, particularly in terms of supporting long-term sustainability, expanding regional access, and fostering sector development. Key strengths of Option C include:

- **Sustainable support** for existing regional theatres through increased Operating Funding and a Minor Capital Reserve, with annual inflationary adjustments for the Royal Theatre, McPherson Playhouse, and Charlie White Theatre.
  - Crucially, Option C addresses a historical gap in the service model by **incorporating inflationary adjustments**. Without such adjustments, the **long-term viability** of the service would remain vulnerable to rising costs and diminished funding value.
  - The inclusion of a **Maintenance or Minor Capital Reserve** is vital, particularly given the age of the Royal Theatre and McPherson Playhouse—both over a century old. These facilities require ongoing investment to remain **safe, accessible, and capable of supporting contemporary programming and audiences**.
- **Strategic regional participation** across the Capital Regional District's Core Municipalities, Saanich Peninsula, and the West Shore. These 13 municipalities represent the majority of the region's population and most frequently appear in ticket sales data for the regional theatres. They are also all located within a 40-minute drive of current and predicted future regional theatres.
  - Data confirms that theatre **usage is not confined to host jurisdictions**: for instance, strong audience attendance from Saanich, Langford, and Esquimalt is seen at the McPherson, and from Langford, Colwood, and Central Saanich at the Royal Theatre. This demonstrates the regional nature of these venues. Proportional attendance from Metchosin and strong engagement with the Charlie White Theatre from the Peninsula further reinforce this case.
  - **Broader participation in this service also reduces the per person cost**. Option C has the lowest average cost per household in all jurisdictions and has the narrowest spread between the highest and lowest cost.
- Inclusion of **Planning Grants** to support strategic planning and design work related to the development of future regional theatres.
  - Organizations like the JdFPACS are actively pursuing the development of a new regional theatre in the West Shore. While timelines and location are still undefined, the inclusion of **Planning Grants ensures West Shore jurisdictions can explore new facility development.**
  - Ensuring participation from communities in the West Shore in a future service option will also ensure that a future regional theatre in the area can benefit from Operating and Minor Capital Funding, as well as Theatre Rental Grants.

- Support for presenters through **Theatre Rental Grants** to unlock more performance activity at regional theatres, which would help bring theatre usage closer to national/regional benchmarks and alleviate high labour costs associated with current rental rates.
  - Theatre Rental Grants will subsidize venue rental costs, enabling **greater access for emerging presenters and expanding the diversity of performances** available to CRD residents.
  - This funding could also unlock significant usage increases at the McPherson Playhouse, Royal Theatre, and Charlie White Theatre – bringing them closer to their **optimal capacity**.
  - Additionally, the Theatre Rental Grants program could help foster **broader buy-in** from participating jurisdictions whose local presenters would directly benefit from these subsidies.
  - The theatre rental grant component, while not targeted at reducing ticket pricing, is also likely to **reduce the average cost per ticket** by increasing the number of non-profit shows.

While each service component could be implemented as standalone initiatives, an **integrated, multi-faceted service option encourages broader participation from multiple jurisdictions** in support of regional theatres. To date, the City of Victoria has carried a disproportionate share of the funding burden, despite clear evidence – highlighted in this analysis – that residents from other jurisdictions frequently attend performances at these venues and that they remain important venues for a range of presenters across the CRD. Looking ahead, as the region continues to grow and mobility between communities increases, it is likely that more residents will travel to and rely on these regional venues.

Option E is proposed as a minimum viable model to pursue. We acknowledge that securing participation from all 13 recommended jurisdictions may be challenging. Based on the preceding research and analysis, the most urgent regional performing arts priorities include:

- Rebalancing the funding model for the McPherson Playhouse, and
- Alleviating the high operational costs (e.g., technical crew and staff) that current act as barriers to accessing venues for many presenters.

Compared to Option C, Option E is a more focused and conservative model that modifies the key service components to reflect these urgent priorities. First, Option E **limits the scope of supported theatres to the Royal Theatre and McPherson Playhouse**. The exclusion of the Charlie White Theatre reflects the fact that this facility is already well supported by municipal funding from Sidney and North Saanich and operates under a co-production model that is less reliant on venue rental activity, making the Theatre Rental Grants, in theory, less impactful for its operations.

Second, Option E **excludes Planning Grants**, recognizing the high level of uncertainty around new facility development in areas like the West Shore. While interest is growing in other currently underserved communities, no concrete proposals have yet been advanced. Also, planning grants are available at the federal level through the Canada Cultural Spaces Fund which may be accessed by the JdFPACS to support their ongoing planning efforts.

Third, Option E narrows the **geographic reach of participating jurisdictions** to those most directly impacted by and currently engaged with the Royal and McPherson, namely, the four core municipalities: Victoria, Saanich, Oak Bay, Esquimalt.

This more targeted approach balances short-term impact with financial feasibility, while still addressing the most urgent needs identified through this study.

1. Introduction

Nordicity was engaged in January 2025 by the Capital Regional District (CRD) and its Performing Arts Facilities Select Committee (PAFSC) to undertake a cost-benefit analysis of five service options currently under consideration to support the region's theatres. The purpose of this study is to assess and select the most appropriate service option to support the development of professional performing arts venues in the Capital Regional District now and into the future.

1.1. Background

The **Capital Regional District (CRD)** is the regional government for 13 municipalities (Victoria, View Royal, Sooke, Sidney, Saanich, Central Saanich, North Saanich, Colwood, Esquimalt, Highlands, Langford, Metchosin, Sooke) and the local government for three electoral areas (Salt Spring Island, Southern Gulf Islands, and Juan de Fuca) on southern Vancouver Island. The CRD plays a pivotal role in supporting inter-municipal collaboration through the administration of regional services. Services are either:

- Regional – where all municipalities and electoral districts are served.
- Sub-Regional – where two or more jurisdictions are served.
- Local – where only one jurisdiction participates. While most local services are delivered in the electoral areas, some exist within municipalities.

Capital Regional District's Current Arts Services

Services are established by Bylaws, which lay out how services will be administered, and which jurisdictions are participating. Once a Bylaw is set, some elements can be challenging to change because various levels of approvals need to be sought from both the CRD Board and from electors either through Council consent and/or Alternative Approval Process.

The Capital Regional District currently supports arts and culture, including the performing arts and regional performance venues, through four established services, described in Table 1 below.

Table 2: CRD Arts-Related Services

	Arts & Culture Support Service	Royal Theatre Service	McPherson Playhouse Service	Salt Spring Island Arts Contribution Service
Description	Provides assistance for the benefit of the community through grant programs and community outreach to support, promote and celebrate arts and culture. The focus of this service is activating arts activities, also known as public programming.	Provides a grant for the capital and operational support of the Royal Theatre for pleasure, recreation and community use.	Provides a grant for the capital and operational support of the McPherson Playhouse for pleasure, recreation and community use.	Provides a grant to support arts programming on Salt Spring Island, and to contribute to the cost of maintaining, equipping, and operating the ArtSpring Theatre.
Bylaw # & Year Established	2884 (2001)	2587 (1997) 4560 (2024)	2685 (1998)	3116 (2004)
Funding Amount	Arts & Culture Support Service includes five grant programs (operating grants, project grants, equity grants, "Grow Forward" grants, and IDEA grants); each has different funding amounts and requirements. [2]	Operating contribution: $106,000 Capital Contribution: $490,000 [3] Bylaw No. 4560 removed restriction between operating and capital contributions and redefined the maximums so that they can increase over time	Operating contribution: $350,000; Capital contribution: $400,000	$160,393 (2025)
Governance	CRD Arts Commission provides direction for the overall budget	CRD Royal and McPherson Theatres Services Advisory Committee (RMTSAC) directs	CRD Royal and McPherson Theatres Services Advisory Committee (RMTSAC) directs the	Salt Spring Island Local Community Commission

[2] CRD Arts & Culture Support Service. 2020-2023 Strategic Plan. https://www.crd.ca/media/file/arts-culture-support-service-strategic-plan

[3] Note that these figures are as of 2025 and that they represent the first increase in 25 years. Previously, Operating was $100,000 and Capital was $480,000.

	and establishes policy as defined in Bylaw 4143.	the annual CRD contribution for the Royal Theatre as defined in Bylaw 2587. Board of the Royal McPherson Theatres Society (RMTS) directs the operations of the Royal Theatre per management contract between the CRD and the RMTS.	annual CRD contribution for the McPherson Playhouse as defined in Bylaw 2685. Board of the Royal McPherson Theatres Society (RMTS) directs the operations of the McPherson Playhouse per management contract between the City of Victoria and the RMTS.	oversees the service, as defined in Bylaw 4507. Board of the Gulf Islands Community Arts Council (GICAC) directs the annual grant to support arts programming as defined in Bylaw 3116. Board of the Island Arts Centre Society (ArtSpring) directs the annual grant to support the operations of the ArtSpring Theatre.
Management	CRD Arts & Culture Division	RMTS staff	RMTS staff	ArtSpring & GICAC staff
Participating Jurisdiction(s)	▪ Southern Gulf Islands ▪ Saanich ▪ Highlands ▪ View Royal ▪ Sooke ▪ Metchosin ▪ Esquimalt ▪ Victoria ▪ Oak Bay	▪ Saanich ▪ Oak Bay ▪ Victoria	▪ Victoria	▪ Salt Spring Island

All the arts and culture related services described in Table 1 are currently sub-regional. Of relevance to this analysis, the Royal Theatre and McPherson Playhouse services are only supported by one to three jurisdictions, despite their status as regional theatres.

History of the Royal Theatre Service and McPherson Playhouse Service

While the Royal Theatre and McPherson Playhouse have played a vital role in the region's cultural landscape, the funding framework established decades ago now presents significant limitations. The Royal Theatre was built in 1913 and has been owned by the CRD since 1997, while the McPherson Playhouse was originally constructed in 1914 and has been owned by the City of Victoria since 1962. Despite the differences in ownership, the CRD is responsible for the asset management and operations of both theatres, which is a point of contention in the community. Although both theatres are located in Victoria, they are **increasingly used by live performance groups and audiences from across the region**. Still, the fact that the McPherson Playhouse is owned by, and located in, the City of Victoria disincentivizes participation from other jurisdictions in the McPherson Playhouse Service.

The current bylaws that govern operational funding for each theatre (Bylaw No. 2568 for the Royal Theatre and Bylaw No. 2290 for the McPherson Playhouse) have been in place for over 25 years, and bylaw 4560 was only recently passed in 2024 to allow the Royal Theatre Service's maximum contribution to rise over time based on the converted costs of assessment (property value) of the participating jurisdictions, as opposed to inflation.[4] No such bylaw was passed for the McPherson Playhouse Service, and Bylaw No. 2290 still caps its annual **contribution to a fixed level** that does not allow for converted cost assessment or inflationary increases. Additionally, the restrictions in Bylaw No. 2290 **prevent transfers between capital and operating contributions**, further limiting financial flexibility for the McPherson Playhouse. The lack of inflationary growth in the funding provided to the Royal and McPherson over the last 25 years means that the purchasing power of this funding has declined by approximately 40%, while the costs of operating these venues have continued to rise at a similar rate. These financial limitations have hindered the theatres' ability to maintain their facilities from a physical and operational standpoint – by limiting the number of full-time staff that can be hired and the funds available to support necessary minor capital maintenance for these aging theatres.

Over the past several years, the CRD has made multiple attempts to update and expand its support for performing arts facilities in the region. In 2019, the CRD initiated a first attempt to amend the funding bylaws for the Royal Theatre and McPherson Playhouse. While the proposed bylaw amendments were approved by the CRD Board and circulated to participating jurisdictions (Oak Bay, Saanich, and Victoria), the process was ultimately stalled due to inconsistent responses – some jurisdictions requested changes or further discussion, and the initiative was eventually postponed in light of the COVID-19 pandemic. Around the same time, the CRD formed the Regional Arts Facilities Select Committee, which later evolved into the **Performing Arts Facilities Select Committee** (PAFSC) with a focus on defining an appropriate service model for the region's performing arts facilities.

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[4] Amending Bylaw 4560 replaces inter-municipal formula with standard 50% population / 50% converted assessment.

In 2021, the PAFSC advanced Bylaw No. 4445, which proposed a new full regional service to absorb the existing theatre services and launch a major capital reserve fund (estimated cost at $3 million/year). However, despite strong support, the policy – which depended on a region-wide Alternative Approval Process (AAP) – was defeated by the CRD Board, leaving the initiative without a clear path forward.

Efforts to strengthen regional support continued into 2023-2024, following the election of **new CRD Board members and a strategic decision** to revisit and scale up support for performing arts facilities. This phase was marked by the successful adoption of Amending Bylaw No. 4560, which modernized the funding framework for the Royal Theatre Service. However, the equivalent bylaw for the McPherson Playhouse Service (No. 4561) remains unapproved, with no official response from the City of Victoria.

The urgency of establishing a new regional support model has become increasingly evident. In November 2024, City of Victoria Mayor Marianne Alto publicly stated, "Let's be blunt. The City is not very happy with the existing arrangement or operating agreement with the McPherson by virtue of the fact that it is the sole funder of the theatre." [5] This comment, along with a CRD Board directive issued later in 2024 to work with the RMTS and the City of Victoria on issues related to maintenance and community access, highlights tension surrounding the future of the McPherson Playhouse. The absence of Council consent for Bylaw No. 4561 continues to jeopardize McPherson Playhouse's sustainability. There is consensus among regional leaders and arts and cultural interest holders that the status quo is no longer viable, and that steps must be taken to secure long-term support for the region's performing arts infrastructure.

Defining New Service Options for Regional Theatres

The conversation around regional equity has also brought growing attention to **underserved areas in the region**. In particular, the **West Shore** – which includes Colwood, Langford, View Royal, Highlands, Metchosin, and Sooke – has seen rapid population growth and increasing demand for arts and cultural programming, yet lacks a large-scale, dedicated performing arts venue. [6] Planning Grants are proposed to help address this gap by supporting early-stage development work for new facilities in areas like the West Shore.

To support a more regionally balanced network of venues, the CRD is also considering the **inclusion of the Charlie White Theatre** in some of the service options. Located on the Saanich Peninsula and supported by the Town of Sidney and the District of North Saanich, the Charlie White Theatre has demonstrated strong community impact and audience reach beyond its immediate municipality. Its potential inclusion reflects a desire to acknowledge and support facilities that already function at a regional scale but are not currently integrated into CRD's established theatre services.

These efforts align with the PAFSC's work to define what constitutes a "**regional theatre**." A regional theatre is defined as a performing arts facility that services regional population, offers equitable community

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[5] Times Colonist. November 13, 2024. CRD board to mull closer look at funding for regional arts venues.

[6] West Shore Community Arts Centre Preliminary Feasibility Study (October 2024), and Accessibility and Inclusion for the West Shore Community Arts Centre (December 2023).

access, and delivers significant cultural impact across jurisdictions.[7] In addition to the definition of characteristics of a regional theatre, the PAFSC developed a set of service options intended to address both long-standing and emerging needs across the region. The service options under consideration are summarized in Table 2 below.

Table 3: CRD Service Options

	Option A	Option B	Option C	Option D	Option E
	Full Regional – Updated 2021 Model	Full Regional – with Theatre Rental Grants	Sub-Regional – 13 Munis/3 Theatres	Sub-Regional – 6 Munis/3 Theatres	Sub-Regional – 4 Munis/2 Theatres
Plan	Planning Grants	Planning Grants	Planning Grants	N/A	N/A
Develop	Maintenance (Royal, McPherson, C. White) + Major Capital Reserve	Maintenance (Royal, McPherson, C. White) + Major Capital Reserve	Maintenance (Royal, McPherson, C. White)	Maintenance (Royal, McPherson, C. White)	Maintenance (Royal, McPherson)
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Participating Jurisdictions	All	All	13 Municipalities (All, less: Juan de Fuca, Salt Spring Island, Southern Gulf Islands)	6 Municipalities (Core + North Saanich, Sidney)	4 Core Municipalities (Esquimalt, Oak Bay, Saanich, Victoria)
Approval	Full Regional AAP	Full Regional AAP	Sub-Regional AAP	Council Consent	Council Consent

The proposed service models presented above incorporate a combination of three service functions – Plan, Develop, and Fund – each designed to address different stages of facility support and regional development needs:

[7] Bylaw No. 4445. https://www.crd.ca/media/file/2021-09-08pafscagendapkg

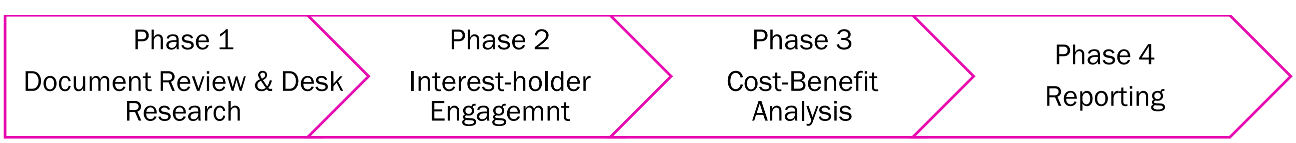
- **Plan**: The **Planning Grants Program** supports feasibility studies, business planning, and construction plans for performing arts facilities. These grants are intended to help local governments and non-profit organizations explore new facility development or improve existing infrastructure through renovation and expansion. The program covers up to 50% of eligible project costs and is supported by an annual budget of $120,000.
- **Develop**: The Develop function aims to strengthen and maintain the regional theatres, through 1) **Major Capital Access Grants** for large-scale construction or expansion projects, and 2) **Minor Capital Grants** for maintenance and accessibility upgrades. In addition, CRD staff may offer support to facilities in preparing applications for provincial and federal funding opportunities.
- **Fund**: The Fund function focuses on the ongoing operations of regional theatres. This function provides **operating grants** to regional theatres. Some service options (i.e., Option B, C, D, and E) also propose the introduction of a **Theatre Rental Grant Program**, which would help non-profit community presenters and artists offset the cost of renting regional venues, thus improving access and venue usage rates with more local programming.

