

Municipality of Chatham-Kent

Community Human Services

Community Attraction and Leisure Services - Arts and Culture Services

To: Mayor and Members of Council

From: Heather Slater
Manager, Arts and Culture Services

Date: February 13, 2020

Subject: Request for Transfer from Kiwanis Theatre Improvement Fund Reserve and Capitol Theatre Improvement Fund Reserve

Recommendations

It is recommended that:

1. An amount of \$177,000 be transferred from the Kiwanis Theatre Improvement Fund Reserve to the Cultural Centre operating budget for improvements to Kiwanis Theatre.
2. An amount of \$96,500 be transferred from the Capitol Theatre Improvement Fund Reserve to the Capitol Theatre operating budget to upgrade technical equipment in the Capitol Theatre.

Background

The Kiwanis Theatre has provided high quality events and programs for over 50 years. The Theatre has been used for several types of activities such as professional shows, community theatre, rentals, programs, lectures, dinner shows, theatre training, and films.

The Theatre presently has 638 seats, plus a wheelchair section. The stage is considered smaller by theatre standards, and since there is no backstage, the lounge area serves in this capacity. Performers have consistently commented positively on the acoustics and intimate setting.

In 2003, Council approved the implementation of the Kiwanis Theatre Improvement Fund (TIF), funded through a \$1.00 surcharge on each ticket purchased for the Kiwanis Theatre, which has been used for Kiwanis Theatre improvements.

Between the TIF, Building Lifecycle dollars, and user donations, there has been a large investment in theatre upgrades over the years. These upgrades include the installation of an onstage fire deluge system, fire sprinklers placed throughout the theatre, improved dressing rooms and front lobby, installation of onstage and front-of-house catwalks, screen and projector, and other theatre equipment.

In 2008, Council approved the Culture Master Plan: “Culture, Economy, Community: A Cultural Plan for Chatham-Kent.” The report, which was revisited and updated in 2014, was intended to provide a framework for fostering creativity, and for building capacity in the cultural sector. The report addressed the need for a wide variety of arts, culture and creative opportunities for residents of Chatham-Kent, and highlighted the ways in which cultural organizations and facilities contribute to economic stability, job creation, and building a vibrant and engaged community.

In 2009, through the Chatham Cultural Centre (CCC) Master Plan, a new mission statement for the Kiwanis Theatre was created - “to provide a quality, accessible and affordable space for the Chatham-Kent community to perform, learn, develop and enjoy the performing arts”.

In 2010, the 1,208 seat Capitol Theatre opened, under the operation of the Chatham Capitol Theatre Association (CCTA). A Capital Replacement Fund (CRF) was introduced to levy a \$2 surcharge on all tickets sold for events in the Capitol Theatre, with the purpose of funding ongoing equipment requirements and general theatre improvements.

In 2011, when the CCTA ceased to exist, the Chatham Cultural Centre staff managed both theatres to keep the Capitol Theatre operating. The Capitol’s reputation as a desirable venue for a wide range of performances began to grow, attracting promoters and producers from across Canada and the USA. Rentals, community programming and education programs were held at the Kiwanis Theatre.

In 2012, St. Clair College took over the operation of the Capitol Theatre, and had success with performances and events.

In 2015, St. Clair College served notice to terminate their contract with the Municipality, due to a change in College direction.

In 2016, the Municipality assumed operations of the Capitol Theatre. The Capitol’s growing prominence highlighted the need for both venues in the community: the Capitol for professional, touring shows, and events that had advanced technical requirements and/or were expected to attract large crowds; and the Kiwanis for less technically complex presentations, often by community presenters, in a more intimate space for a smaller audience.

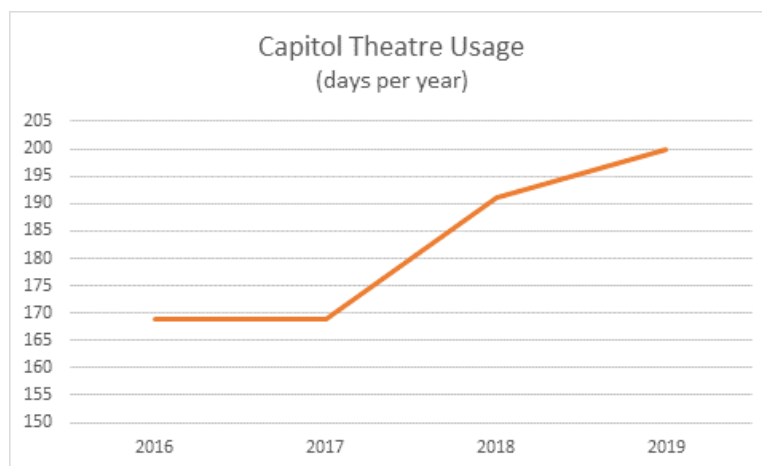
In 2019, as the result of an in-depth review of cultural services, a new Arts and Culture section was launched under the Community Attraction and Leisure Services Division. Arts and Culture comprises both theatres, in addition to the Thames Art Gallery, ARTspace, Milner House, Ridge House, Chatham-Kent Museum, and CKTickets Box Office. Under this new operational structure, with staff now working across all venues and services, a key priority is to examine the operations of both theatres in order to maximize revenue potential by offering strategically curated rentals and internal programming on both stages. Another priority is to conceive multidisciplinary projects to

highlight Gallery and Museum programming, and to draw audiences to these spaces on Kiwanis show nights.

