

Staff Report



Development Services Department

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REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: October 28, 2024

SUBMITTED BY: Cory Bluhm, Executive Director, Economic Development, ext. 7065

PREPARED BY: Jeremy Dueck, Director, Culture & Entertainment, ext. 5264

WARD(S) INVOLVED: All

DATE OF REPORT: October 7, 2024

REPORT NO.: DSD-2024-281

SUBJECT: Conrad Centre for the Performing Arts – Operating Model

RECOMMENDATION:

That the operating model for the Conrad Centre for the Performing Arts be approved as outlined in report DSD-2024-281, subject to final ratification of the 2025 budget; and,

That the Director of Culture & Entertainment be authorized to enter into an agreement with Green Light Arts, for the delivery of mentorship services to renting organizations until June 30, 2026, to the satisfaction of the City solicitor; and further,

That approval authority for rental agreements and rental fees for the Conrad Centre for the Performing Arts be delegated to the Director of Culture & Entertainment or designate.

REPORT HIGHLIGHTS:

- The purpose of this report is to make recommendations around a new operating model for the Conrad Centre for the Performing Arts (CCPA), considering the needs of the local performing arts community, the core competencies of venue management, and Council's 2023-2026 strategic plan and long-term vision for culture and entertainment in Kitchener.
- The key finding of this report is that staff recommend a City-led operating model that is supported by a non-profit arts organization. A shared operating model – with the City leading venue operations and a non-profit supporting with mentorship services – will allow the mandate of the CCPA to be achieved while recognizing the needs of performing arts organizations and presenters. To that end, staff recommend that a mentorship services agreement be implemented with Green Light Arts until June 30, 2026.
- The financial implications are that an initial annual City operating subsidy of \$382,000 is required.

*** This information is available in accessible formats upon request. ***
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- Community engagement included two surveys. The first survey was intended for past/future audience members, with 280 responses over a 1-month collection period on Engage WR. The second survey was intended for past/future presenters of performing arts. There were 17 responses and 8 additional one-on-one follow-up meetings with presenters. In addition, significant consultation with the Arts community occurred through the Bloomberg-Harvard Cities Initiative which has led to the above recommendations.
- This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

EXECUTIVE SUMMARY:

The City acquired the Conrad Centre for the Performing Arts (CCPA) in 2021 with a mandate to significantly increase community usage. In October of 2023, the City assumed full operations of the CCPA following the bankruptcy of the KW Symphony. The following report outlines a proposed operating model as follows:

- A new mandate is proposed, based on community engagement, for the CCPA to become a vibrant, active cultural hub that supports a broad spectrum of genres, in a transparent and accessible manner;
- A City-led operating model, based on the results of a path-of-the-presenter analysis, would best deliver on the community's expectations;
- A hybrid financial model is enacted, where the City would provide a reasonable service-level to presenters and the community, with limited financial burden to the tax base; and,
- A non-profit arts organization is engaged with the CCPA to provide mentorship services to emerging arts organizations and assists with the operation of the CCPA as it transitions to a City-led operating model.

This report provides comprehensive analysis and direction on a sustainable and equitable operating model for the CCPA, considering the needs of the local performing arts community, the core competencies of venue management, and Council's strategic priorities.

BACKGROUND:

The Conrad Centre for the Performing Arts (CCPA) is a city-owned 24,000 square foot performing arts venue, located at 36 King Street West. The CCPA features a flexible 300-seat theatre, 100-person rehearsal hall, four dressing rooms, and a green room. The Manfred and Penny Conrad Family Foundation generously donated the CCPA to the City of Kitchener in January 2021 to support performing arts in the community.

In October 2023, the City assumed operational responsibilities of the Conrad Centre after its lease with the KW Symphony ended due to the symphony's declaration of bankruptcy. Green Light Arts (GLA), a non-profit arts organization that previously provided booking and rental support services for the symphony, was approved by Council to temporarily operate the CCPA. GLA's operating agreement with the City is set to expire on December 31, 2024, however staff have the authority to extend the agreement as needed.

Within a performing arts centre, the operator takes on the primary responsibility of venue management work. At a high level, venue management operation can include scheduling, contracting events and rentals, ticketing, event operations (e.g., production), event services (e.g., staffing, food and beverage), etc.

Culture & Entertainment is a newly formed division that sits within Economic Development and includes three units – Arts & Creative Industries, Special Events, and the Centralized Service Provider. The Centralized Service Provider is responsible for providing business services and operational support to the culture and entertainment venues owned by the City of Kitchener.