These service functions are intended to provide both immediate and long-term support to ensure that performing arts facilities can serve the region's cultural, social, and economic needs sustainably. Of particular importance to this study is that organizations that might look to access any of these service components need to be from jurisdictions that are participating in them. For example, if a dance presenter in Sooke would like to access a Theatre Rental Grant, then Sooke will need to be one of the participating jurisdictions in the service.

1.2. Methodology

The Cost-Benefit Analysis of Service Options for Performing Arts Facilities was conducted between January and May 2025, following a phased and collaborative approach. The work drew on a range of research, engagement, and financial modelling activities to assess the feasibility, impact, and sustainability of each proposed option.

Figure 1: Project Phases



In Phase 1, Nordicity conducted a review of internal and external documents provided by the CRD, the Performing Arts Facilities Select Committee (PAFSC), and the regional theatres. The review included strategic reports, background studies, and service bylaws related to the existing and proposed delivery of performing arts services. In addition, historical financial and operating data were reviewed for all three regional theatres: the Royal Theatre, McPherson Playhouse, and Charlie White Theatre. The documents reviewed for this study are listed in Appendix A.

In Phase 2, Nordicity engaged directly with facility representatives and a broad cross-section of the performing arts community to gather qualitative insights on operational challenges, access barriers, and potential opportunities under different service models. The engagement included:

- A virtual roundtable with 13 community-based, **non-profit presenters and education organizations**;
- A smaller roundtable and one-on-one interviews with 5 **commercial presenters**;
- One-on-one interviews with representatives from the Royal Theatre, McPherson Playhouse, Charlie White Theatre, the Juan de Fuca Performing Arts Centre Society (JdFPACS), and IATSE Local 168.

In Phase 3, Nordicity worked closely with CRD staff to explore different streams of analysis, refine assumptions, and prioritize key criteria. Building on these insights, Nordicity developed an evaluation model and applied a framework to assess the relative costs, benefits, and risks associated with each of the five service options under consideration.

The findings from this analysis informed the recommendations presented in Section 7 of this report. The goal of this work is to support evidence-based decision-making and help the CRD identify a service model that is regionally inclusive, financially sustainable, and responsive to the evolving needs of the performing arts sector.

1.3. Evaluation Framework

To assess the relative strengths and weaknesses of each service option under consideration, a structured evaluation framework was developed. This framework is organized around **four core interest-holder perspectives**, each weighted equally at 25%. Each perspective includes a set of evaluation indicators (sub-criteria) against which each option was analyzed, using both qualitative and quantitative data.

Table 4: Evaluation Framework

Benefits by Interest Holders	Evaluation Indicators
The Audiences: Public Access to the Arts & Cultural Offerings (25%)	Access to Theatres/Physical Distance – whether a large % of participating jurisdictions within each service option are within a 40-minute drive to the existing and potential future regional theatres considered. Affordability/Ticket Pricing – whether each service option has the potential to positively impact the affordability of ticket prices. Existing Attendance – whether the participating jurisdictions in each service option are already frequent visitors to each existing theatre.
The Theatres: Sustainability of the Live Performance Sector (25%)	Long-term Viability of Existing Theatres – whether the service option includes increased operational and maintenance (minor capital) funding to support long-term viability of regional theatres and includes inflationary growth. Development of Future Theatres – whether the service option includes support to develop future facilities. Enhanced Financial Sustainability – whether each service option has the potential to increase earned income for theatres through additional performances (especially non-profit), rental activity, concessions, and ticket sales.
The Presenters: Development of the Arts (25%)	Increased Performance Activity – whether and to what degree each potential service option can activate non-profit performances at current and potential future regional theatres. Access to Theatres – the degree to which the option enhances financial access (e.g., via rental grants) and physical access (e.g., minor capital improvements or location proximity) for non-profit presenters.
The Jurisdictions: Equitable Financial Contribution Based on Proportional Benefits (25%)	Participation vs. Proportional Access – whether jurisdictions contributing financially are geographically and demographically aligned with the benefits they receive (i.e., access to theatres, population size). Cost-Sharing Equity/"Free Rider" Avoidance – whether the jurisdictions that benefit also pay.

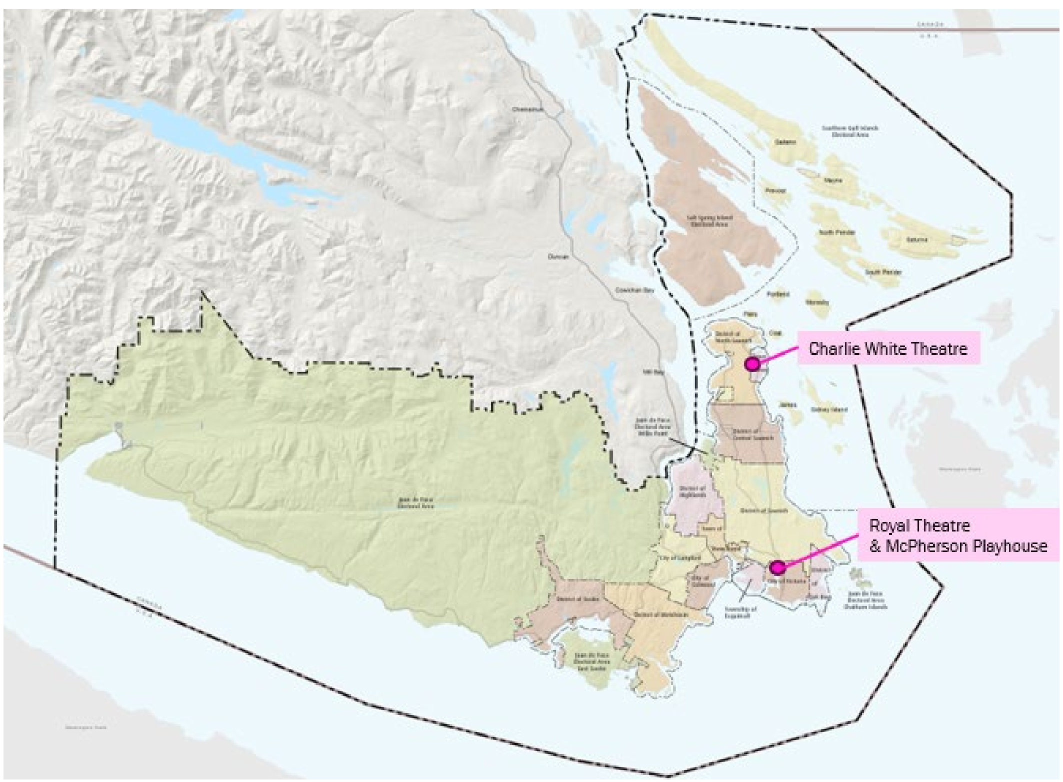
2. Current State of Performing Arts in the Capital Regional District

The performing arts landscape in the Capital Regional District (CRD) is vibrant and evolving. In the years following the COVID-19 pandemic, audiences have returned in strong numbers, and many local presenters and venues are seeing steady growth. However, systemic challenges, such as rising costs, uneven access to venues, and aging infrastructure, continue to affect the ability of artists, presenters, and facilities to deliver accessible and sustainable cultural experiences.

2.1. About the Regional Theatres

The Capital Regional District is home to three regional theatres – Royal Theatre ("Royal"), McPherson Playhouse ("McPherson"), and Charlie White Theatre ("Charlie White") – which serve as critical infrastructure for live performance across the region.

Figure 2: Location of the CRD's Regional Theatres



These venues are considered “regional theatres” due to their scale, public ownership or support, and the geographic breadth of audiences they attract. Table 4 presents an overview of the three regional theatres.

Table 5: CRD Regional Theatres Overview

	Royal Theatre	McPherson Playhouse	Charlie White Theatre
Year Opened/Major Renovation	Opened 1913 Major renovation in 1980s	Opened 1914 Major renovations in 1960s	Opened 2001
Capacity (Seats)	1,416	772	310
Location	Victoria	Victoria	Sidney
Main Public Funder(s)	CRD (Victoria, Saanich, Oak Bay)	CRD (Victoria)	Sidney, North Saanich (via grants to Mary Winspear Centre)
% of Operating Budget from Public Funding[8]	3%	17%	30%
Rental Models/Presenter Collaboration	Rental-only; Rental rates vary by presenter type with discounted rates available for non-profit and educational groups	Rental-only; Rental rates vary by presenter type with discounted rates available for non-profit and educational groups	Venue rental and co-production with community presenters
Usage Rate[9]	35% - 45%	25% - 35%	30% - 40%

The three regional theatres are operated under varying **governance and funding models**. While the Royal Theatre is owned by the CRD and the McPherson Playhouse is owned by the City of Victoria, both theatres are operated by the Royal and McPherson Theatres Society (RMTS). The City of Victoria promised to transfer ownership of the McPherson Playhouse to the CRD during a Council decision in 2016 if a new collaborative service is established to support it. The Charlie White Theatre is operated by the Mary Winspear Centre (Memorial Park Society) and supported by direct municipal funding from Sidney and North Saanich.

The three regional theatres operate under different **business models** when it comes to working with presenters. The Royal Theatre and McPherson Playhouse follow a rental-only model, in which presenters are responsible for booking and covering the venue costs, including technical and front-of-house staffing.

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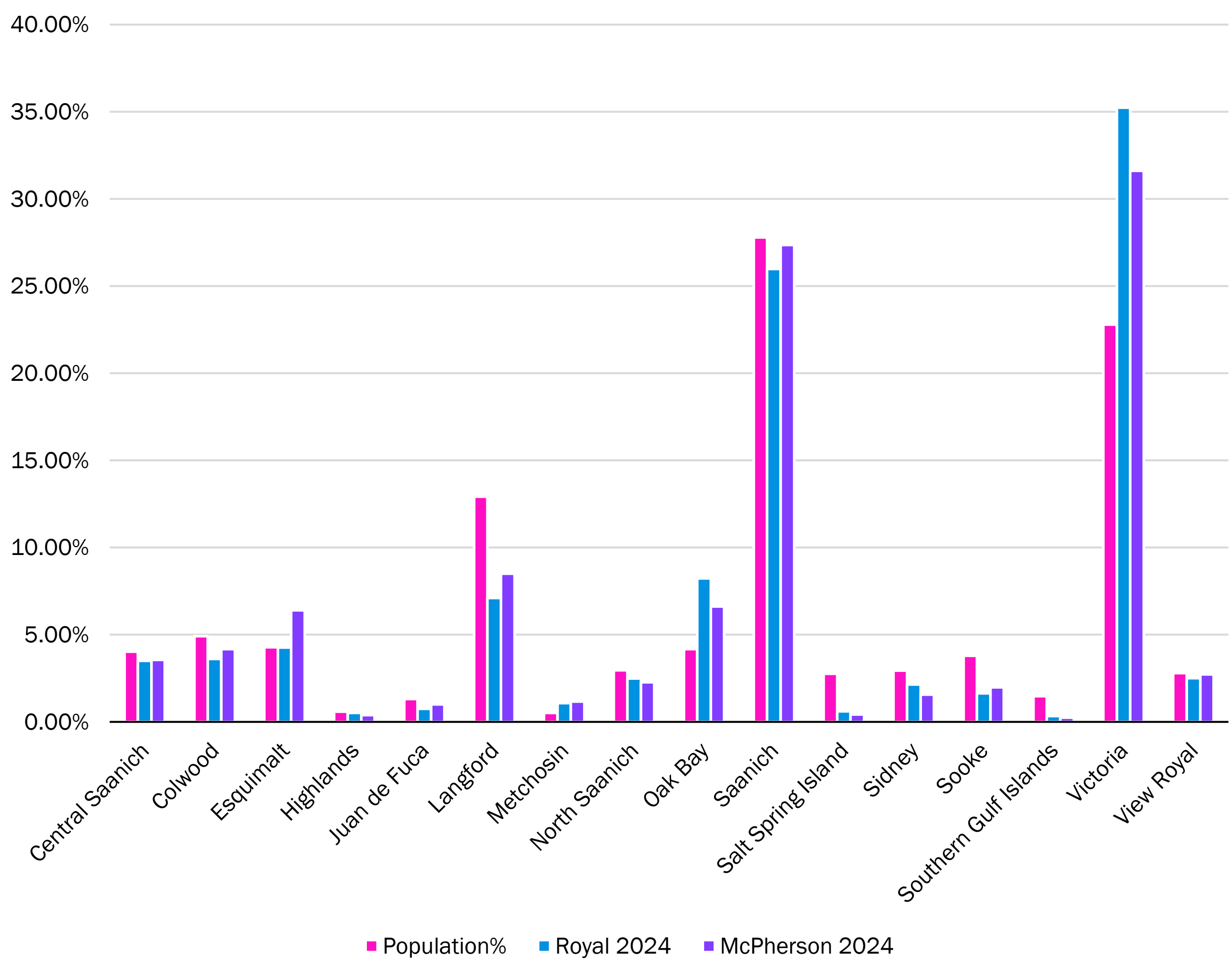
[8] CRD PAFSC Workshop Presentation (Jurisdictional Scan). September 2024. For similarly sized facilities, most large venues (with more than 700 seats) typically receive approximately 25% of their operating budgets from public funding.

[9] CRD PAFSC Workshop Presentation (Jurisdictional Scan). September 2024.

These services are billed to presenters at necessary operational rate, which has become a key source of revenue for the venue operators in the absence of increased public funding. Despite this, RMTS offers a community presenter program which offers discounted rental rates for special community shows to support access to the Royal Theatre and McPherson Playhouse. The Charlie White Theatre increasingly engages in co-productions (accounting for approximately 30-50% of shows) particularly with local community presenters, sharing in the programming and financial responsibilities. This more collaborative model allows the facility to support emerging groups while curating a culturally relevant and community-driven calendar of events. In addition, all three theatres are also used by educational institutions across the region. Schools and music education organizations regularly rent the facilities for student productions and performances. These engagements support youth participation in the arts and reinforce the theatres' broader educational and cultural development role.

Although the three theatres are physically located in Victoria and Sidney, audience data confirms that their **community reach** extends across the entire CRD. Ticket sales reports from RMTS show that a significant portion of audiences come from outside the City of Victoria, with strong representation from Saanich, Oak Bay, Esquimalt, the West Shore, and the Saanich Peninsula, as displayed in the chart below.

Figure 3: 2024 Audience Participation Relative to Population Share – Royal & McPherson Theatres



Charlie White Theatre, while serving a strong local base in Sidney and North Saanich, also draws audiences from broader parts of the Peninsula and other communities. This wide geographic draw reinforces the regional nature of these facilities and underscores the importance of equitable access and funding models that reflect their shared regional impact.