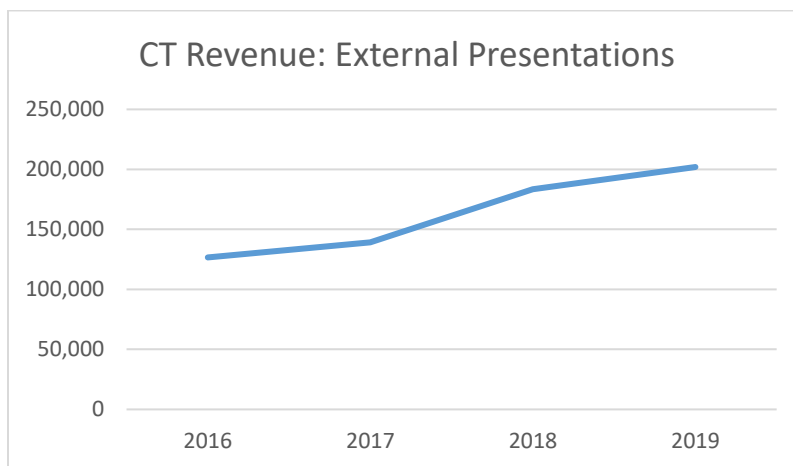
Comments

When the Municipality assumed operations for the Capitol in 2016, the intention was to maintain operations at the existing usage level of approximately 163 days per year. However, the scope of the Capitol’s rental business has grown considerably since 2016, and the venue is currently operating near capacity, turning away potential renters who are unable to secure attractive dates.

Capitol Theatre total usage has increased from 163 to approximately 200 days per year (18% increase over 2016).



The number of external rentals has increased by 25% (from 88 in 2016 to approximately 115 in 2019), and net revenue from rentals has increased dramatically by 60% (from \$126,627 in 2016 to \$201,000 in 2019).



Attendance in the venue has increased by almost 30% over 4 years, from approximately 50,000 in 2016 to 66,000 in 2019.

There is clearly high demand for a full-service performing arts centre in Chatham-Kent. The Capitol's growth is only limited by the fact that it is now operating at full capacity. From the booking requests and enquiries received over the past two years, which have included everything from tribute bands, Canadian singer-songwriters, comedians and dance recitals, to music theatre shows and speaker events, there is also a continued demand for the smaller, more intimate Kiwanis Theatre.

Making improvements to the Kiwanis Theatre will better enable staff to not only program the Kiwanis with these types of performances, but will also be able to offer rental clients a lower cost (hence lower risk) option by suggesting the Kiwanis Theatre when the Capitol Theatre is not available.

Several key pieces of equipment at the Capitol are requiring upgrades or replacement over the next five years, including the lighting and audio consoles and the PA system. As each piece of equipment is replaced, it will be relocated to and reconfigured for the Kiwanis Theatre. With this equipment, the Kiwanis will be able to operate at a more professional level, and clients will also benefit from the connection between the theatres. With management "curating" both spaces, it ensures that one client's project does not affect the success of another, whether due to date proximity, thematic similarities or variances in ticket pricing for similar product.

Kiwanis Theatre Reserve Expenditures

Lighting and Sound: One issue that has been identified for several years is the poor quality, location, and condition of the lighting and sound equipment. Lighting is currently controlled from the balcony level, which is not ideal due to the distance from the stage, and sound equipment is operated either from balcony level or from a small desk behind the back row of auditorium seats. This equipment is suitable for small-scale presentations (lectures, recitals, etc.), but is inadequate for professional productions and larger shows with more complex technical demands. It is rarely possible to accommodate larger external rentals without renting equipment at the theatre's expense. Rental equipment costs can range from \$1,700 to \$5,000 per show, or more, which reduces net profits; currently the majority of rentals at the Kiwanis theatre end with a negative revenue result.

If the rental business at Kiwanis is to grow and become profitable, a more permanent solution is required. The construction of a permanent lighting/sound booth at the back of the main floor, and the repurposing of the Capitol Theatre lighting and sound equipment to the Kiwanis, will help to address this issue.

Seats: The second issue is the seats on both the main floor and balcony. The current seats were installed in 1963, and are showing wear and tear. They are also much smaller and narrower than modern theatre seating, and negative audience feedback about the lack of comfortable seating continues to be received. New seats will improve comfort and enhance audience experience. Some balcony reconstruction work will need to be done to accommodate the seats on the balcony. Aisle lighting will also be improved.