One of the key Council mandates for the Centralized Service Provider is recommending a new operating model for the CCPA.

In addition, through the Bloomberg-Harvard Cities Initiative, engagement with over 40 arts practitioners and organizations occurred. The result of the consultation created the following value proposition:

We will tackle inequitable access to cultural facilities, grant funding, and networks which makes it difficult for many artists and arts organizations to thrive, because arts and culture is integral to a healthy economy, connection, belonging and wellbeing. We will do so by determining unmet needs and distributing resources more equitably, with the expectation that diverse arts programming will be more present, and trust is strengthened. We will know that we have succeeded when arts employment, cultural activities, space usage, representation, and community participation increase.

REPORT:

When the Manfred and Penny Conrad Family Foundation donated the CCPA to the City, it was on the premise that the City would bring the facility to life – with a promise to drive more activity to the venue and vitality to the area. As part of Make It Kitchener 2.0, Council supported an ambition to launch platforms and enable opportunities for difference makers to bring our city to life. City staff have also consistently heard from the local arts community that affordable access to the CCPA would create new opportunity to increase cultural programming in our community.

Opportunity & Analysis

The City has an opportunity to transform a tremendous, but underutilized, community gem into a vibrant cultural hub, offering performances and experiences across a multitude of artistic disciplines. Doing so would enable our local arts organizations, foster community, attract new visitors to the downtown, and help drive a vibrant entertainment scene in Kitchener.

The following provides a three-part analysis to determine the preferred operating model for the CCPA, which includes:

Part 1 – a proposed mandate based on community engagement;

Part 2 – an examination of three different operating models using a “path of the presenter” form of analysis; and,

Part 3 – an examination of three financial models to determine the preferred financial structure for the CCPA.

PART 1 – COMMUNITY ENGAGEMENT

In January 2024, staff began working on a community engagement plan to ensure that interested parties could share feedback about the CCPA. Staff were interested to learn from individuals, groups, and organizations who had previously used – or may wish to use – the CCPA to present performance art (i.e., dance, music, film, theatre, comedy, etc.) as well as the public who have participated as audience members or might be interested in attending a performance at the CCPA in the future.

Staff’s engagement plan included two surveys – one survey for past/future performance art presenters (e.g., arts organizations, promoters, event organizers, etc.) and a second survey for past/future audience members. Past/future presenters were also given the opportunity to participate in one-on-one follow-up meetings with City staff, providing additional feedback to accompany their survey.

Based on community engagement survey results, in-person meeting feedback, and tangible examples from the current operator (GLA), a new operating model needs to achieve the following:

- Maximize use of the facility (e.g., increased performance nights, increased rentals, etc.);
- Enable access to the space to the widest possible range of users, through adaptable, transparent, and accessible scheduling procedures;
- An affordable pricing model;
- Production supports; and,
- Professional venue management.

Community Engagement – Audience Feedback

A public survey featured in Engage Waterloo Region – intended for past, current, and future CCPA audience members – received 280 responses over a one-month period (April 22 to May 22, 2024). A copy of the audience survey questions and responses are included as an attachment to this report (see Attachment A).

From an audience perspective, the following trends and themes were identified in the survey responses:

- a) **Utilization and variety** – audience members want to see “programming to the max,” of all kinds, focusing on local up-and-coming artists and organizations.

- b) **Affordability** – leveraging the CCPA to provide access to audience members who may not have access to other performing arts spaces. The maximum ticket price many respondents would be willing to pay to attend a performance at the Conrad Centre is \$26 - \$50.
- c) **Equity and equitable access** – not giving certain presenters perceived preferential access and ensuring that the opportunities within the space are equitable for both presenters and audience members. Providing a safe and non-discriminatory experience for everyone.
- d) **Number of shows attended** – most respondents answered that they've visited the CCPA 1-5 times.
- e) **Event type** – most respondents have attended the CCPA to experience music and theatre.
- f) **Aesthetic and placemaking** – several respondents suggested that it would be helpful to make the CCPA a place where people want to be, creating a welcoming environment for all.
- g) **Promoting events** – take steps to proactively promote and market performances hosted at the CCPA. Suggested solutions include a shared calendar, a more interactive website, sending eblasts, or sharing social media posts.
- h) **Community support** – respondents expressed that the CCPA needs to be a place that supports local artists as they build an audience.