In terms of usage rate, the number of shows held at each theatre over the past few years provides an overall understanding for **capacity utilization**. As shown in Table 5 and Table 6, total performances at Royal Theatre and McPherson Playhouse are nearing pre-pandemic levels, indicating a steady recovery in audience demand and theatre operations. The Charlie White Theatre also reports similar trends: despite its smaller size, usage rates at Charlie White Theatre suggest that untapped capacity remains. However, a closer look reveals that the number of shows presented by non-profit organizations at the McPherson Playhouse remains significantly lower – approximately 60% of pre-pandemic levels. Compared to comparable venues such as the Port Theatre and the Cowichan Performing Arts Centre, **the McPherson Playhouse's overall usage rate is significantly lower.**[10] This drop is not due to lack of interest, as local artist groups are interested in putting on more performances,[11] but rather affordability barriers. The average rental cost for non-profit presenters at the McPherson Playhouse is $4,785.00, 75% of which is composed of stage and front-of-house labour costs.[12] In consultation, local arts organizations consistently expressed a desire to present at the McPherson and other theatres but noted that, even with a sold-out show, the current rental and staffing costs often result in financial loss. The reduction in number of non-profit shows suggests that while the venues remain highly valued, they are underutilized by the community groups they were intended to serve.

In fact, **audience demand for non-profit performances appears strong.** For example, in 2024, non-profit performances at the Royal Theatre generated more total ticket sales than commercial shows, with a comparable number of productions and performances across these presenter types, as shown in Tables 6, 7, and 8 below. This data suggests that audiences are highly engaged with non-profit programming and see value in supporting local and community-based productions. Ensuring greater access to these stages for non-profit groups could help meet public demand while strengthening the CRD's cultural ecosystem.

In contrast, according to the three tables below, **educational presentations** account for a relatively small share of performances at all three regional theatres. In 2024, educational shows represented less than 10% of total performances at the Royal and Charlie White, and around 24% at the McPherson. While this level of activity may be expected given the seasonal and curricular nature of educational programming, it may also indicate untapped opportunities. With targeted outreach or scheduling support, **regional theatres could play a larger role in supporting schools and youth-focused programming**, further extending their community impact.

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[10] Ibid.

[11] Letter from ten local non-profit arts presenter groups September 2024.

[12] Figures provided by RMTS staff.

Table 6: Royal Theatre - Number of Shows by Presenter Type (2019-2024)

Royal Theatre	2024	2023	2022	2021	2020	2019
Total productions	69	73	74	13	15	69
Commercial	32	37	40	9	8	38
Non-Profit	33	33	31	3	5	27
Educational	4	3	3	1	2	4
Total performances	125	131	111	19	25	145
Commercial	46	57	43	11	12	60
Non-Profit	69	67	61	7	11	78
Educational	10	7	7	1	2	7
Total Ticket Count	136,348	142,106	95,940	19,001	29,525	144,496
Commercial	53,051	66,804	43,177	12,777	15,383	60,522
Non-Profit	76,038	70,248	48,581	5,160	12,263	77,967
Educational	7,259	5,054	4,182	1,064	1,879	6,007
Total Box Office Sales ($)	$7,598,411	$8,575,495	$4,824,512	$825,123	$1,612,954	$6,848,933
Commercial	$3,625,747	$5,249,263	$2,503,167	$631,901	$1,015,503	$3,884,466
Non-Profit	$3,806,632	$3,207,779	$2,220,416	$171,655	$570,089	$2,839,040
Educational	$166,033	$118,454	$100,930	$21,567	$27,363	$125,427

Table 7: McPherson Playhouse - Number of Shows by Presenter Type (2019-2024)

McPherson Playhouse	2024	2023	2022	2021	2020	2019
Total productions	63	53	39	8	7	57
Commercial	42	34	22	4	5	25
Non-Profit	13	10	9	4	1	24
Educational	8	9	8	0	1	8
Total performances	101	86	63	9	11	107
Commercial	47	37	23	4	5	29
Non-Profit	30	23	24	5	2	50
Educational	24	26	16	0	4	28
Total Ticket Count	52,436	45,645	30,959	4,877	5,414	56,449
Commercial	26,750	23,056	11,982	2,589	3,015	15,092
Non-Profit	15,405	10,460	12,896	2,288	1,097	27,976
Educational	10,281	12,129	6,081	-	1,302	13,381
Total Box Office Sales ($)	$2,303,398	$1,805,688	$1,092,288	$186,937	$167,016	$1,588,698
Commercial	$1,388,065	$1,113,882	$529,906	$110,239	$123,630	$635,035
Non-Profit	$658,299	$387,241	$440,347	$76,698	$13,464	$673,514
Educational	$257,034	$304,566	$122,036	$-	$29,923	$280,150

Table 8: Charlie White Theatre - Number of Shows by Presenter Type (2023-2024)

Charlie White Theatre	2024	2023
Total shows	126 [13]	101
Commercial	41	30
Non-Profit	47	40
Educational [14]	12	12
Total Ticket Count	34,963	34,851

[13] Some of the shows had multiple performances (included in the 126 shows). Same with 2023 data.

[14] Dance shows and competitions are classified as educational as these are often the public recitals that are the result of local dance schools.

2.2. The Current State of Regional Theatres

The Capital Regional District's performing arts ecosystem is community-driven and deeply rooted. Organizations across the region – commercial presenters, non-profit presenters, and schools – continue to deliver performances that engage diverse audiences in close collaboration with performing arts facilities.

Participants in the engagement sessions consistently praised the professionalism and dedication of venue staff. Presenters described the administrative and technical teams as welcoming and deeply invested in long-term collaborations. Many said the venues feel like a "second home," with the staff members they know by name, and who have supported their work for decades. The audience experience was also highlighted as strong, with particular appreciation for the prestige of performing and attending shows in iconic heritage venues.

Further evidence of community support was found in a joint presentation submitted by 10 of the region's leading arts organizations.[15] Their submission emphasized the essential role of the Royal and McPherson, their unmatched technical capabilities, and the opportunity to "significantly increase utilization of both venues" to unlock greater community vibrancy, economic impact, and regional cultural offerings.

Despite these strengths, presenters and educational institutions that use the theatres for performances also shared some challenges that affect their ability to access and afford these regional theatres. The key limitations identified include the following:

- **Cost pressure**: Rising operational and labour costs are a recurring concern. Presenters noted that the cost of mounting a show has increased significantly over the years, driven by higher technical crew and other labour expenses. Technical crew and labour expenses are determined by collective bargaining between unions and the venue organization, the structure for which can be costly and inefficient for some local non-profit presenters. For smaller non-profit presenters, these costs can be prohibitive. Several groups emphasized that one underperforming show could jeopardize their entire season. The cost burden is also passed on to the audiences – although presenters are committed to access and serving all community members, many need to raise ticket prices in order to cover venue expenses and other costs.
- **Infrastructure limitations**: While cherished for their heritage value, the venues, particularly the Royal and McPherson, are aging facilities with notable physical constraints. Challenges cited include aging public amenities, insufficient elevator access, and limited physical accessibility in backstage areas. Some presenters also noted that additional meeting space for pre-show discussions would be beneficial, and that facility upgrades could significantly improve both the presenter and audience experience.

[15] Letter from ten local non-profit arts presenter groups September 2024.

- **Geographic disparity**: All three regional theatres are located either in Victoria's urban core or on the Saanich Peninsula, leaving fast-growing areas like the West Shore underserved.[16] For example, Langford, the second-fastest growing municipality over 20,000 people in the country by percentage,[17] has seem a growing demand for cultural events and experiences along with neighbouring jurisdictions, but the lack of appropriately sized and accessible venues has led some groups to perform in casinos, old schools, or venues not well-suited for public performances. Local groups such as the Juan de Fuca Performing Arts Centre Society (JdFPACS) are actively advocating for a new performing arts facility in the West Shore and engaging in early-stage planning and community consultation to explore what such a venue could look like.

- **Operator interest in capacity building and service improvement:** Theatre operators expressed interest in how a modernized regional service model could support the long-term sustainability and capacity-building of their venues. At RMTS, frozen public funding that was not adjusted with inflation over the past two decades has constrained their ability to scale staffing or reduce rental rates, which may help explain lower usage levels at the McPherson Playhouse. RMTS staff expressed openness to exploring new models that would enhance operational capacity and affordability for presenters. At the same time, the Charlie White Theatre, while not currently part of an existing CRD service, is content with its direct municipal funding from Sidney and North Saanich, but open to continued dialogue around regional collaboration as future needs evolve.

- **Presenter support and capacity building**: Beyond access to physical venues, many presenters, particularly smaller non-profit organizations and newer groups, expressed a need for broader support to help sustain and grow their operations. Common requests included marketing assistance, audience development tools, mentorship for emerging artists, and guidance on production planning. Several interview participants noted that they would benefit from programs like the CRD Arts and Culture Support Service's Grow Forward grant program, which specifically supports organizational and sectoral capacity-building for arts organizations.

- **Collaboration among theatres**: While the theatres were seen as complementary rather than competing, serving different communities and offering distinct programming, there is little formal coordination between them beyond an informal Island Presenter Network which gathers theatre operators together to discuss tour bookings and notes on performing arts groups. Facility operators expressed interest in greater collaboration through shared calendars, a region-wide ticketing system, and mechanisms for sharing audience data and marketing tools. These efforts could improve efficiency, reduce duplication, and enhance the experience for both presenters and audiences. However, implementing such initiatives would require significant coordination across existing systems and could present extremely high logistical complexity.

[16] A Public Conversation about Performing Arts Facilities in the CRD Report and Recommendations 2020 also highlighted the unmet needs from the West Shore, according to the 2020 survey conducted by Stage One.

[17] Ready for growth? Population booms in Langford, Surrey and Vancouver. Vancouver Sun. Jan 30, 2025.

2.3. SWOT Analysis

From the preceding information, some strengths, weaknesses, opportunities, and threats have been observed that are impacting the performing arts landscape in the Capital Regional District.

Strengths (Internal, positive factors)

- **A shared vision for cultural development** – Shared recognition across the region that arts and culture can be used to support community building, regional vibrancy, and sector sustainability.
- **Regional collaborative experience** – A demonstrated history and ongoing practice of inter-organization collaboration in delivering shared arts services, providing a strong foundation to build upon (rather than starting from scratch).
- **Broad understanding that arts and culture is valuable** – Recognition that arts and culture provide a range of economic, social, and environmental benefits to a community.
- **Educational presenters' participation** – Educational presenters play a key role in using regional theatres for student showcases and performances, reinforcing the community value of these venues and building future audiences.
- **Diverse talent and cultural assets** – The CRD is full of local arts organizations, creative talent, and a range of established purpose-built arts facilities and spaces (both public and private) that drive services, programs, and audience appetite.
- **Existing facilities and infrastructure** – A wide range of other types of spaces in the community such as community centres, schools, and libraries with multipurpose spaces that are being used to fill the gaps in performing arts space needs.

Weaknesses (Internal, negative factors)

- **Potential underutilization of the McPherson Playhouse** – In 2024, the McPherson Playhouse only held about 100 shows which can suggest that the theatre is underutilized in terms of its performance capacity.
- **Lack of centralized governance understanding** – Absence of a coordinated framework for existing and future regional theatres.
- **Uneven resource distribution** – Variability in jurisdictional size, tax base, investment capacity, and regional service participation has led to disparities access, resources, and funding for regional theatres. Fast growing areas such as the West Shore remain underserved by regional theatres.
- **Capacity challenges** – Some venues, smaller presenting organizations, and jurisdictions may face limitations in staffing, expertise, or resources, making it difficult to engage with regional initiatives or take full advantage of available supports. In some cases, there may also be limited awareness of existing programs, opportunities, or collaborative efforts.

- **Data gaps** – Uncoordinated and inconsistent data collection and availability across existing arts services and facilities that could hinder informed planning and decision-making efforts.

Opportunities (External, positive factors)

- **Increased audience demand** – Existing performing arts shows are at or above audience demand and capacity. It is felt that interest in attending in-person events has recovered or surpassed pre-pandemic levels.
- **Demographic shifts** – Demographic changes, including an aging population and youth outmigration, are shifting audience behaviours and reshaping demand for performing arts experiences. These shifts present an opportunity to adapt programming, facility design, and audience engagement strategies to better align with emerging preferences.
- **Cultural tourism potential** – Developing a strong regional performing arts identity could attract increased visitors to the area and support local economies.
- **New funding streams** – Potential for greater access and availability to various Provincial, Federal, and private grants or infrastructure funding streams for rural/regional cultural development.
- **Digital and hybrid programming** – Potential to expand existing capabilities with new technology infrastructure to reach remote areas (underserved populations), new types of audiences, or existing audiences who want to view from home from virtual platforms.
- **Increase usage of the regional theatres** – The regional theatres could produce more performances should rental rates be more affordable to achieve them.

Threats (External, negative factors)

- **Status quo funding as a constraint** – Without updated service models or inflation-adjusted funding, the current structure risks further restricting venue capacity, operational flexibility, and presenter access, ultimately limiting the development of the regional performing arts ecosystem.
- **Spread of audiences across the regional district** – Research has found that only 6% of audience members travel more than 40 minutes to attend arts events in the region (with 48% travelling 20 min or less and 46% travelling 20-40 min), which can mean challenges in terms of equal access and audiences.
- **Theatre maintenance and upkeep** – While the Royal Theatre and McPherson Playhouse remain operational and fit for purpose, the absence of increased capital funding and inflationary adjustments – particularly for the McPherson Playhouse – poses a long-term threat to their sustainability.
- **Political environment** – Current climate of uncertainty, constant change in leadership (elections or staff turnover), and competing budget demands, make it challenging to effectively support regional initiatives.

- **Economic pressures** – Inflation and rising costs for building and maintaining infrastructure/facilities, can deprioritize arts spending.
- **Public engagement fatigue and political skepticism** – Community members may be disengaged due to over-consultation or skepticism about implementation follow-through due to previous poor experience outcomes.
- **Lack of regional participation in existing CRD services** – A lack of participation in the Royal Theatre Service and McPherson Playhouse Service from many of the jurisdictions in the CRD is impacting regional morale and the fiscal sustainability of these regional venues.

3. Cost-Benefit Methodology

This cost-benefit analysis (CBA) evaluates five alternative service models for supporting three regional theatres across 16 jurisdictions. The goal is to assess how costs and benefits would be distributed under different participation and funding arrangements, using a 10-year net present value (NPV) framework and a 4.5% weighted average cost of capital (WACC). The methodology integrates the following fiscal, operational, and cultural value indicators to support regional decision-making around sustainable funding contributions.

3.1. Cost Attribution

Total cost estimates for each option were provided and were separated into specific initiatives, including capital (major and minor), staffing, operations, and rental grant support. The five modeled options vary primarily in scale and participation level, from full regional models (Options A and B) to sub-regional models (Options C, D, and E), with the status quo reflecting current contributions from only three municipalities.

Costs were allocated to participating jurisdictions using a population-based and converted assessment formula provided by the CRD. Each jurisdiction's share of total costs in each option is proportional to its population size and its converted property assessment. While this method reflects a capacity-to-pay logic, it is decoupled from cultural benefit exposure, which is addressed separately in the benefit attribution model.

3.2. Benefit Attribution

To assess the aggregate benefit of adjusted funding across the three theatres (Royal Theatre, McPherson Playhouse and Charlie White Theatre), we adopted a venue-level estimation approach and then combined results into a single, system-wide total.

1. **Data sources**
    - *Royal Theatre & McPherson Playhouse*: Actual annual attendance and ticket-revenue records supplied by each theatre.
    - *Charlie White Theatre*: Annual attendance data and total ticket counts supplied by Mary Winspear Centre.
2. **Per-attendee value**
   We calculated each theatre's weighted average ticket price and used this as a proxy for per-visitor benefit. This reflects both the cultural access value and the marginal economic impact of each attendee. This metric primarily reflects the economic benefit to the venue, rather than the broader cultural value of attendance.

3. **Total benefit calculation**
   For each venue, total annual benefit = (number of shows activated) x (estimated or actual annual attendance) × (venue's average ticket price). Summing these three venue-level benefits produces a single annual metric that represents the collective cultural and economic contribution of the theatres under each funding scenario.

3.3. Theatre Rental Grant Benefit

The analysis includes a simulation of how a **rental grant** could enable more community-based use of theatre space by non-profit local presenters. Under current conditions, commercial users are often better positioned financially to afford rental fees, limiting access for local non-profit and education groups. The model assumes that the rental grant will **cover half of the rental fee** to minimize the cost for presenters. This allows non-profit and local groups to access the venues without negatively affecting the financial stability of the theatres.

To estimate the benefit, we calculate:

- The **rental and labour fee savings provided to non-profit users**
- The number of additional potential non-profit shows that could occur given a fixed rental grant budget
- The **cost savings per ticket fee**
- The estimated **cultural and social value** of those converted performances, based on audience size and ticket valuation
- The estimated **value of ancillary spending** through food concessions and ticket fees.

This mechanism provides a pathway to expand non-commercial programming without reducing revenue to the theatre operators. A key assumption in this analysis is that demand from non-profit groups will be satisfied if the rental fee is effectively cut in half.

