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REPORT TO ROYAL AND MCPHERSON THEATRES SERVICES ADVISORY COMMITTEE MEETING OF WEDNESDAY, OCTOBER 15, 2025

SUBJECT **2026 Budget for the Royal Theatre Service and the McPherson Playhouse Service**

ISSUE SUMMARY

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

BACKGROUND

On September 11th, 2024, the Capital Regional District (CRD) Board adopted amending Bylaw No. 4560 to modernize the Royal Theatre Service bylaw. This removed restrictions between operating and capital funding and introduced a formula to calculate the maximum allowable funding as the greater of the previous fixed maximum of \$580,000 or \$0.00590 per \$1000 of net taxable value of land and improvements. The recommended lift to the Royal Theatre Service to \$605,955 in the 2026 budget would be the second increase in funding to this service in the past 26 years. The proposed 1.8% increase to the funding of the Royal Theatre Service aligns to the service and financial planning guidelines approved by the CRD Board in May 2025.

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

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

The RMTSAC reports to the Finance Committee, which does not meet before the consideration of the provisional budget on October 29th, 2025. Input from RMTSAC on budget levels will flow through the Finance Committee to be considered as part of the final budget package.

ALTERNATIVES

Alternative 1

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

1. That the amount of \$605,955 be approved for the Royal Theatre Service; and
2. That the amount of \$750,000 be approved for the McPherson Playhouse Service.

Alternative 2

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

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

IMPLICATIONS

Alignment with Board & Corporate Priorities

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

Financial Implications

In addition to operational expenses, RMTS has also planned approximately \$2.2 million in building improvement capital expenses in 2026 for necessary repairs, asset management, and upgrades. These capital improvements include building envelope repairs, updated building condition assessment reports, electrical upgrades, and venue chamber renewal at both facilities (see Appendix C and D for complete lists of capital projects). RMTS collects a building improvement fee as part of its ticket sales and those proceeds also assist in funding capital projects.

Legal Implications

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

CONCLUSION

Annual funding of the Royal Theatre through Bylaw No. 2587 and for the McPherson Playhouse through Bylaw No. 2685 are part of the budget approval process. The Royal and McPherson Theatres Society has provided audited financial statements, and CRD staff have produced five-year capital plans for the Royal Theatre and McPherson Playhouse in collaboration with the operator to provide more context and rationale for the CRD funding levels.

RECOMMENDATION

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

1. That the amount of \$605,955 be approved for the Royal Theatre Service; and
2. That the amount of \$750,000 be approved for the McPherson Playhouse Service.

Submitted by:	Chris Gilpin, MPA, Manager, Arts & Culture
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Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: 2024 Audited Financial Statements for the Royal & McPherson Theatres Society

Appendix B: 2024 Annual Report for the Royal & McPherson Theatres Society

Appendix C: 2026 Budget for the Royal Theatre Service

Appendix D: 2026 Budget for the McPherson Playhouse Service