

REPORT TO PERFORMING ARTS FACILITIES SELECT COMMITTEE MEETING OF WEDNESDAY, JULY 2, 2025

SUBJECT **Cost-Benefit Analysis of Options for a New Performing Arts Facilities Service**

ISSUE SUMMARY

The CRD Board approved a recommendation by the Performing Arts Facilities Select Committee (PAFSC) that staff engage a consultant to undertake a full cost-benefit analysis of options for a new Performing Arts Facilities Service as well as analyzing all the initiatives within those options individually and provide recommendations on next steps. The consultant, Nordicity, has delivered the report, which includes a primary and a secondary recommendation on next steps.

BACKGROUND

On November 6th, 2024, staff outlined five options for new CRD services that would scale up support for performing arts facilities with regional impact. On November 13th, 2024, the CRD Board approved a PAFSC recommendation “[t]hat staff initiate an RFP to engage a consultant for the purposes of undertaking a cost-benefit analysis of the five proposed service options, with the freedom to recommend a mix of regional and sub-regional models within each option in terms of their sustainability and direct value proposition to each participating jurisdiction and to the region as a whole.”

On November 29th, 2024, CRD staff launched a Request for Proposals (RFP). Three proposals were received and scored according to an assessment matrix that was published as part of the RFP. In January 2025, Nordicity, the winning proponent, was awarded the contract.

In February and March 2025, Nordicity undertook extensive consultations with multiple groups, including venue operators (Royal & McPherson Theatres Society and Saanich Peninsula Memorial Park Society), IATSE 861, and the Intermunicipal Committee of the Juan de Fuca Performing Arts Centre Society, as well as roundtables of non-profit arts presenters, educational presenters, and commercial presenters. CRD staff provided Nordicity with previous reports, data on venues and audiences, and a full orientation on the history of the two regional theatre services. Nordicity met with CRD staff on a bi-weekly basis to provide progress reports.

On May 29th, 2025, Nordicity delivered the final report “Analysis of Service Options to Support Performing Arts Facilities” (Appendix A). The report describes its objective in this way:

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.¹

Staff have reviewed the report thoroughly and have no objections to the analysis or the findings.

¹ Nordicity. May 2025. “Analysis of Service Options to Support Performing Arts Facilities,” p. 5.

Key Findings of the Nordicity Report

The report analyzes the five options, the status quo, and the initiatives within each option from multiple vectors, including economic impact, net present value, and social return on investment.

The three most relevant findings are:

1. All CRD municipalities benefit significantly from the three regional theatres, but CRD electoral areas (EAs) do not significantly benefit due to long travel times. Geographic analysis of audience demographics confirm this finding.
2. Minor Capital support for asset management and maintenance is an essential component of any new service; however, the Major Capital Reserve component for construction of new regional theatres does not demonstrate clear value due to current lack of an identified project and high opportunity cost.
3. The Theatre Rental Grant component shows high potential to generate both cultural value (enhance development of regional arts and education groups) and financial value (for venue operators, presenters and local economy).

Nordicity's analysis included scoring all five options (and the status quo) according to four categories: Audiences, Presenters, Venues, and Jurisdictions. Multiple scores were attributed to each category to understand it from various perspectives.

Option C had the highest score in all categories and is the primary recommendation. This option would have three regional theatres supported by all thirteen municipalities (but not EAs) with the addition of planning grants and theatre rental grants, and the flexibility to support a future regional theatre on the West Shore. This option includes funding for operating and minor capital expenditures (asset management), but does not include a major capital reserve for new construction.

Option E was identified as the minimal viable option and is the secondary recommendation. This option would have two regional theatres supported (both operating and minor capital) by the four core municipalities with the addition of theatre rental grants. It is noted that this minimal viable option still represents a significant "scaling up" over the status quo.

The next task for PAFSC is to review this report and determine if it wishes to endorse one of these recommendations to the CRD Board or to conduct further research.

IMPLICATIONS

Alignment with Board and 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." This could be achieved by new sub-regional or full regional service options or by increased investment in existing services that support performing arts facilities with regional impact.

Financial Implications

As part of this cost-benefit analysis, staff have also produced detailed costing for all five options by service function (Appendix B) and by jurisdiction (Appendix C). The primary recommendation

(Option C) represents a total cost increase of \$1,030,000 and has a median cost per household of \$13.16/year (all municipalities). The secondary recommendation (Option E) represents a total cost increase of \$350,000 and has a median cost per household of \$16.75/year (Esquimalt, Oak Bay, Saanich, and Victoria).

All new service options include 1.0 FTE in additional staffing. This new position would be dedicated to two areas: external grant-writing and delivery of the Planning Grant and Theatre Rental Grant programs. Staff would pursue funding opportunities through provincial and federal grant programs for major infrastructure support in collaboration with local governments and/or non-profit clients. The CRD could access substantially more external funding for regional theatres, especially capital projects, by having additional staffing resources focused on identifying and pursuing these opportunities. In addition, this staff member would coordinate non-profit arts presenters, educational groups, and theatres in the grant application and adjudication processes, as well as the evaluation of outcomes for the Theatre Rental Grant program and, if applicable, the Planning Grant program.

On October 30th, 2024, Initiative Business Case 10b-2.1 was approved as part of the provisional budget. This allocated \$132,000 to a Feasibility Fund to support the work of the PAFSC as part of Budget 2025. The total cost of this report came in under budget at \$41,107.50 (including GST).

CONCLUSION

The Performing Arts Facilities Select Committee directed CRD staff to procure a consultant to conduct an analysis on five options for a new sub-regional or full regional service that could scale up support for performing arts facilities with regional impact in a way that provides value to all participating jurisdictions. Nordicity, the winning proponent, has conducted the analysis in terms of their costs, benefits, and sustainability of each of the proposed five options and have delivered the final report. They have provided a primary recommendation of Option C and a secondary recommendation of Option E.

RECOMMENDATION

No recommendation. This report is for information only.

Submitted by:	Chris Gilpin, MPA, Manager, Arts & Culture
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Report on Analysis of Service Options to Support Performing Arts Facilities
Appendix B: Cost Estimates for Service Options by Service Function
Appendix C: Cost Estimates for Service Options by Jurisdiction
Presentation: Nordicity Report