3.4. Capital Reserve Valuation

The analysis includes an evaluation of the $1 million capital reserve proposed in Options A and B. The capital reserve was modeled as a strategic reserve fund that could support future major capital expenditures across the theatre system, including substantial expansions of existing regional theatres and the construction of new regional theatres. Under this model, the reserve is assumed to be accumulated annually and fully spent in 10-year cycles based on guidance from CRD staff. To test its value, an **opportunity cost assessment** was conducted by comparing two financing scenarios:

- **Holding idle capital** in reserve at a 4.5% opportunity cost (WACC)
- **Using debt** at an estimated 5% interest rate to fund capital needs directly

3.5. Theatre Cost Attribution

This section of the analysis focuses on quantifying the **cost per performance** for each theatre using audited financials and program-level data. By isolating expenses directly associated with production, staffing, and facility use, we estimate the average marginal cost to deliver a single show. This allows us to:

- Estimate the number of performances enabled by each funding scenario
- Benchmark the cost-efficiency of new investments

The analysis uses the existing show volume to estimate the **allocation of benefits** to the regional population. In this model:

- Current funding enables a baseline number of performances
- Each municipality receives a share of this benefit based on attendance origin
- These attendance-based shares are then valued using average ticket prices to estimate social and economic benefit exposure

This enables a more **equitable attribution** of value from existing services — particularly under scenarios where funding structures shift but programming volume remains constant.

3.6. NPV and Social Return Framework

All options are evaluated under a 10-year net present value (NPV) model using a 4.5% discount rate. This framework compares the cumulative present value of benefits to the cumulative costs borne by each jurisdiction, based on their population-weighted contribution under each scenario.

Importantly, this analysis is not constructed around traditional financial return on investment (ROI). Instead, it reflects a social return on investment (SROI) perspective. The objective is not to identify profit-generating scenarios, but to determine whether each municipality's proportional contribution is reasonably matched by its benefit exposure, especially when factoring in attendance and access.

Only quantifiable benefits — primarily attendance volume and ticket value — are monetized in the NPV model. However, we recognize that other important benefits are not assigned a monetary value, including:

- Increased demand for local performing arts
- Enhanced program diversity or quality
- Capacity building for regional cultural organizations
- Educational or civic engagement outcomes

Where data allowed, these outcomes were addressed qualitatively or through proxy indicators. Nonetheless, the NPV estimates should be interpreted as conservative lower bounds on the full social value delivered by the theatre system.

4. Evaluation of Costs and Benefits

This section outlines how each initiative within the five service options was evaluated within the cost-benefit framework. The table below distinguishes which components were incorporated into the **Net Present Value (NPV) model**, which were **excluded** from quantitative valuation, and which were instead treated as **unquantified social benefits**.

Table 9: Cost Benefit Evaluation Overview

Cost Component	Valuation Approach / Assumptions	Acknowledged Social Benefits (Not Monetized)
Planning Grants (Options A, B, C)	Excluded from cost-benefit due to lack of measurable outcome or benefit attribution	Community engagement through consultation, identification of new sites, feasibility and business models assessed
Major Capital Reserve (Options A, B)	Excluded; benefit estimated as avoided debt (5%) minus opportunity cost of idle capital (4.5%) over 10-year cycle	Financial flexibility, futureproofing against long-term development of new facilities
Minor Capital + Operating (Royal – Options A, B, C, D, E; McPherson – Options A, B, C, D, E; Charlie White – Options A, B, C, D)	Combined to reflect total delivery costs; benefits attributed by show (Avg. Attendance × Avg. Ticket × # of Attributable Shows)	Cultural access, community engagement, continuity of programming
Staffing (Options A, B, C, D, E)	Excluded due to inability to isolate impact on performance volume or quality. Additionally, the value is the same across options, so there are no material changes	Organizational capacity, administrative efficiency

Theatre Rental Grant (Options B, C, D, E)	$250K-350K grant used to unlock additional non-profit shows based on rental rate delta; benefits based on additional shows	Local performer access, artistic diversity, production quality, community use of venues

In addition to the components above, a **travel time analysis** is incorporated in the cost-benefit evaluation, In the context of the CRD, a **40-minute drive time threshold** was selected as the benchmark for "reasonable access". This threshold was chosen based on audience data and regional travel patterns. A 2023 regional arts survey conducted by the CRD found that 94% of respondents travel 40 minutes or less to attend arts and cultural events – split almost evenly between those who travel less than 20 minutes (48%) and those who travel 20–40 minutes (46%). Only 6% of respondents travel more than 40 minutes.[18] This significant drop-off in attendance beyond the 40-minute mark suggests that 40 minutes is a practical ceiling for defining access to cultural facilities in the region.

Travel times were calculated using Google Maps based on average traffic conditions during likely event travel periods: weekday afternoons between 6:00-7:00 PM to reflect after-work commuting, and weekends between 6:00-7:00 PM to reflect typical evening outings during Saturdays and Sundays including pre-show activities such as dining or drinks. The starting point for each jurisdiction was assumed to be the central municipal area or city centre, with destinations set to the theatre locations.

A Note on Interpreting Success:

In this analysis, the goal is not to identify a profit-maximizing or cost-minimizing option, but rather to assess which service model best aligns **participant contributions with the cultural benefits they receive.** Each option represents a different distribution of both financial responsibility and public value across the 16 jurisdictions.

Success is therefore defined as a scenario where:

- **Costs and benefits are proportionally aligned at the participant level**
- **Access to cultural infrastructure** is better shared across the region
- Regional funding reflects a **justifiable exchange** between investment and impact

With this lens, the most favorable option is one that **distributes costs in line with benefit exposure**, reduces free-riding, and improves cultural equity — even if the overall net present value is not positive in traditional financial terms.

[18] Arts and Culture Support Service – Public Engagement for 2024-2027 Strategic Plan - What We Heard Report.

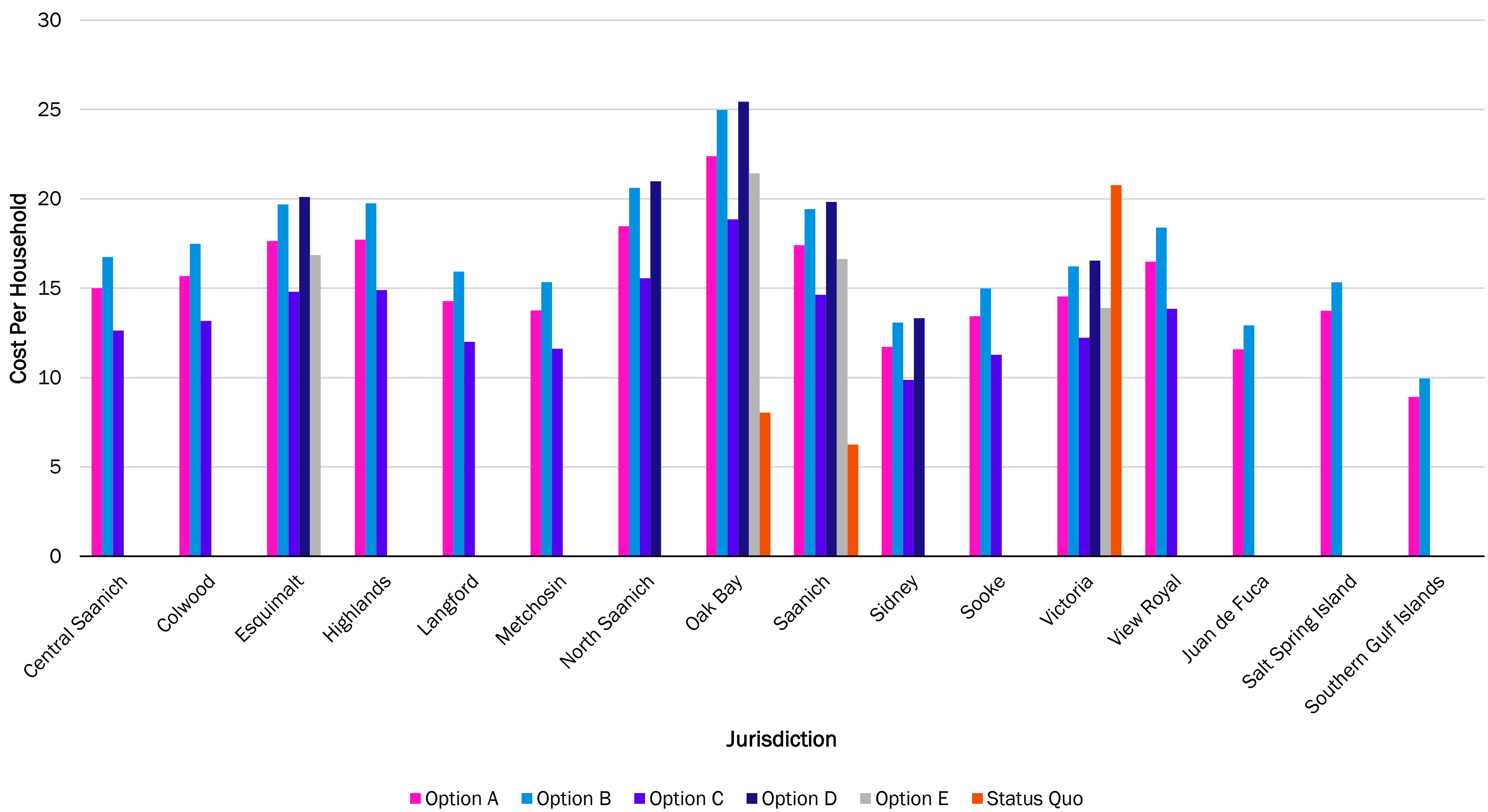
5. Cost-Benefit Analysis Findings

The cost-benefit analysis of each service option is outlined in the sub-sections below.

5.1. Jurisdictional Cost Breakdowns

By expressing all scenarios on a per-household basis, we create a consistent metric that highlights how each funding alternative redistributes the financial burden among jurisdictions. The figure below lists these calculated costs, with blank entries indicating where an option does not apply. This summary establishes a clear foundation for comparing the relative affordability and equity implications of each option in the sections that follow.

Figure 4. Annual Average Cost per Household by Jurisdiction under Status Quo and Options A-E [19]



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[19] Each option yields a different annual cost per household, and these figures strictly represent the cost side of the analysis. The additional benefits associated with each funding scenario are not reflected here and will be examined in detail in the following sections.

<u>Key Findings from Jurisdictional Cost Breakdowns:</u>

- **Option A** establishes the baseline funding scenario, with per-household costs ranging from approximately $8.91 (Southern Gulf Islands) to $22.39 (Oak Bay), reflecting moderate variation across jurisdictions.
- **Option B** uniformly increases the annual household cost by roughly $1.60 compared to Option A in every municipality. This is the result of the inclusion of the theatre rental grant.
- **Option C** yields the lowest cost per household in all jurisdictions and produces the narrowest spread between the highest and lowest costs.
- **Option D** is the most expensive scenario where it applies, consistently exceeding the costs of Options B and C by $0.40–$6.50 per household.
- **Option E** reduces the annual cost relative to Option A by about 5–10% in the municipalities it covers, though it does not extend to all jurisdictions.
- Under the **current funding model**, Victoria absorbs a disproportionately large share of costs, its per-household cost exceeds what it would pay under any of the proposed Options A–E.

5.2. Travel Time Analysis

To complement the financial and operational analysis of regional theatre service options, this study also examined the travel time required for residents across the CRD to access the three regional theatres. The travel time analysis evaluates **which areas fall within a reasonable commuting distance to each venue and how that relates to jurisdictional participation in funding models**.

To reflect emerging community planning efforts, this analysis also includes a hypothetical future regional theatre in Langford. The Juan de Fuca Performing Arts Centre Society (JdFPACS), alongside other local advocates, has actively engaged in early-stage planning and community consultation to explore the development of **a new performing arts facility in the West Shore**. Langford is the fastest-growing community in the CRD, with the highest population growth rate among the six West Shore communities. For this reason, Langford is used as a proxy location for a future theatre in the area.

In the context of the CRD, a 40-minute drive time threshold was selected as the benchmark for "reasonable access". Using this benchmark, this study groups jurisdictions into three travel-time categories for each theatre:

- Within 20 minutes drive time (marked in green): Very accessible
- 20-40 minutes drive time (marked in light green): Reasonably accessible
- Over 40 minutes (marked in grey): Limited access

The table shows the travel time from the 16 jurisdictions to the three existing regional theatres and the future theatre in Langford.

Table 10. Travel Time to Theatres

Jurisdiction	To Royal/McPherson	To Charlie White	To future theatre in Langford
Victoria	within 20min	20-40min	20-40min
Saanich	within 20min	20-40min	20-40min
Esquimalt	within 20min	20-40min	20-40min
Oak Bay	within 20min	20-40min	40-60min
Sidney	20-40min	within 20min	40-60min
North Saanich	20-40min	within 20min	40-60min
Central Saanich	20-40min	within 20min	20-40min
Langford	20-40min	20-40min	within 20min
Colwood	20-40min	20-40min	within 20min
View Royal	within 20min	20-40min	within 20min
Highlands	20-40min	20-40min	within 20min
Metchosin	20-40min	40-60min	within 20min
Sooke	40-60min	40-60min	20-40min
Salt Spring Island	more than 60min	more than 60min	more than 60min
Southern Gulf Islands	more than 60min	more than 60min	more than 60min
Juan de Fuca	more than 60min	more than 60min	40-60min

Summary of Travel Time Findings:

- **Royal/McPherson (Victoria)**
  - Within 20 minutes (Very accessible): Victoria, Saanich, Esquimalt, Oak Bay, View Royal
  - 20–40 minutes (Reasonably accessible): Sidney, North Saanich, Central Saanich, Langford, Colwood, Highlands, Metchosin
- **Charlie White (Sidney)**
  - Within 20 minutes (Very accessible): Sidney, North Saanich, Central Saanich
  - 20-40 minutes (Reasonably accessible): Victoria, Saanich, Esquimalt, Oak Bay, Langford, Colwood, View Royal, Highlands

- **Future Regional Theatre in the West Shore (Langford)**
  - Within 20 minutes (Very accessible): Langford, Colwood, View Royal, Highlands, Metchosin
  - 20-40 minutes (Reasonably accessible): Victoria, Saanich, Esquimalt, Central Saanich, Sooke

These patterns reinforce the regional nature of these venues, especially the Royal and McPherson, which are within 40 minutes' drive of 12 jurisdictions. Charlie White is similarly accessible to 11 jurisdictions within the same travel time range.

An equitable service model does not require jurisdictions to have access to every theatre within 40 minutes, but it should ensure that residents across the region can reasonably access at least one regional facility. With a future theatre in Langford, residents' access to performing arts facilities across the CRD would improve significantly. All jurisdictions except the three electoral areas would be within 40 minutes of at least one regional theatre.

By cross-referencing travel time with each service option (A–E), we can assess how well **financial contributions align with geographic access** and whether **jurisdictions benefiting from access are contributing to the theatres' financial sustainability**.

An effective and equitable service model should avoid scenarios where jurisdictions contribute financially despite having little or no access to regional facilities, or conversely, benefit without contributing ("free riding"). The table below summarizes:

- The number of jurisdictions participating (i.e., financially contributing) under each option;
- The number of participating jurisdictions that can access these venues within 40 minutes;
- The resulting percentage of participating jurisdictions with reasonable access. The higher the percentage, the stronger the alignment between access and contribution

Table 11: Access of Participating Jurisdictions by Option

Option	# of participating jurisdictions	# of jurisdictions that can reach at least one theatre	% of participating jurisdictions that can access a regional theatre within 40min[20]
A	All (16)	13	81%
B	All (16)	13	81%
C	All municipalities (13)	13	100%
D	Core + North Saanich and Sidney (6)	6	100%
E	Core (4)	4	100%

Key Findings from Travel Time Analysis:

- **Option C, D and E exhibit the strongest alignment between contribution and access**, with all participating jurisdictions located within 40 minutes of the theatres they would support. This reinforces the geographic logic and fairness of these sub-regional models.
- Options A and B, though comprehensive in scope, include the three electoral areas (Salt Spring Island, Southern Gulf Islands, and Juan de Fuca) that are more than 40 minutes away from all three regional theatres. While these areas may support the arts through other mechanisms, their inclusion in a service model focused on venue access is harder to justify on geographic grounds alone.
- Options A, B, and C would be best positioned to support a future regional theatre on the West Shore. By including a broader set of jurisdictions from the outset, these models can accommodate new infrastructure as it emerges and promote long-term regional equity. In this context, the inclusion of West Shore municipalities enhances both the future access and fiscal sustainability of the regional service model. With a future facility in the West Shore, access across the CRD would improve significantly.

