



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 2240-20

From: Director of Recreation, Culture and Community Services

Date: November 27, 2024

Subject: Sid Williams Theatre Society Lighting Grid Upgrade Funding Request

PURPOSE: The purpose of the report is to seek Council's approval to grant the Sid Williams Theatre Society (the Society) \$100,000 in gaming funds towards the Sid Williams Theatre Society's Lighting Grid Upgrade project.

BACKGROUND:

In July 2024, staff presented to Council an update on the Sid Williams Theatre (the theatre) capital projects including the theatre Lighting Grid Upgrade (the project). The project would provide safer lighting equipment changeovers, reduce operations costs related to the existing fixed lighting grid system that required labour intensive lighting changeovers, and meet theatre rental users demand for more complex theatre lighting plots.

Although it was the Society's intent earlier this year to fund the project from its own secured funding, by the summer of this year, the Society was struggling to keep up with the effect of inflation on its operating costs. At the direction of the Society's finance committee, the Society's board considered borrowing the \$100,000 to complete the project in order to avoid depleting the Society's reserves which are meant to be available to draw upon when needed.

In addition to the above, the Society estimated it would contribute approximately \$20,000 of additional funding (both financial and in-kind labour) towards decommissioning the existing fixed overhead stage lighting grid in preparation for the new installation, re-hanging lights, hazardous material assessment of the attic and roof area, obtaining project insurances, and other project administrative costs.

The project was completed by the Society between July 2024 and September 2024.

DISCUSSION:

The Society submitted a written request to City staff on July 23, 2024 (Attachment 1) to consider a direct borrowing request from the City to the Society that would be applied to the project as opposed to borrowing from a third-party lender at higher market borrowing rates. Additionally, the Society asked if the City would consider an interest free or lower than market interest loan with a four-year repayment schedule and if there could be further consideration of forgiving the loan during the loan period considering the improved asset will be owned by the City as per the terms of agreement between the Society and City.

City staff met with the Society representatives to discuss the request which led to the discussion of the option for a request for a grant, in lieu of a request for a loan. As a result of that conversation, a Request for Grant to Assist SWTS Lighting Grid Project Completion Summary Report – was submitted by the Society (Attachment 2).

Theatre Lighting Grid Upgrade Considerations:

- Pre-pandemic, the project was estimated to cost \$350,000. However, post pandemic the projected costs grew to over \$500,000 due to inflation and roof remediation work required to support the installation.
- Originally the project needed to be completed by the end of 2023, however with the permission of BC Arts Council, the Society was able to extend the deadline to the end of 2024 in order to block off sufficient time for the work to be completed and to include an expert theatre consultant and structural engineer to act as lead consultants to the project.
- The project included an engineering assessment, asbestos remediation, and structural reinforcement of the roof over the stage. The Theatre was renovated by the City in 1970/1971 and 1999/2000, however the roof structure above the stage was not addressed during the two renovations. No records were available from the City on the load bearing capacity of the roof above the stage.
- At the completion of the lighting grid upgrade project, the City owns the lighting grid system including the structural improvements to the roof and it becomes a contributed asset to the City.
- The Society is contributing funds from its reserves towards this capital project. The Society is concerned this will put them at financial risk as it will not have adequate reserves to respond to future financial strains (i.e. decreases in theatre rentals and ticket sales that result lower revenues). The reserves were key to sustaining the Society during the COVID-19 pandemic when live theatre performances were not allowed or were significantly restricted due to the Provincial Health orders.
- Instead of paying a third-party lender interest, the Society would divert the foregone interest paid back into theatre operational costs.
- Under the previous and most recent proposed Licence to Occupy agreements, the City is responsible for structural repairs and maintenance, subject to annual budget approval.

From a City staff perspective, the provision of a loan from the City to the Society would result in additional administrative workload and in effect replace the administration that is required to administer the City's theatre ticket surplus reserve.

Grant as an Alternative Option

In consideration of the aforementioned project details and the City's ownership of the completed upgraded lighting system, an option would be for the City to provide a one-time grant to the Society of \$100,000 from gaming funds as opposed to a loan. There is an expected available ending balance as of December 31, 2024 of \$2,261,000 in the gaming fund.

With the recently updated Licence to Occupy agreement, language has been added to the agreement to assist both the City and the Society in developing the long-term theatre capital asset management plan. Through this mechanism, the City and the Society will work together to ensure future theatre capital upgrades or replacement projects:

- Are prioritized and informed through input of the Society;
- Have clearly defined roles and responsibilities for each capital project;
- Are funded through grants leveraged with City funding were possible; and,
- Are included in the City's five-year financial capital budget subject to the approval of Council

Sid Williams Theatre Society Lighting Grid Upgrade Funding Request

In addition to a collaborative approach to the theatre's capital asset management planning, the Society will be involved in the Cultural Facility Needs Assessment which is anticipated to start in 2025. The cultural facilities study will help the City prioritize its cultural facilities capital investment decisions for the Sid Williams Theatre, Courtenay and District Museum and Palaeontology Centre, and the Centre for the Arts. This includes developing short term, medium term and long-term priorities as they align with the proposed goals and objectives of the Draft Strategic Cultural Plan in the following areas:

*Draft Strategic Cultural Plan**Goal 3: Develop more accessible and affordable cultural spaces*

Objective 3.1: Increase the availability of accessible and affordable spaces for arts and culture

Objective 3.2: Prioritize initiatives/upgrades that provide enhanced and additional space for arts and culture

Goal 4: Bolster community arts

Objective 4.1: Support the capacity building of community-led arts and culture organizations

Goal 5: Support the strategic development of the cultural sector

Objective 5.1: Build and sustain existing social and economic impact by strengthening Courtenay's professional arts and culture sector.