Community Engagement – Presenter Feedback

Staff solicited feedback from previous presenters (e.g., arts organizations, event organizers, promoters, etc.) of performing arts at the CCPA as well as interested future presenters – both non-profit and commercial. A presenter survey link was sent to over 50 local arts organizations as well as other invested groups.

From the presenter survey, staff received 17 responses and engaged in an additional 8 one-on-one follow-up meetings. A copy of the presenter survey questions and responses are included as an attachment to this report (see Attachment B).

The following trends and themes were identified:

- a) **Costing is critical** – presenters, especially local presenters, want to use the space more frequently and maximize utilization. Respondents asked the City to look at offsetting or subsidizing rental costs for local and non-profit presenters at the CCPA to ensure high utilization. Presenters are aware that the CCPA needs to be careful not to undercut similar-sized local venues. It was also made clear by several presenters that they understand that the municipal taxbase is not responsible to cover associated costs of presenting performance art (e.g., production, front of house staffing, etc.).

- b) **Equity in the booking and scheduling process** – presenters with previous experience at the CCPA expressed concern about equity during the event intake process as well as equitable calendar management. A transparent facility allocation procedure would build trust with presenters.
- c) **Support in presenting events** – regardless of expertise, presenters of performance art are looking for support from the venue operator at every step of the event process (e.g., scheduling, contracting, ticketing, planning/operations, fulfilment, etc.). At a performing arts centre like the CCPA, presenters shared that they would need help producing their events and understanding the nuances of the venue. The CCPA is “not a plug-and-play space.”
- d) **Equipment upgrades** – common feedback from past presenters is that the CCPA does not represent a “usable product.” In other words, there are some significant equipment upgrades that are required for the CCPA to remain competitive as a performing arts centre. Items that were frequently mentioned include:
- Sprung floor for the theatre and hall
 - Floor covering options (e.g., dance)
 - Theatrical and house lighting
 - PA sound system
 - Modular staging
 - Video wall and 4K projector
 - Show electrical power and cabling
 - Seating enhancements
 - Front of house booth
 - New appliances
- e) **Mixed use** – local performing arts presenters emphasized that the CCPA must be flexible and responsive to a variety of uses and performance art disciplines (e.g., theatre, music, dance, film, comedy, etc.).
- f) **Education and mentorship opportunities** – it was mentioned by several presenters that the CCPA could be a unique and productive space for tech and music residencies. Creating “hot desk” or shared administration areas in the CCPA could foster a creative hub and would speak to the local arts community’s desire for a performing arts ecosystem in the CCPA and Downtown Kitchener.
- g) **Marketing the venue** – local presenters commented that it was not easy to find technical specifications or rental information for the CCPA.
- h) **Marketing support** – many presenter respondents shared that an area where they could use the operator’s assistance is selling and promoting their event(s). Both surveys and one-on-one follow-up meetings identified that audience development and shared marketing opportunities are priority needs for presenters.
- i) **Preferred vendors** – supporting local service providers was identified by some presenters as an important priority for the new operator of the CCPA to consider.

Community Engagement – Proposed Mandate for the CCPA

Vision, mission, and value statements are essential for all venues, but especially performing arts centres. Unlike other venue types, performing arts centres serve a unique purpose within our community, and have unique features and equipment that are vital and highly

valued by arts organizations. Assets such as theatrical lighting, PA sound systems, staging, “black box” theatre space, etc. cannot be found in other community spaces.

Based on the results and information received through the engagement process – as well as referencing recommendations outlined in other City-supported research (i.e., Environics, Bloomberg, etc.) – staff have drafted the following vision, mission, and value statements to establish a clear mandate that will guide the next operating model of the CCPA:

Vision Statement – What does short and long-term success look like?

The Conrad Centre for the Performing Arts is a vibrant and active cultural hub where local performing arts grow and thrive. A cultural venue where the community can participate.

Mission Statement – What critical actions are needed to achieve the CCPA’s vision?

- Ensure the CCPA is accessible to a wide range of arts organizations, presenters, etc.
- Communicate transparent and reasonable expectations while balancing the needs of the local performing arts community.
- Showcase a broad spectrum of performance art – e.g., music, film, theatre, dance, and comedy.
- Focus on year-round programming and utilization featuring local talent, commercial events, and memorable community experiences.
- Create mentorship and learning opportunities for the local performing arts community.
- Diversify revenue streams to create operational sustainability and generate funds for capital reserves.
- Use Key Performance Indicators (KPIs) that recognize and celebrate equity, utilization, artist participation, and attendance.

Values – What values will guide our actions?