5.3. Audience Attendance

By comparing each jurisdiction's share of regional population to its share of audience attendance at the Royal and McPherson theatres (as displayed in Figure 3 in Section 2.1), this analysis provides a view into

[20] This analysis is based on the number of participating jurisdictions, not their population size. All percentages reflect the proportion of jurisdictions within a specified travel time range, rather than the proportion of the regional population.

how cultural participation varies across the region. This exercise is not designed to assess fairness or equity, but rather **to inform how cultural value is distributed and where engagement is most concentrated.** The findings help contextualize the regional benefit picture for the cost-benefit analysis, particularly for performance-based funding components and rental grant mechanisms.

Key Findings from Audience Attendance:

- **Victoria** accounts for 22.8% of the region's population and represents 35.2% of Royal Theatre and 31.6% of McPherson Theatre attendance. This highlights its central role in the regional theatre ecosystem and its strong engagement with performing arts.
- **Oak Bay** also shows a higher level of attendance relative to population, contributing 8.2% (Royal) and 6.6% (McPherson) of theatre audiences, with only 4.2% of the population. This points to a particularly active cultural audience base.
- **Saanich**, the largest municipality at 27.8% of the regional population, exhibits a close alignment with its attendance share — 26.0% (Royal) and 27.4% (McPherson) — indicating broadly proportional engagement.
- Other municipalities, such as **Langford, Colwood, and Esquimalt**, also show meaningful levels of participation that contribute to the overall strength of the regional audience, though at slightly different proportions than their population shares.
- **More rural or geographically dispersed areas** such as Salt Spring Island, Southern Gulf Islands, and Juan de Fuca show lower attendance relative to population. These variances may reflect differences in proximity, transportation options, or local program alternatives.

This distribution of attendance relative to population forms the **basis for benefit attribution** across the region. It is used to allocate benefits in the cost-benefit analysis for each individual theatre, **ensuring that performance-related value is proportionally assigned to jurisdictions based on actual audience participation.** The same attendance-based distribution also supports the modeling of rental grant impacts, as it helps estimate where the cultural value of increased access to non-profit and local programming is most likely to be realized. Rather than assessing fairness, this approach enables a more **evidence-based linkage between funding scenarios and regional cultural engagement.**

5.4. Major Capital Reserve Analysis

The proposed capital reserve, included only in Options A and B, was evaluated to determine whether holding dedicated funds for future major capital expenditures delivers a net financial benefit when compared to debt financing. As the analysis in preceding sections shows, there is a notable gap in performance facilities in the West Shore. The Major Capital reserve could support the construction of a new theatre in one of these jurisdictions.

In this model, the reserve assumes an annual contribution starting at $1 million, escalating by 2.5% per year. The reserve is assumed to be **fully spent every ten years.** While the reserve avoids the need to borrow capital (assumed debt cost: 5%), the funds held in reserve incur an opportunity cost of 4.5% (reflecting the project's WACC). This 4.5% reflects the return that the funds could hypothetically earn if it were deployed in assets or project cash-flows of equivalent risk instead of being held in the reserve.

The table below models the effective cost of holding the reserve and compares it to the interest savings that would have been achieved if the capital was borrowed instead. The cumulative net benefit remains negative across the full 10-year time horizon, indicating that — under current assumptions — the capital reserve does not offer a financial advantage.

Table 12: Capital Reserve – Opportunity Cost vs Debt Benefit Comparison (10-Year Model, Rounded)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Reserve Contribution	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M	$1.0M
Opportunity Cost (4.5% APR)	$45K	$92K	$141K	$192K	$246K	$302K	$361K	$422K	$486K	$553K
Cumulative Cost (Beg)	$1.0M	$2.05M	$3.14m	$4.28M	$5.47M	$6.72M	$8.02M	$9.38M	$10.8M	$12.3M
Cumulative Cost (End)	$1.05M	$2.14M	$3.28m	$4.47M	$5.72M	$7.02M	$8.38M	$9.80M	$11.3M	$12.8M
Interest on Debt (5%)	$50K	$101K	$157K	$214K	$274K	$336K	$401K	$469K	$540K	$614K
Cost of Debt Per Year	$1.05M	$2.11M	$3.16M	$4.21M	$5.27M	$6.34M	$7.40M	$8.47M	$9.54M	$10.6M
Benefit from Reserve Savings	$5K	($35K)	($121K)	($257K)	($443K)	($683K)	($979K)	($1.3M)	($1.7M)	($2.2M)

Key Findings from Major Capital Reserve:

The reserve performs poorly unless:

- Capital spending is **predictable and frequent**
- The cost of debt is **significantly higher** than current assumptions
- Idle funds are **minimized or invested** for interim returns

Under these current assumptions, the capital reserve delivers a negative net value when accounting for idle time, particularly in the absence of a defined project pipeline. Without visibility into specific capital investment timelines or urgency, the reserve may erode value due to underutilization.

Two structural issues diminish the reserve's attractiveness:

1. **Infrequent or Uncertain Major Capital Needs**
   If future major capital expenditures, such as new facility development, are low-probability or undefined, holding significant idle funds imposes a drag on performance and limits operational flexibility.

2. **Excessive or Unused Reserve Size**
   Large surpluses without clearly articulated use cases reduce fiscal discipline and risk becoming de facto endowments, which may dilute performance accountability.

Despite these concerns, the reserve remains a **valid concept** for long-term resilience. In regional systems such as the Capital Regional District, where traditional debt financing can be politically or structurally constrained, a capital reserve may offer a more feasible path to strategic reinvestment. For this reason, we recommend **revisiting the reserve strategy once capital plans are more clearly defined.** A needs-based approach to reserve sizing and disbursement timing would strengthen the business case considerably.

5.5. Operations Analysis

Table 13 below outlines the foundational metrics used to model the cost-benefit analysis for each theatre. These calculations link financial inputs to performance-level outputs across the three venues under consideration.

- **Average Attendance per Show** is derived by calculating attendance separately for commercial, non-profit, and educational performances, then applying a weighted average based on the proportion of each performance type. This approach accounts for variations in participation across different types of programming.

- **Average Ticket Price** is calculated using a similar weighted method, where average ticket prices by category are first derived from the revenue per tickets sold, and then aggregated using the distribution of performance types.

- **Direct Cost per Performance** represents the average cost of delivering a performance. This figure is based on estimates provided directly by each venue's operator. Overhead costs like administration or building maintenance are excluded to ensure alignment with funds allocated solely to performance delivery costs.

- **Annual Funding** (**Operating**) refers to the amount currently or proposed to be allocated to each theatre for their operations. These are the same figures used in the model to simulate baseline or expanded service delivery.

- **Performances Attributed to Funding** equates to each venue's full annual performance count, attributing 100% of performances to current or proposed annual funding levels on the premise that the theatres could not operate without this support—a critical assumption for benefit attribution in this cost-benefit analysis.

Table 13: Key Calculations for Theatre Funding Analysis

Key Calculation	Royal	McPherson	C. White	Brief Description
Average Attendance per Show	1,091	519	249	Weighted average attendance across performance types based on ticket sales and performance mix
Average Ticket Price	$50.06	$42.78	$43.40	Weighted average ticket price based on sales and volume across performance types
Annual Funding (Operating)	$106,000	$350,000	$410,000	Current or proposed operating funding allocation for each theatre
Annual Performances	125	101	101	Number of performances in 2024

This table summarizes the foundational metrics used in the cost-benefit analysis of each theatre's funding. Metrics include weighted average attendance, ticket prices, direct cost per performance, and the number of performances enabled by current or proposed funding levels. Data is provided by the venue operators.

The analysis of average attendance, ticket pricing, cost per performance, and the number of performances enabled by current or proposed funding provides insight into how each theatre delivers cultural value through its operations. These findings help contextualize the varying programmatic outputs across the three venues.

<u>**Key Findings from Operations:**</u>

- **Funding The Royal Theatre** combines the highest per-performance reach (1,091 attendees) with the greatest programming volume, supporting 125 performances annually under its current funding.
- **Both the Funding for McPherson Playhouse and the C. White Theatre delivered** 101 performances in 2024, with the McPherson serving larger audiences per performance (519 vs. 249) and the Charlie White focusing on smaller-scale events.
- **The McPherson Playhouse offers a balance between scale and cost.** Delivering 101 performances annually at an average attendance of 519 per show, The McPherson sits between the Royal and the Charlie White in terms of both scale and efficiency. Its cost per performance is like the Royal, but its moderate audience size indicates that it plays a stabilizing role in the regional theatre ecosystem — offering consistent programming to a mid-sized audience.
- **The Charlie White Theatre's** lower non-profit rental cost makes it the most cost-effective venue for presenters. It supports 101 shows annually at a modest scale and enables a diverse, community-focused programming slate that maximizes access and experimentation.

Table 14 below summarizes the overall benefits associated with funding the operations of the three theatres. While these benefits are already being realized under the existing (status quo) funding arrangement, they are presented here in segmented form to support a more detailed analysis of how value is distributed across venues and municipalities.

Table 14: Summary of Annual Cost-Benefits by Theatre

Theatre	Local Government Funding for Operating	% of Operating Budget	Total Annualized Benefit	Attributed Attendance	Value per $ Ratio
Royal	$106,000	3%	$7.4M	136K	70.25
McPherson	$350,000	17%	$2.2M	52K	6.41
Charlie White	$410,000	30%	$1.1M	25K	2.66

5.6. Minor Capital Theatre Cost Analysis by Jurisdiction

The charts below compare the annualized monetary benefits received by each municipality from the Royal, McPherson, and Charlie White theatres to their proposed minor capital cost contribution under each funding option. These charts help illustrate how cost responsibilities vary across the region. Each theatre's benefit is attributed based on attendance patterns, while costs are distributed according to the funding model structure of each proposed option. Together, the charts show how well each funding option aligns audience-based value with regional investment.