With the installation of new, larger seats, the main floor capacity will be reduced from 424 to 260 seats, and the balcony capacity will be reduced from 214 to 140 seats, for a total reduction in capacity from 638 seats to approximately 400 seats.

The costs for the proposed renovations to the Kiwanis Theatre are as follows:

Item:	Estimated Cost
Seating replacement main floor	\$66,000
Seating balcony	\$29,000
Balcony construction	\$20,000
Aisle lighting	\$5,000
Sound booth expansion (sub-floor, half-walls)	\$7,000
Design and contractor fee	\$10,000
Contingency 30%	\$40,000
Total Estimated Cost	\$177,000

Capitol Improvement Fund Expenditures

Projection Screen: The Capitol Theatre presents a weekly movie series and also hosts external movie screenings. The original projection screen fabric was damaged irreparably in 2014. Currently, a fabric cyclorama, or “cyc”, is in use. A cyc is typically used for backdrop projections, but is not optimal for film. The surface does not project a sharp image, and it requires a brighter projector setting, causing quick turnover of the bulbs, which cost approximately \$1,000 each. The cyc needs to be moved from pipe to pipe in order to serve other purposes, and is consequently showing signs of wear and tear. The new projection screen, which is designed to achieve optimal light reflection, would be permanently mounted onto the original frame, immediately upstage of the proscenium (four feet closer to the audience than the current location), and labour costs, bulb wastage, and wear and tear will no longer be a concern.

Lighting Console: The current lighting console is 10 years old, and, while still supported by the manufacturer, is several generations older than what is normally acceptable in a large professional theatre. As such, it is increasingly common that the current console is insufficient to meet performers' needs. It would, however, be well suited to the Kiwanis Theatre. The console at the Kiwanis Theatre currently requires repairs in the amount of \$4,000, but is very close to the end of its lifespan. The console currently in use at the Capitol Theatre would be moved to the Kiwanis Theatre, and a new console purchased for the Capitol.

LED Cyc lights: Upgrading current cyc lights from halogen to LED would save on consumables (gels and bulbs), energy costs, and provide brighter, more vivid colour and colour mixing. It would also save on crew costs, as the pipe on which the lights are hung (accessible by lift) would only need to be accessed for maintenance once per year as opposed to weekly, sometimes daily.

The proposed equipment upgrades for the Capitol Theatre are as follows:

Item:	Estimated Cost
Projection Screen	\$16,000
LED Cyc lights (incl. rigging and cabling)	\$10,500
Lighting Console	\$70,000
Total Estimated Cost:	\$96,500

It is anticipated that the work at the Kiwanis Theatre would occur over July and August, and be completed by October, 2020. The Capitol Theatre work would take place between May and July, 2020.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

Financial Services was consulted on the balance of both the Theatre Improvement Fund and the Capitol Improvement Fund Reserves.

The proposed projects for the Kiwanis Theatre are based on regular feedback from patrons as well as regular rental clients, including Theatre Kent, Chatham-Kent Music Festival, St. Andrew's Church and Chatham Music School. Existing user groups are aware of the timelines of the Kiwanis projects.

A survey will be sent to Kiwanis Theatre user groups to gain additional specific feedback regarding revised theatre setup and configuration, and both the Heritage and Accessibility Advisory Committee will be consulted regarding changes to the Kiwanis Theatre.

Regular rental clients of the Capitol Theatre, many of whom are now interested in presenting at both venues, have also been consulted, including VaughnCo Productions, Bill Culp Productions and Paquette Productions.

Financial Implications**Theatre Improvement Fund Reserve**

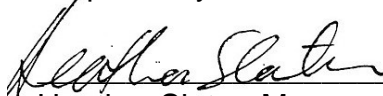
Current Reserve Balance	(\$177,431)
Proposed 2020 Projects	\$177,000
Balance Remaining in Reserve	(\$431)

Capitol Improvement Fund Reserve

Current Reserve Balance	(\$227,550)
Proposed 2020 Projects	\$96,500
Balance Remaining in Reserve	(\$131,050)

The balance remaining at the end of 2020 will remain in the Theatre and Capitol Reserves for future projects.

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Consulted and confirmed the content of the consultation section of the report by:

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Financial Analyst I
Financial Services, Corporate Accounting

Attachments: None

- c. Tzu-Ju Chang, Financial Analyst I, Financial Services
- Eric Bristow, Board Chair, Theatre Kent
- Christine Prosser, Chatham-Kent Music Festival
- Devon Hansen, St. Andrew's Church
- Chatham Music School
- Peter Elliott, VaughnCo Productions
- Sandra Alway, Bill Culp Productions
- Connie Tsirakis, Paquette Productions (Connie Tsirakis)

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