Key value themes communicated throughout the consultation process suggest that the CCPA needs to be: Accessible, Aspirational, Balanced, Equitable, Flexible, Inclusive, Innovative, Responsive, Sustainable, and Transparent.

Staff recommend that the proposed vision, mission, and value statements are initially adopted for the CCPA and then revisited by City staff after two seasons (June 30, 2026).

PART 2 – OPERATING MODEL ANALYSIS

The CCPA is a sophisticated theatre venue. Critical to the ongoing success of the CCPA is an appropriate governance model that addresses practical venue management needs as well as the priorities that have been identified by the community through the engagement process.

In tandem with community engagement, staff considered three operating models:

- Non-profit led – where a cultural organization leads most aspects of facility operation. Government may subsidize the use of the facility through free rent and/or a service fee to ensure the operator does not achieve an annual deficit.

- Commercial (private led) – where a private company leads most aspects of facility operation, with a high degree of autonomy in order to achieve an annual profit.
- City-led – where the City would lead most aspects of the facility operations and may contract certain aspects to third-party groups.

As a reference, operating models used in the other City-owned culture and entertainment venues include:

- Kitchener Memorial Auditorium – City-led operating model.
- Centre In The Square – Non-profit led.
- Registry Theatre – Non-profit led.

Each operating model option has its own inherent advantages and disadvantages, and the purpose of this report is to recommend which operating model is best for the CCPA based on the communicated needs of the local performing arts community and observations of its current operation.

Analytical Approach – Path of the Presenter

Through the consultation process, it was made clear that the new operating model needs to consider the “path of the presenter” – reflecting the steps a presenter must work through with the operator to bring a performance to life. Regardless of the event type (e.g., dance, theatre, music, comedy, film, etc.), the typical path of a presenter when engaging with a performing arts centre includes the following core venue management functions:

- Scheduling
- Costing
- Contracting
- Ticketing
- Event Operations
- Event Services

The following provides staff’s assessment of each function and the advantages and disadvantages of each operating model.

Path of the Presenter – Scheduling

The most discussed item during in-person follow-up meetings with past/future presenters was the importance of scheduling in the event intake process. Since there are only 365 days in the calendar – and not all days are valued equally (e.g., Fridays are typically viewed as being more valuable than Mondays) – a lot of discussion was focused on calendar management and allocation of dates. Specifically, who gets what dates and who is making those decisions.

The following chart summarizes how the three different operating model options generally approach scheduling decisions:

Operating Model:	Non-profit led	Commercial	City-led
Which groups typically receive scheduling priority?	Community presenters and commercial events. Sometimes the non-profits present their own shows which can be given priority.	Profitable events.	A balance of community presenters and profitable events.
Who are scheduling decision makers accountable to?	Accountable to a board.	Accountable to a private owner or board of directors.	Accountable to City Council and ultimately the public.
Who receives escalated scheduling concerns?	Appeal to the board.	Decision is final.	Appeal to senior staff and/or Council.

Given the importance of a fair, equitable and transparent scheduling process, staff recommend a City-led scheduling approach. With communicated concerns of favouritism (real or perceived), a City-led operating model can assist in developing a neutral scheduling system.

Path of the Presenter – Costing

The other critical item raised by past/future presenting groups was the overall cost of using the CCPA. There is a shared desire for the CCPA to be affordable for presenters, but this needs to be balanced with sustainability and not undercutting similar/competing venues.

The following chart summarizes how the three different operating models generally approach costing and rate-setting decisions:

Operating Model:	Non-profit led	Commercial	City-led
How are rental rates determined?	Sustainable cost recovery with narrow margin.	To achieve an annual return-on-investment.	Annual budget projections and fees approved by Council.
How are ancillary costs determined?	Cost recovery with narrow margin.	Upcharge with high margins.	Cost recovery.
Are there opportunities for community grants or subsidies provided by the operator?	Possible, but often provided indirectly by various levels of government.	Less possible.	Possible.

Prior to the pandemic, staff consistently heard that the CCPA’s rates were inaccessible. During the recovery stages of the pandemic, the City offered a grant to subsidize rental costs by 50%. This translated into a significant increase in usage.

Given the importance of ensuring an accessible price point, staff recommend a City-led operating model for costing decisions.

Path of the Presenter – Contracting

Contracting is a significant step in the path of the presenter because this activity captures all expectations related to presenting an event in a legal agreement. Contracts between a presenter and the venue operator outline all financial and operational deal points. As such, the rental agreement serves as the foundation in the relationship between the presenter and venue operator, and the contracting process itself will have a significant impact on how a presenter experiences the venue.