Figure 5: Minor Capital Cost Comparison by Jurisdiction – Royal Theatre

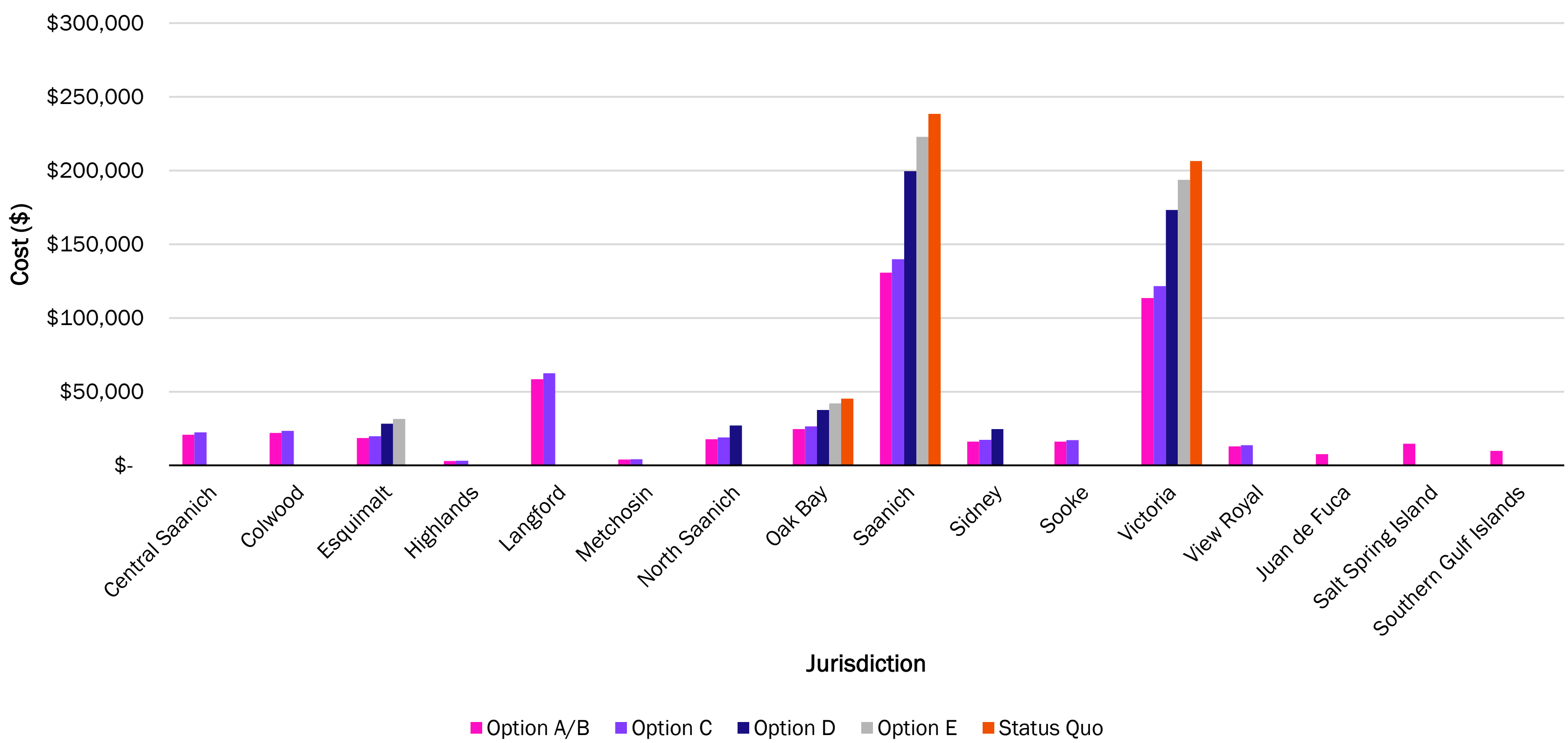


Figure 6: Minor Capital Cost Comparison by Jurisdiction – McPherson Playhouse

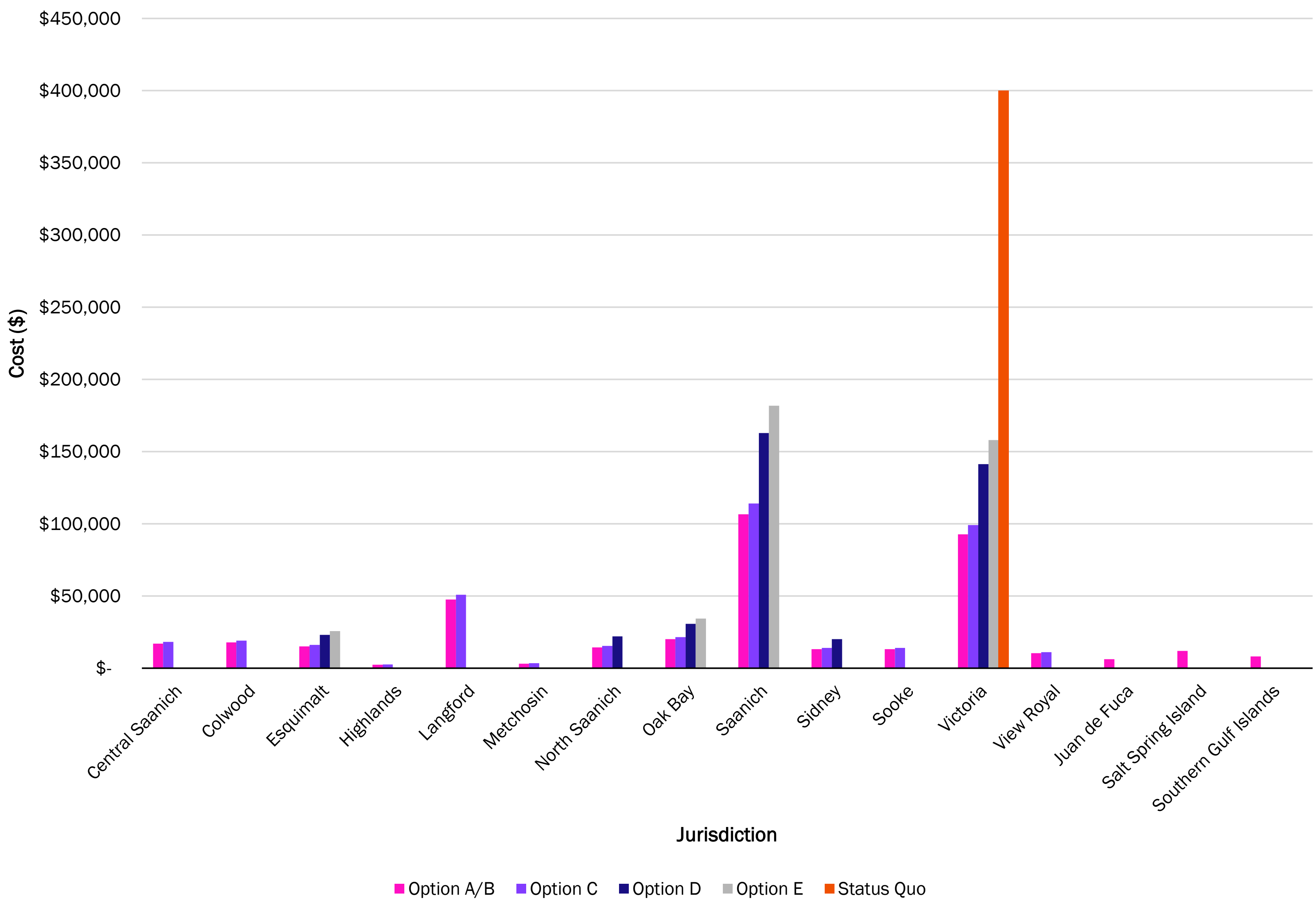
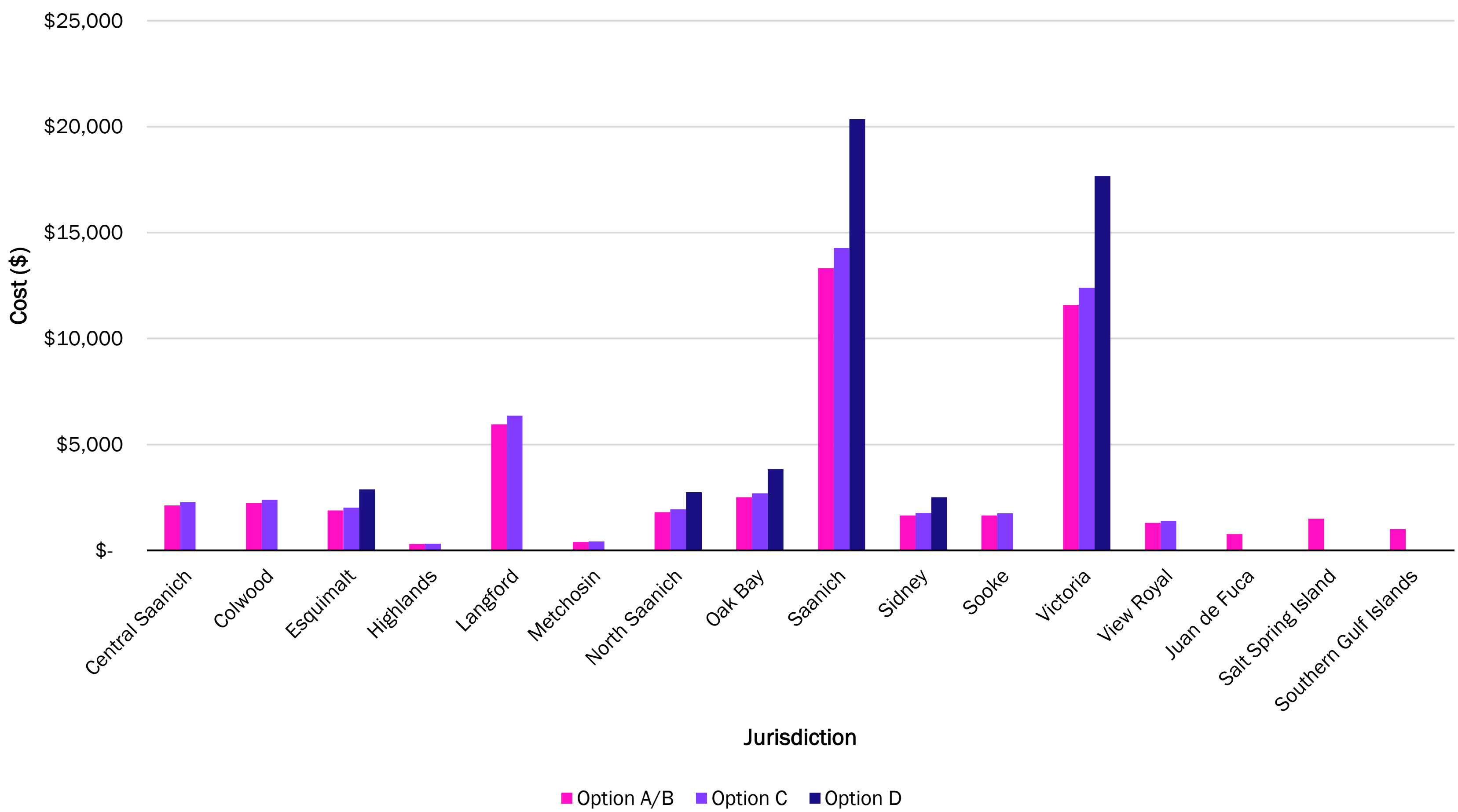


Figure 7: Minor Capital Cost Comparison by Jurisdiction – Charlie White Theatre



Under the status quo, minor capital contributions vary dramatically, ranging from under $10,000 in several jurisdictions to as much as $400,000, while proposed options can reduce that peak to $235,526. The existing disparity in the status quo places an undue burden on overcontributing jurisdictions while allowing non-contributing jurisdictions to benefit from shared infrastructure without proportional investment. Adjusting the funding formula to limit extreme contributions and raise minimal ones will be essential to achieving a fairer distribution of minor capital costs across the region.

5.7. Theatre Rental Grant Analysis

The conceptual theatre rental grant program is designed to improve access for local non-profit and educational presenters by subsidizing rental fees and labour costs at regional theatres supported by each service option. This program also aims to reduce the number of dark days at regional theatres by adding non-profit and educational performances. This mechanism ensures that cultural spaces remain financially viable and ensures that the usage rate of regional theatres are operating in line with national benchmarks, while expanding access to a broader set of community-based organizations.

Depending on the service option, \$250,000-\$350,000 is proposed for this program. To estimate the grant program's impact under the revised allocation method:

- Grant funds are allocated as follows based on each theatre's anticipated capacity: \$50K for the Royal, \$150,000 for the McPherson, and \$150,000 for the Charlie White.
- The grant covers half of each non-profit rental fee and labour costs to help alleviate cost barriers for presenters while ensuring they maintain a stake in their event's success.
- Supported rentals are assumed to generate box office sales and concession revenue; we calculate benefits by multiplying the number of funded performances by each theatre's average ticket price, average concession spends per attendee and average attendance per performance.
- Audience benefit is expressed as the total additional patrons enabled by theatre rental grants (supported rentals × average attendance).
- Monetized benefit combines box office revenue and concessions for supported performances.
- The model assumes non-profit presenters will fully utilize the funded slots and that supported performances achieve typical sales and concession levels.
- The model adjusts for Option E where the initiative is valued at \$250,000 annually and the Charlie White theatre is removed from consideration.

This approach provides a straightforward, equitable allocation of rental support while capturing both cultural (attendance) and economic (ticket + concession revenue) impacts.

Table 15: Key Calculations for Theatre Rental Analysis

Theatre	Total Average Cost for Non-Profit Rental	Coverage (50%)	Number of Rentals	Value per Show (Ticket Fees, Concessions)	Average Attendance[21]
Royal	$8,367	$4,184	12	$4,137	790
McPherson	$4,785	$2,393	63	$2,616	469
Charlie White	$2,525	$1,263	119	$2,181	245

<u>**Key Findings from Theatre Rental Grants:**</u>

- **Charlie White Theatre has the potential to generate the highest annual benefit** of $201,567 through 92 supported rentals at $2,181 value per performance, demonstrating that a mid-sized venue with strong per-show revenue can outpace larger or more frequent-use venues in aggregate impact.
- **The McPherson Playhouse can yield $127,667** from 49 supported rentals at $2,616 value per performance, balancing its higher average attendance with a moderate show count to deliver substantial cultural and economic returns.
- **The Royal Theatre produces the lowest projected annual benefit** despite having the highest value per show, its high rental cost and limited additional show capacity limits the number of performances that can be activated, even with 50% coverage.

Indirect Affordability Benefit: Ticket Price Reduction

As a supplementary exercise, we designated 70% of the additional grant-funded performances to non-profit presenters and 30% to educational groups. The exercise highlights that the theatre rental grant can potentially shift the overall show mix toward lower-priced tickets. This change in programming composition reduces the weighted average ticket price across all three venues—falling from $54.61 to $52.30 at the Royal Theatre, from $42.78 to $41.03 at the McPherson Playhouse, and from $43.40 to $38.01 at the Charlie White Theatre. In effect, beyond enabling more events, the grant indirectly enhances affordability and broadens access by driving down average ticket costs as part of its cultural impact.

[21] Average attendance in this table is the average attendance per non-profit show, which is different to the average attendance across all shows included in Table 13.

Figure 8: Cost Comparison by Jurisdiction – Theatre Rental Grants

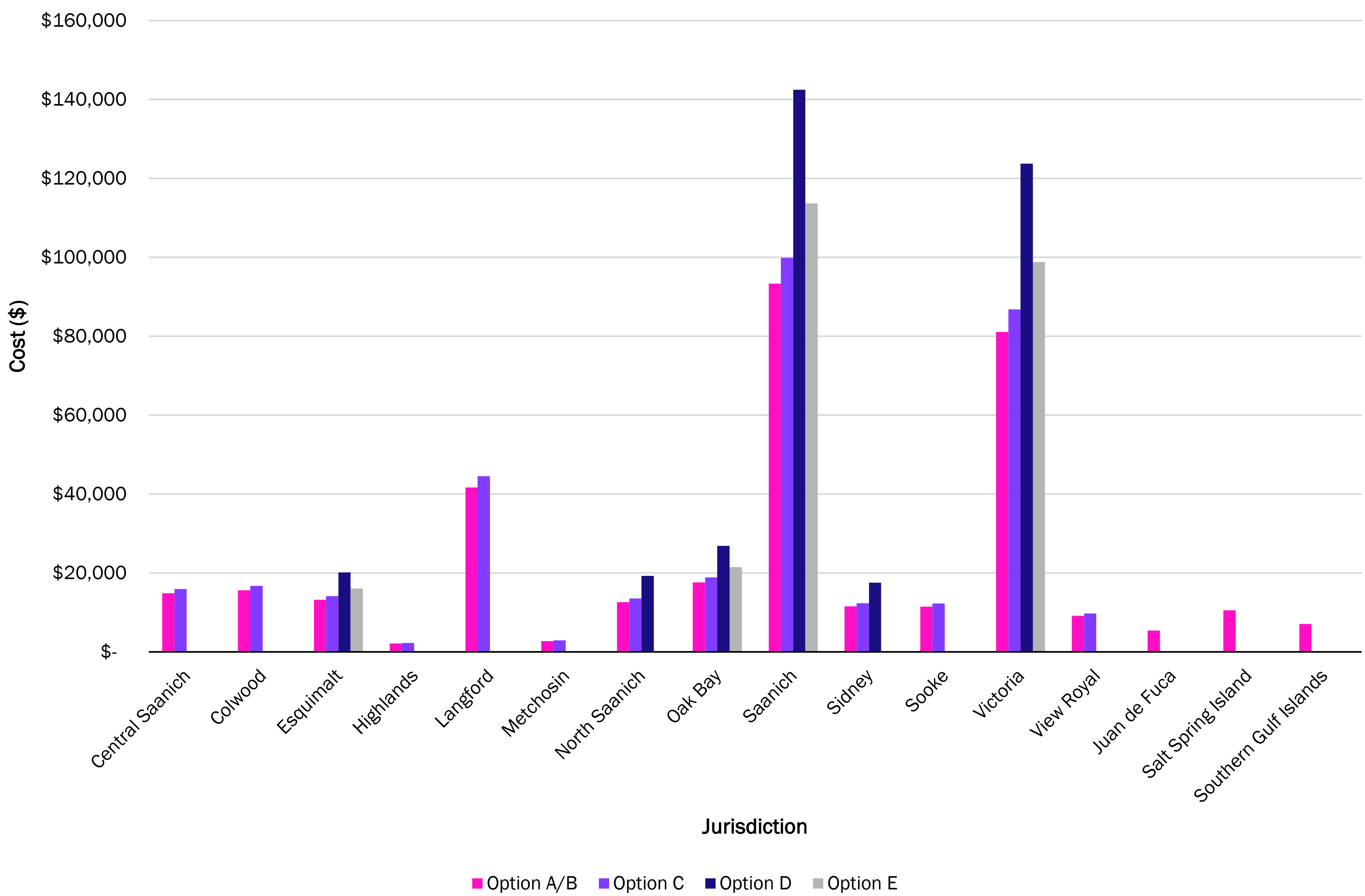
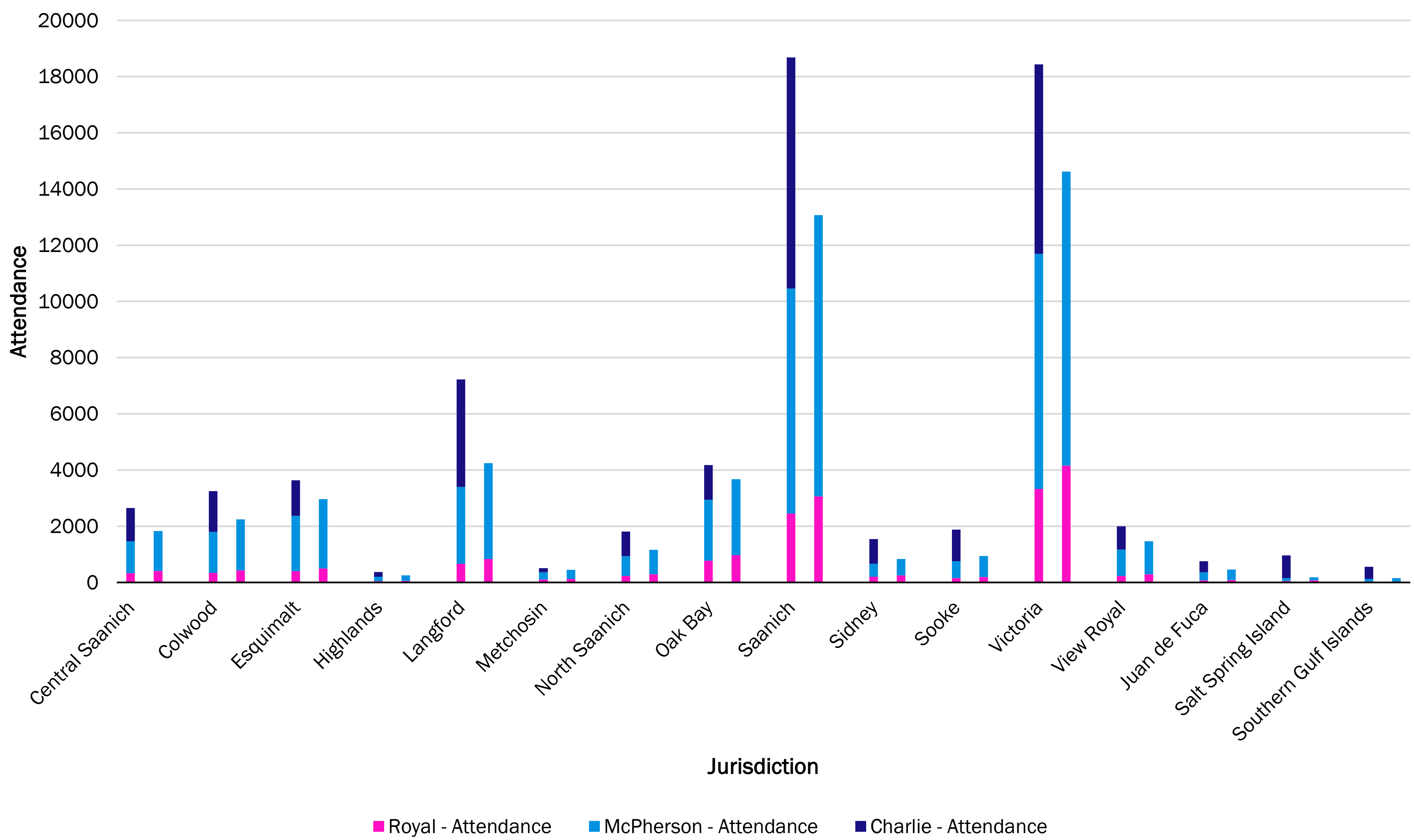


Figure 9: Annual Attendance Enabled by Theatre Rental Grants [22]



[22] The columns to the left represent predicted attendance in Options B-D ($350,000 funding) and the columns to the right represent predicated attendance in Option E ($250,000 funding)

Table 16: Rental Grant Fund Level Comparison

Metric	$350,000 Option	$250,000 Option
Total annual monetized benefit ($)	$472K	$267K
Total annual additional audience	68K	48K
Royal Value Share (%)	10.46%	23.17%
McPherson Value Share (%)	34.70%	76.83%
Charlie White Value Share (%)	54.84%	–
Royal Audience Share (%)	13.80%	24.30%
McPherson Audience Share (%)	42.95%	75.70%
Charlie White Audience Share (%)	43.25%	–
Benefit-to-Funding Ratio	$1.35:1	$1.07:1
Cost per Additional Seat ($)	$5.11	$5.15

Comparative change when including Charlie White ($350K vs $250K)

- Additional audience: +20K (41 % increase)
- Monetized benefit: + $205K (77 % increase)

Key Findings from Theatre Rental Grants:

1. Allocating **$350,000 across all three theatres delivers substantially higher total benefits** and audience reach, driven largely by Charlie White's strong value share (55% of total monetized benefit) despite its smaller per-show scale.
2. The **$250,000 scenario (Royal + McPherson) is marginally more cost-efficient** on a per-seat basis ($5.15 vs. $5.11) and maintains a solid benefit-to-funding ratio (1.07 vs. 1.35). However, it sacrifices nearly 20,000 additional patrons and over $205,000 in monetized value that would be realized by including Charlie White.