POLICY ANALYSIS:***Cultural Service Review, 2019***

- The cultural service partners (Sid Williams Theatre Society, Comox Valley Art Gallery Society, Comox Valley Arts and Courtenay and District Historical Society) have a limited capacity to sustain an appropriate level of service with the current funding model.
- Work with all cultural partners in developing facilities plans, including the identification of use alternatives and non-traditional spaces
- Continue to optimize all multi-year agreements with Cultural Partners as required to provide stability and capacity building in cultural development in the area.

OCP, 2022*Arts and Culture Chapters:*

- ACH 6: Create a Courtenay Cultural Plan that provides a foundation for partnership models, cultural development, asset investment, and management.
- ACH 7: Continue to support the downtown as the region's arts, culture, and heritage hub by ensuring key cultural partners such as the Comox Valley Art Gallery, the Courtenay and District Museum, the Sid Williams Civic Theatre, and the Comox Valley Community Arts Council continue to be located downtown, and promoting and investing in public art and cultural opportunities downtown.
- ACH 8: Work regionally and in partnership to coordinate arts and cultural services and invest and raise the Comox Valley's profile as a centre for contemporary artistic creation.

FINANCIAL IMPLICATIONS:

The \$100,000 would be funded by the Gaming fund. The anticipated available balance in the Gaming fund at December 31, 2024 is \$2,260,000. 2025-2029 Fund balance is expected to remain consistent as annual contributions and expenditures are budgeted at or close to equal.

Sid Williams Theatre Society Lighting Grid Upgrade Funding Request

The City will record the Theatre Lighting Grid Upgrade as a \$512,458.36 Contributed Asset in its financials as per the Society’s Lighting Grid Upgrade Project Final Costing Summary (Attachment 3).

ADMINISTRATIVE IMPLICATIONS:

The grant will be paid by Financial services to the Society before the end of this year. The department of Recreation, Culture, and Community Services will work in partnership with Financial Services to determine if there are any agreements or documentation required to be signed by the Society before the grant is paid to the Society.

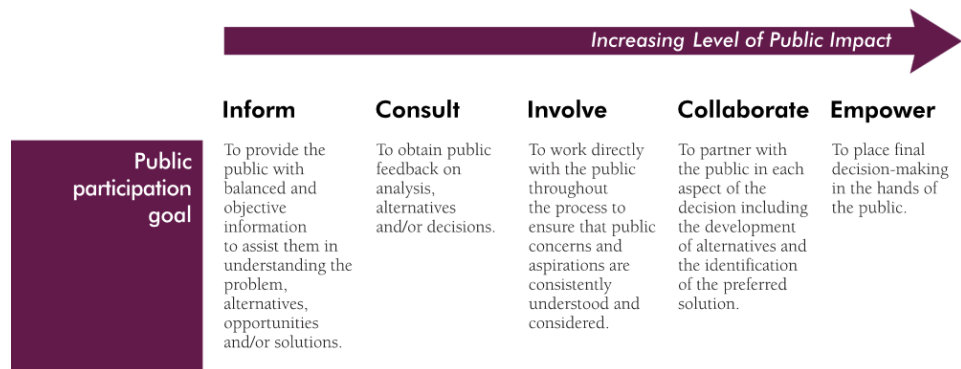
STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Financial Sustainability - Ensure capacity to accommodate big change

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council authorize a grant in the amount of \$100,000 to be paid to the Sid Williams Theatre Society and applied to the Sid Willams Theatre Lighting Grid Upgrade project, funded from the Gaming fund. **(RECOMMENDED)**
2. THAT Council authorize a loan in the amount of \$100,000 and delegates authority to the Director of Financial Services to determine the terms and conditions of the loan.
3. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. Sid Williams Theatre Society Loan Request Letter – July 23, 2024
2. Request for Grant to Assist SWTS Lighting Grid Project Completion Summary Report – November 13, 2024
3. SWTS Lighting Grid Upgrade Final Costing – November 4, 2024

Prepared by: Joy Chan, Manager of Business Administration

Sid Williams Theatre Society Lighting Grid Upgrade Funding Request

Reviewed by: Adam Langenmaier, Director of Financial Services
Susie Saunders, Director of Recreation, Culture, and Community Services
Concurrence: Geoff Garbutt, M.Pl., MCIP, RPP, City Manager (CAO)