These insights guide the sensitivity tests in Section 5.8 below, which analyze how shifts in the funding levels and venue inclusion in each option affect overall efficiency, equity and cultural-economic return.

5.8. Sensitivity Analysis on Theatre Rental Grants

Under the current rental grant framework, equal allocations to the Royal Theatre, McPherson Playhouse and Charlie White Theatre support 12, 63, and 119 additional non-profit performances respectively. These funded shows yield roughly $50,000, $164,000, and $259,000 in combined box-office and concession value, while enabling approximately 9000, 29,000 and 30,000 extra audience visits. The upcoming sensitivity analysis uses these figures and tracks **two KPIs**: total audience benefit and total monetized benefit.

Each base-case revenue input, including number of shows, concession spend and service charge, will be varied by ±15% in the sensitivity tests that follow. This range considers plausible market and operational fluctuations and enables observation of how changes in these parameters affect the total monetized benefit. The following table shows sensitivity of the annual monetized benefit against each individual revenue driver. Put simply, the objective of this analysis is to answer similar questions to the following: *If concession spend were to decrease/increase by 15% for the year, how would it affect the annual benefit of the rental grant as a whole?*

Table 17: Sensitivity of Annual Monetary Benefit to Variation in Key Revenue Drivers

Revenue Driving Variable	Low (-15%)	High (+15%)	High-Low Range
Concession Spend	$458K	$486K	$28K
Service Charge	$416K	$529K	$113K
Average Attendance	$442K	$504K	$62K
Performance Count	$402K	$544K	$142K

The number of performances is the dominant revenue driver because total benefit is directly proportional to that product; a ±15% variation produces a $42,000 swing around the base-case benefit, more than twice the impact of average attendance ($62,000) and almost five times that of concession spend ($28,000). The symmetry of the low and high results reflects the model's linear structure, where proportional changes in inputs yield equal and opposite dollar changes in output. Service charge is the second most sensitive input, reflecting its direct contribution to revenue, while concession spend has the smallest effect. These insights indicate that prioritizing programming volume and attendance will deliver the greatest revenue stability.

5.9. Summary of Cost-Benefit Analysis

To consolidate the results of the cost-benefit model, Table 17 summarizes all monetized impacts generated by each service component across the Royal, McPherson, and Charlie White. These estimates reflect the conservative base case scenario using a 10-year horizon, 4.5% discount rate, and 2.5% inflation. Only outcomes with measurable dollar value such as, consumer cost savings, and performance-linked allocations are included. Unmonetized benefits (e.g., diversity of programming, community access) are discussed separately.

The key findings observed in this table reflect the high efficiency with which some theatres operate. For example, the Royal Theatre demonstrates a particularly high net present value (NPV) for its operating funding (3% of operating budget from public funding).

Table 18: Summary of Initiatives and Sensitivity Analysis (10-Year NPV)

10-Year NPV Analysis	Basis of Valuation	Estimated NPV (4.0% WACC)	Estimated NPV (4.5% WACC)	Estimated NPV (5.0% WACC)
Operating Funding – Royal	Avg. ticket price × attendance × # of attributed shows	$61.8M	$60.1M	$58.7M
Operating Funding – McPherson	Avg. ticket price × attendance × # of attributed shows	$13.5M	$13.1M	$12.8M
Operating Funding – Charlie White	Avg. ticket price × attendance × # of attributed shows	$5.7M	$5.5M	$5.4M
Theatre Rental Grant (Options B, C, D)	Additional Box Office and Concessions due to Increased Performances	$1.11M	$1.08M	$1.05M
Theatre Rental Grant (Option E)	Additional Box Office and Concessions due to Increased Performances	$152K	$148K	$144K
Capital Reserve	Avoided interest cost – opportunity cost	-$4.8M	-$5.5M	-$6.2M

6. Cost-Benefit Model Limitations and Considerations

The cost-benefit model provides a robust and structured framework for evaluating the financial and cultural impacts of theatre funding scenarios. It draws on best-available data, performance financials, and attendance-based attribution to support evidence-informed decision-making. That said, like any model, it is based on a set of assumptions and simplifications. The following considerations outline known data gaps, structural parameters, and behavioural assumptions that should be kept in mind when interpreting results and using the model for forward planning.

Data Constraints

- **Partial Audience Origin Data -** Direct ticketing and attendance data were available for the Royal, McPherson, and Charlie White. Jurisdictional breakdown of audience data was not provided by Charlie White Theatre. Regional attribution of benefits at Charlie White relies on the assumption that its audience distribution mirrors that of the Royal and McPherson theatres, which may not hold true in practice.[23]

Structural Modeling Assumptions

- **Linear Attribution of Costs and Benefits -** The model assumes that each additional dollar of funding yields a proportionate increase in performances and benefit. This does not account for diminishing returns, fixed cost thresholds, or potential scalability advantages.
- **Constant Performance Characteristics -** It is assumed that each additional performance draws the same number of attendees and incurs the same delivery cost, regardless of scale or programming context.

Policy Implementation Considerations

- **Partial Monetization of Social Benefits -** While the model captures ticket price savings and performance-linked benefits, it does not quantify other important outcomes, such as the number of

[23] The Charlie White Theatre did provide data for this exercise however it was deemed inconsistent with the Royal and McPherson's benchmarks as manual review of postal codes is needed to confirm the accuracy of the reporting.

local performers hired, increased program diversity, or cultural quality enhancements due to a lack of data available.

- **No Assessment of Political or Implementation Feasibility** - The model does not evaluate the political complexity or administrative feasibility of reallocating funding responsibilities among municipalities.

7. Recommendations

Ideal Model: Option C and Key Features

Based on the preceding cost-benefit analysis, **Option C is recommended as the most impactful service model among the options considered** (see Appendix E for detailed scoring). This option scored highest across multiple criteria, particularly in terms of supporting long-term sustainability, expanding regional access, and fostering sector development. Key strengths of Option C include:

- **Sustainable support for existing regional theatres through increased Operating Funding and a Minor Capital Reserve, with annual inflationary adjustments for the Royal Theatre, McPherson Playhouse, and Charlie White Theatre.** These theatres vary in size, business model, and geographic reach, and together serve the diverse needs of audiences and presenters across the region. They are also recognized as critical cultural infrastructure assets essential to the region's performing arts ecosystem.
  - Crucially, Option C addresses a historical gap in the service model by **incorporating inflationary adjustments**, which were absent in previous bylaws and led to a 40% decline in the purchasing power of operational contributions over time. Without such adjustments, the **long-term viability** of the service would remain vulnerable to rising costs and diminished funding value.
  - The inclusion of a **Maintenance or Minor Capital Reserve** is vital, particularly given the age of the Royal Theatre and McPherson Playhouse—both over a century old. These facilities require ongoing investment to remain **safe, accessible, and capable of supporting contemporary programming and audiences**. Feedback from presenters further emphasized the importance of targeted improvements in enhancing overall experience and usability.
- **Strategic regional participation across the Capital Regional District's Core Municipalities, Saanich Peninsula, and the West Shore.** These 13 municipalities represent the majority of the region's population and most frequently appear in ticket sales data for the regional theatres.
  - Data confirms that theatre **usage is not confined to host municipalities**: for instance, strong audience attendance from Saanich, Langford, and Esquimalt at the McPherson, and from Langford, Colwood, and Central Saanich at the Royal Theatre, demonstrates the regional nature of these venues. Proportional attendance from Metchosin and strong engagement with the Charlie White Theatre from the Peninsula further reinforce this case.
  - **Broader participation also reduces the per person cost** of each option. Taking the minor and operating capital initiative at the Royal Theatre as an example, Victoria's annual contributions fall from $251K under the status quo to $138K under Option A/B (–$113,000, –45 %). Option C yields the lowest average cost per household in all jurisdictions and produces the narrowest

spread between the highest and lowest cost. The analysis reinforces the need to move away from the status quo, where Victoria bears a disproportionate share of the financial responsibility for facilities that serve the region.

- **Inclusion of Planning Grants to support strategic planning and design work related to the development of future regional theatres.**
  - Organizations like the Juan de Fuca Performing Arts Centre Society (JdFPACS) are actively pursuing the development of a new regional theatre in the West Shore. While timelines and location remain uncertain, the inclusion of **Planning Grants ensures these jurisdictions can explore facility development in a structured and funded manner.**
  - Ensuring participation from communities in the West Shore in a future service option will ensure that a future regional theatre developed in the area can benefit from Operating and Minor Capital Funding, as well as Theatre Rental Grants.
- **Support for presenters through Theatre Rental Grants, which would unlock more performance activity** at regional theatres, help bring theatre usage closer to national/regional benchmarks and alleviate high labour costs associated with current rental rates.
  - Based on a similar model in the City of Vancouver, the CRD's proposed Theatre Rental Grants would subsidize venue rental costs, enabling **greater access for emerging presenters and expanding the diversity of programming** available to CRD residents.
  - In addition to reducing barriers, this funding tool could unlock significant usage increases at the McPherson Playhouse, Royal Theatre, and Charlie White Theatre – bringing them closer to their **optimal capacity**.
  - Additionally, the Theatre Rental Grants program could help foster **broader buy-in** from participating jurisdictions whose local presenters would directly benefit from these subsidies.
  - The theatre rental grant component, while not targeted at reducing ticket pricing, is also likely to **reduce the average cost per ticket** by increasing the proportion of non-profit shows.

While each service component could be implemented as a standalone initiative, an **integrated, multi-faceted service option** offers **greater incentives and encourages broader participation from multiple jurisdictions** in the support of regional theatres. To date, the City of Victoria has carried a disproportionate share of the funding burden, despite clear evidence – highlighted in this analysis – that residents from other jurisdictions frequently attend performances at these venues and that they remain important venues for a range of presenters across the CRD performing arts ecosystem. Looking ahead, as the region continues to grow and mobility between communities increases, it is likely that more residents from across the CRD will travel to and rely on these regional venues.

Minimal Viable Model: Option E and Key Features

We acknowledge that securing participation from all 13 recommended jurisdictions may be challenging. Based on the preceding research and analysis, the most urgent regional performing arts facilities priorities include:

- Rebalancing the funding model for the McPherson Playhouse, and
- Alleviating the high operational costs (e.g., technical crew and staff) that current act as barriers to access venues for many presenters.

Compared to Option C, Option E is a more focused and conservative model that modifies several key components to reflect immediate priorities and feasibility. First, Option E **limits the scope of supported theatres to the Royal Theatre and McPherson Playhouse**. The exclusion of the Charlie White Theatre reflects the fact that this facility is already well supported by municipal funding from Sidney and North Saanich and operates under a co-production model that is less reliant on venue rental activity, making the Theatre Rental Grants less impactful for its operations in theory.

Second, Option E **excludes Planning Grants**, recognizing the high level of uncertainty around new facility development in areas like the West Shore; while interest is growing in other currently underserved communities, no concrete proposals have yet been advanced. Also, planning grants are available at the federal level through the Canada Cultural Spaces Fund which may be accessed by the Juan de Fuca Performing Arts Centre Society (JdFPACS) to support their ongoing planning efforts.

Third, Option E narrows **geographic reach and participating jurisdictions** to those most directly impacted by and currently engaged with the Royal and McPherson, namely, the four core municipalities (Victoria, Saanich, Oak Bay, Esquimalt). This more targeted approach balances short-term impact with financial feasibility, while still addressing the most urgent needs identified through this study

Additional Recommendations: Sector Development and Regional Support

Although outside the scope of this cost-benefit analysis, where the primary focus is on service models related to funding support, consultations throughout this study surfaced a number of broader sector development needs warranting attention. Note, some of these challenges and observations are outlined in Section 2.2. To address these needs and enhance the overall vitality of the CRD's performing arts ecosystem, the following non-grant-based recommendations are proposed:

- **Shared audience engagement and data tracking platform**: Venue operators expressed interest in a region-wide audience data tracking system, such as a centralized ticketing or CRM platform. The CRD could explore the feasibility of supporting the procurement of a shared data system that allows for more robust tracking of audience geographic reach (e.g., postal code collected at ticket purchase), attendance patterns, and potentially audience feedback. These insights would not only support marketing and engagement strategies but also strengthen future planning and impact assessment across the region.

- **Facilitated collaborations across theatres**: While theatre operators see their offerings as complementary rather than competitive, as each regional theatre present different types of shows and attract distinct audience groups, there is limited formal coordination between them. The CRD could consider convening regular dialogues or roundtable sessions that bring together theatre operators, presenters, and other cultural stakeholders. These sessions could help surface common challenges, improve communication, reduce scheduling inefficiencies, and ensure that local needs are heard. Such an initiative would also help reinforce a sense of regional identity and shared goals across the performing arts ecosystem.
- **Local artist capacity building**: The CRD could consider allocating internal resources or commissioning third-party support to facilitate artist and presenter development. Some presenters expressed a desire for mentorship programs for emerging artists, professional development workshops on marketing and audience engagement, and tools to support production planning and budgeting, etc. These supports (such as the CRD's new "Grow Forward" grant program) would be especially beneficial for newer or smaller non-profit organizations that often lack access to such resources.

8. Risk Assessment

While the recommended options present substantial benefits when compared to existing service models, there are a couple of risks which should be monitored and mitigated during the implementation process.

Table 19: Risks and Mitigation Strategies

Risk	Description & Mitigation Strategy
Jurisdictional Buy-In	Some jurisdictions may resist participation due to financial constraints, differing priorities, or reluctance to alter existing arrangements. There is also the potential for political sensitivities around shifting funding responsibilities, particularly in municipalities that have not historically contributed to regional theatre services. To mitigate this, the findings of this report should be carefully socialized with each jurisdiction in the CRD ideally through tailored presentations or one-on-one briefings—to clearly demonstrate how their residents currently benefit from access to the theatres. Emphasizing the alignment between regional participation and regional access (e.g., travel time, audience origin data) will be critical to building trust and achieving broader buy-in for any new service model.
Operational and Staffing Capacity Constraints	Increased demand for theatre space may strain the operational and staffing capacity of the regional theatres. Existing staff, particularly technical and front-of-house teams, may face challenges in supporting a higher volume of productions, potentially leading to burnout, scheduling conflicts, or diminished service quality. The CRD and theatre operators should monitor usage trends and proactively assess staffing models and operational workflows. Where necessary, temporary staffing support/volunteer engagement, or process improvements could be implemented to ensure the quality of service is maintained as venue usage increases.
Uncertainty around new regional theatre development	Discuss the stage of development the JdFPACS is in with its planning and support them in alternative applications to federal or other levels of funding to further their aims, should planning grants not be included in the final service option selected.
Need for Major Capital Funding emerges	While this study does not identify an immediate need for a Major Capital Reserve, there is a possibility that a new regional theatre in the West Shore could require significant capital investment within the next decade. To mitigate this risk, the CRD could adopt a phased approach - starting with Planning Grants to support feasibility and business planning and periodically reviewing capital needs through service reviews. Should concrete development plans materialize, the CRD could explore adding a Major Capital Reserve component through a future amendment to the service bylaw, supported by updated cost-benefit analysis and stakeholder consultation.

Appendices

Appendix A – Document Review

Appendix B – Cost-Benefit Model Assumptions

Appendix C – Attendance of CRD Residents

Appendix D – Rental Grant Attribution (Options B, C, D)

Appendix E – Assessment of Service Options

Appendix A – Document Review

The documents reviewed for this project are listed as below.

<u>CRD Reports, Workshop Presentations, Previous Analysis</u>

- Service and Initiatives Related to CRD Arts & Culture Functions
- Performing Arts Facilities in the Capital Region (2024 Workshop Presentation)
- Stage One – A Public Conversation about Performing Arts Facilities in the CRD (December 2020)
- Service Plan for Option A (August 2021)
- Population and Drive Time Analysis by Arts Consulting Group
- Inventory of Performing Arts Facilities (2024 Update)
- Bylaw History and Overview Timeline and Summary (Updated Jan 2025)
- Setting a New Stage – A Report with Recommendations, Business Plan for 1997, Resulting Budgets and Draft Contract for the Royal Theatre and the McPherson Playhouse

<u>Meeting Minutes</u>

- Notice of Meeting and Meeting Agenda – Performing Ars Facilities Select Committee (September 8, 2021)
- Notice of Meeting and Meeting Agenda - Performing Ars Facilities Select Committee (January 19, 2022)
- Notice of Meeting and Meeting Agenda – Performing Arts Facilities Selection Committee (November 6, 2024)

<u>Financial Documents & Facilities Stats</u>

- Saanich Peninsula Memorial Park Society Financial Statements (Year Ended December 31, 2023)
- Performing Arts Facilities: Service Options and Financial Implications (Appendix B)
- Mary Winspear Financial Statements 2023
- RMTS Ticket Sales, Performance, and Audience Stats (2019-2024)
- Charlie White Patron Demographics by Area Code (2025)
- West Shore Community Arts Centre Preliminary Feasibility Study (October 2022)
- Accessibility and Inclusion for the West Shore Community Arts Centre (December 2023)

Email Correspondences

- Juan de Fuca Performing Arts Centre Society to CRD Performing Arts Facilities Select Committee, Re: September 4, 2024 Agenda Item 6.1 – Scaling Up Support for Performing Arts Facilities
- Non-profit performing arts organization to CRD Performing Arts Facilities Select Committee, Re: Theatre Rental Grants Program (November 4, 2024)

Appendix B – Cost-Benefit Model Assumptions

Table 20: Cost-Benefit Model Assumptions

Assumption	Value or Description	Applied To	Notes / Source
Discount Rate (WACC)	4.5%	All NPV calculations	Sensitivity tested at 4.0% and 5.0%
Inflation Rate	2.5%	Performance cost escalation	Applied uniformly across 10-year horizon
Time Horizon	10 years	All NPV and benefit calculations	Matches typical planning cycle for capital and operating grants
Performance Cost per Show	Royal: $8,367 McPherson: $4,785 Charlie White: $2,525	Operating & rental grant attribution	Based on figures provided by venue operators. Theatre rental grant provides 50% Coverage
Average Attendance per Non-Profit Show	Royal: 790 McPherson: 469 Charlie White: 245	All benefit calculations	Derived from ticketing stats
Total Average Attendance	Royal: 1091 McPherson: 549 Charlie White: 249	Operations analysis	
Average Ticket Price	Royal: $50.06 McPherson: $42.78 Charlie White: $43.40	Revenue & rental grant calculations	Based on sales data and ticket count
Audience Origin Attribution	Distributed proportionally based on attendance shares per theatre	All benefit allocation	Charlie White assumes similar pattern to Royal & McPherson
Capital Reserve Drawdown Cycle	Fully withdrawn every 10 years	Capital reserve analysis	
Cost Allocation Basis	Population-based in Options A–C	Municipal contribution calculations	Not based on direct usage or attendance

Appendix C – Attendance of CRD Residents

The table below shows the breakdown of attendees who are residents of the CRD.

Table 21: % of attendees at the Royal and McPherson and % of each jurisdiction's population across the Capital Regional District

Participant	Population%	Royal 2024	McPherson 2024
Central Saanich	4.02%	3.50%	3.56%
Colwood	4.91%	3.62%	4.17%
Esquimalt	4.28%	4.26%	6.41%
Highlands	0.58%	0.51%	0.39%
Juan de Fuca	1.31%	0.76%	1.00%
Langford	12.92%	7.10%	8.50%
Metchosin	0.52%	1.08%	1.17%
North Saanich	2.96%	2.49%	2.27%
Oak Bay	4.17%	8.24%	6.62%
Saanich	27.79%	25.97%	27.36%
Salt Spring Island	2.76%	0.60%	0.42%
Sidney	2.94%	2.15%	1.57%
Sooke	3.79%	1.64%	1.98%
Southern Gulf Islands	1.47%	0.33%	0.25%
Victoria	22.79%	35.24%	31.61%
View Royal	2.80%	2.51%	2.73%

Appendix D – Rental Grant Attribution

Table 22: Theatre Rental Grant Attribution (Option B, C, D)

Theatre	Non-Profit Rental Rate	Coverage (50%)	Allocated Funding	Supported Rentals	Avg Attendance per Show	Value per Show (Tickets + Concessions)	Total Annual Audience Benefit	Total Annual Monetized Benefit
Royal	$8,367	$4,184	$50,000	12	790	$4,137	9,442	$49,444
McPherson	$4,785	$2,393	$150,000	63	469	$2,616	29,404	$164,013
Charlie White	$2,525	$1,263	$150,000	119	249	$2,181	29,602	$259,158

Table 23: Theatre Rental Grant Attribution (Option E)

Theatre	Non-Profit Rental Rate	Coverage (50%)	Allocated Funding	Supported Rentals	Avg Attendance per Show	Value per Show (Tickets + Concessions)	Total Annual Audience Benefit	Total Annual Monetized Benefit
Royal	$8,367	$4,184	$62,500	15	790	$4,137	11,802	$61,805
McPherson	$4,785	$2,393	$187,500	78	469	$2,616	36,755	$205,016

Appendix E – Assessment of Service Options

Based on the cost-benefit analysis, each service option under consideration was evaluated against the criteria outlined in Table 4 (Section 1.3), which reflect the perspectives of four key interest holder groups. Each option was assessed and assigned a score from 0 to 5 for each sub-criterion, indicating how well it meets the identified needs and priorities. The scores were then aggregated and weighted to generate an overall score out of 5 for each interest holder group, providing a balanced view of each option's performance. A total score out of 20 was then summed. A summary of the final scores is presented in Table 19 below.

Please note, while Option C emerges as the top-scoring model overall (18.58), Option B (15.67) and Option D (15.41) also performed strongly, showing that several components in these two models could achieve substantial benefit. However, the analysis supporting Option E as the minimal viable option is not based on it being the second-best alternative in terms of scoring, but rather on its ability to address the most urgent needs described in Section 7, i.e., sustaining McPherson and reducing barriers to access for presenters within a more focused and feasible service model.

Table 24: Total Evaluation Scoring

	Status Quo	Option A	Option B	Option C	Option D	Option E
The Audiences	3	2.33	3.33	3.83	4	4
The Theatres	1	2.67	4.33	5	3.67	2.67
The Presenters	1.5	2.25	4.5	4.75	3.75	3
The Jurisdictions	3	3.5	3.5	5	4	4
TOTAL SCORING (out of 20)	8.5	10.75	15.67	18.58	15.41	13.67

The Audiences

Table 25: Audience Evaluation Scoring Breakdown

Audience	Status Quo	Option A	Option B	Option C	Option D	Option E
Access/Physical Distance	5	4	4	5	5	5
Ticket Price	0	0	3	3	3	2.5
Existing Attendance	4	3	3	3.5	4	4.5
Scoring	3	2.33	3.33	3.83	4	4

- **Distance** was scored based on the percentage of participating jurisdictions in each service option that have access to an existing or potential future regional theatre within a 40-minute drive. Options C, D, and E ranked highly because 100% of the supporting jurisdictions in these services can access the Royal and McPherson within a 40-minute drive. Options A and B ranked lowest because they require full regional participation and only 81% of the region can access the Royal, McPherson, Charlie White, and/or a new regional theatre in Langford within a 40-minute drive.

- **Pricing** was scored based on the potential of each service option to impact the affordability of ticket prices. The theatre rental grant component, while not targeted at reducing ticket pricing, is likely to reduce the average cost per ticket by increasing the proportion of non-profit shows. The status quo and Option A lack a theatre rental grant component. Options B, C, and D all include a $350,000 theatre rental grant program that can be used at all three existing regional theatres. Currently the average ticket price is $54.61 at the Royal, $42.78 at the McPherson, and $43.40 at the Charlie White. At the $350,000 funding level, the average ticket price is projected to decrease by $2.32, $1.75, and $5.38 per ticket respectively. Option E was given a reduced score because it includes a $250,000 theatre rental grant program that can only be used at the Royal and McPherson, and the investment reduction alongside the reduced number of regional theatres at which to apply rental cost savings can negatively impact the number of shows with affordable ticket prices. At the $250,000 funding level, the average ticket price for the Royal and Mcpherson is projected to decrease by $1.77 and $0.88 per ticket.

- **Existing attendance** was scored based on whether participating jurisdictions in each service option are already frequent visitors of each existing regional theatre supported (or predicted to be frequent visitors in the case of Charlie White). Option E ranked most highly because the participating jurisdictions represented the highest audience attendance at the Royal and McPherson in 2024. A perfect score was not allocated because residents from Langford were high in attendance but not included as a participant in Option E. The Status Quo and Option D ranked similarly with similar rationale. Options A and B are full regional options, and not all jurisdictions in the CRD have a high proportion of residents currently attending regional theatres. Option C ranked higher than A and B because it excludes the electoral areas, which have generally lower audience attendance at each theatre because of population size and geographic limitations.

The Theatres

Table 26: Theatres Evaluation Scoring Breakdown

Theatres	Status Quo	Option A	Option B	Option C	Option D	Option E
Long-Term Viability of Current Theatres	2	5	5	5	5	4
Development of Future Theatres	1	3	3	5	1	1
Enhanced Financial Sustainability	0	0	5	5	5	3
Scoring	1	2.67	4.33	5	3.67	2.67

- **Long-term viability of current theatres** was scored based on whether there is operating funding and minor capital for maintenance with inflationary adjustments baked in. Option A, B, C, D are ranked highly because each support all existing theatres, while Option E is ranked lower due to its lack of support for one of the existing theatres – the Charlie White. The Status Quo ranked significantly lower due to its lack of inflationary increases over the majority of its term, and its exclusion of the Charlie White.

- **Development of future theatres** focuses on the planning grants for potential new facilities in the region. Option A, B, C cover the West Short potential. However, Options A and B ranked slightly lower than C because it includes the negative value for the Major Capital Reserve.

- **Enhanced financial sustainability** was scored based on whether each service option has the potential to increase earned income from rentals, concessions, and ticket sales. The Theatre Rental Grant component has the highest potential to impact this outcome, and therefore the service options which include this component ranked most highly. The Status Quo and Option A do not include theatre rental grants. Options B, C, and D include a $350,000 rental grant program, which are predicted to increase: rental income at the Royal by $116K, the McPherson by $116K, and the Charlie White by $116K; concession income at the Royal by $30K, the McPherson by $24K, and the Charlie White by $40K; and income from ticket sales at the Royal by $85K, the McPherson by $104K, and the Charlie White by $161K. Option E ranks slightly lower because it includes a $250,000 rental grant program which can be used at the Royal and McPherson only, which are predicted to increase: rental income at the Royal by $125K and McPherson by $125K; concession income at the Royal by $32K and McPherson by $26K; and income from ticket sales at the Royal by $91K and McPherson by $111K.

The Presenters

Table 27: Presenters Evaluation Scoring Breakdown

Presenters	Status Quo	Option A	Option B	Option C	Option D	Option E
Increased Performance Activity	1	2	5	5	4	3
Access to Theatres	2	2.5	4	4.5	3.5	3
Scoring	1.5	2.25	4.5	4.75	3.75	3

- **Increased performance activity** was scored based on whether and to what degree each potential service option can increase non-profit performances at current and potential future regional theatres. The Theatre Rental Grant component has the highest potential to impact the number of additional performances unlocked at existing and potential future regional theatres in the CRD, but an increase in operating funding and improvement to the minor capital allocations can also improve the availability of these theatres by improving operating capacity and structural function. The Status Quo and Option A were allocated a modest score in recognition of the latter point, while Options B and C ranked highest because of their inclusion of a $350,000 rental grant program (activating 28, 49 and 92 shows at the Royal, McPherson, and Charlie White respectively), planning grant program, and West Shore representation. Option D also ranked highly, but one point was deducted due to the lack of planning grants and West Shore representation. Option E ranked low due to its lack of planning grants, West Shore representation, and the exclusion of the Charlie White theatre which can have a negative impact on the number of new shows activated because there are fewer regional theatres at which theatre rental grants can be used (activating 30 and 52 shows at the Royal and McPherson, respectively).

- **Access to Theatres** was scored based on whether and to what degree each potential service option enables greater access to regional theatres by presenters who are located across the region. Theatre access in this context is multi-faceted, considering both financial and physical factors. Improved operating funding enables theatre operators to expand their operating capacity by potentially increasing staffing and/or investing in innovations/training that enables the theatre to be more efficient in its rental service delivery, which can allow the theatres to take on more rental activity from local presenters. Minor Capital Funding enables theatre operators to maintain the buildings so that they remain functional on a regular basis and allows them to invest in minor capital upgrades that improve physical accessibility of the venues in the front and back of house areas, which can positively impact local presenters' willingness to rent regional theatres for their future performances. Planning grants can enable local groups like the Juan de Fuca Performing Arts Centre Society (JdFPACS) to explore opportunities to develop new regional theatres to address gaps in geographic access across the region, and participation from jurisdictions in the West Shore in a new service will allow these jurisdictions to receive operating and minor capital funding once these theatres are built. Theatre rental grants can enable local non-profit presenters to financially access regional theatres for their performances by reducing the impact of high labour costs associated with rental fees.

- The Status Quo was allocated a modest score in recognition of the fact that operating and minor capital funding is currently provided to the Royal and McPherson, but the lack of broader participation and other important components such as planning and theatre rental grants impacts this score negatively.
- Options A and E ranked slightly higher than the status quo in recognition of their inclusion of increased operating and minor capital funding. Option E ranked slightly higher than Option A due to its inclusion of theatre rental grants. Similar to the Status Quo, Option E's lack of greater regional participation impacts the score negatively. While Option A includes full regional participation, both its lack of theatre rental grants and the fact that residents of the three electoral districts are located more than 40 mins drive away from all regional theatres under consideration impacts the score negatively.
- Option D ranked slightly higher than Option E in recognition of its inclusion of the Charlie White Theatre and increased rental grant funding level ($350,000 rather than $250,000).
- Option B ranked slightly higher than Option D in recognition of its larger regional participation model and inclusion of planning grants. Its full regional participation impacted the score negatively because, although this means that all presenters in the region can access theatre rental grants, residents of the three electoral districts are located more than 40 mins drive away from all regional theatres under consideration and are therefore unlikely to access these grants.
- Options C ranked highest in this scenario due to its comprehensive design which includes participation from all jurisdictions within a 40-minute drive to each theatre, increased operating and minor capital funding, planning grants, and Theatre Rental Grants.

The Jurisdictions

Table 28: Jurisdictions Evaluation Scoring Breakdown

Jurisdictions	Status Quo	Option A	Option B	Option C	Option D	Option E
Participation vs. Proportional Access	5	3	3	5	5	5
Cost-sharing Equity (Free-rider Avoided)	1	4	4	5	3	3
Scoring	3	3.5	3.5	5	4	4

- **Participation versus proportional access** was scored based on whether the jurisdictions contributing financially to each service reflect both their population size and geographic proximity to the regional theatres. Since the cost per household is based on population size of each jurisdiction, which would score 5s across the board, this analysis is instead based on the difference between the access of the theatres and its participation. In other words, if a jurisdiction is participating in the funding for the theatre, can they access it within reasonable travel time? The core reason as to why Option A and B scored lower than Option C, D, and E is because the electoral districts, namely Juan de Fuca, Salt Spring Island, and Southern Gulf Islands, were proven by the drive time analysis to not be within the desirable distance to access the theatres. For options C, D, and E, all participating jurisdictions are within the drive time distance to access the funded theatres.
- **Cost-sharing equity or free-rider avoidance** looks at whether those jurisdictions who benefit from the supported theatres in each service option actually pay to support them. The general formula is to calculate jurisdictions that pay divided by jurisdictions that benefit. Option C is ranked the highest because 100% of those that benefit also pay – the best mix of alignment of cost to benefit. Option A and B are scored relatively high for the same reason. Option D and E are ranked slightly lower because some of the jurisdictions that benefit do not pay.

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