The following chart summarizes how the three different operating models generally approach contracting decisions:

Operating Model:	Non-profit led	Commercial	City-led
General approach for contracting performing arts events.	Contracts tend to be constructed in a more flexible and presenter-friendly way; less restricted by risk measures.	Less flexibility for a presenter.	Templates or other pre-existing contracting methods are used (e.g., scheduling software with built-in terms and conditions).
Presenter perception of a contractual relationship	Viewed as flexible and forgiving.	Viewed as focused primarily on profit and protection of the commercial operator’s presenting priorities.	Varied views from flexible to inflexible, with an ability to appeal to City Council.
Public perception of a contractual relationship between a presenter and the operator/venue.	The public generally understands the views and opinions expressed are those of the presenter, and do not necessarily represent the values of the operator/venue.	Presumed to be based on financial gain with limited regard for community values.	Presumed to be based on community values, to which they expect Council to uphold.

While a non-profit led approach would best suit the needs of presenters at the CCPA, staff feel the City could develop a simple and flexible system while ensuring the appropriate protections are in place for the Corporation.

Path of the Presenter – Ticketing

Ticketing is the financial currency of a venue – the financial mechanism that organizes how people attend special events. A standard operating procedure and venue management best practice for ticketing requires that the operator hold ticket funds in escrow – i.e., holding all ticket-related revenue in trust. Therefore, ticket revenue is held in trust by the operator until the event has taken place, at which time settlement occurs with the presenter.

While creating data for future marketing activities is an important consideration for ticketing systems, protecting the consumer should drive a ticketing model. A single ticketing platform used by all CCPA presenters would establish consistency with the consumer, while ensuring

that presenters have access to the information that is important to them (e.g., consumer data).

As the City is in the process of working with all City-owned culture and entertainment venues on a centralized ticketing strategy, staff recommend a City-led operating model for ticketing.

Path of the Presenter – Event Operations

Once an event has been scheduled, contracted, and tickets go on sale, the sizable task of producing and planning an event begins. Often referred to as “event operations” or “event production,” bringing a show to life incorporates sound, lighting, staging, video, and other operational components. Event operations is generally very technical and there needs to be a balance of listening to the presenter while finding creative solutions.

In addition to managing the technical needs of an event, the venue operator needs to work with the presenter in an ongoing facilitator capacity to ensure that the expectations outlined in the contract are delivered. For this stage in the path of the presenter, it is paramount to have an effective operations team that can facilitate an event based on the expectations outlined in the legal agreement as well as the technical/production rider.

The following chart summarizes how the three different operating models generally approach event operations:

Operating Model:	Non-profit led	Commercial	City-led
General approach to managing event operations.	If an experienced performing arts organization, they will understand the importance of the expectations outlined in the agreement and tend to be invested in the content being presented and take a proactive approach to event operations.	Generally, an agreement is viewed as a checklist of items to be completed. Investment in the content depends on the event operations team.	Understand the importance of the expectations outlined in the agreement. Investment in all event details depends on the experience of the event operations team.
Ability to predict the operational needs of a performing arts presenter.	Having knowledge and understanding of the presented content allows a non-profit operator to predict the event needs of the presenter.	Not always able to predict operational needs. Will often refer to the contract for direction.	Ability to predict will depend on the skillset of the operational team.

Performing arts centres are a sophisticated venue type, and with it comes a level of expertise that is required when working directly with other presenters of performance art. A notable theme communicated during the engagement process was the need to have an experienced operator involved in event operations.

Staff recommend utilizing an experienced arts organization initially, transitioning to a City-led model once competencies are developed.

Path of the Presenter – Event Services

The event services team acts as an account manager and will focus on tasks such as administration, permits, event staffing, emergency procedures, as well as facilitating merchandise, food and beverage sales, etc. Requiring a specialized skillset, event services will provide a presenter with overall event file management, keeping track of all necessary documentation.

In addition to the rental agreement, the event file might include the following:

- Certificate of insurance
- Event timeline
- Seating charts and diagrams
- Ticket audits
- Event settlement sheets
- Staffing schedule
- Incident reports
- Post-event evaluation

The following chart summarizes how the three different operating models generally approach event services:

Operating Model:	Non-profit led	Commercial	City-led
General approach to managing event services.	If an experienced performing arts organization, they will understand the importance of the agreement and tend to be invested in the content being presented and take a proactive approach.	Generally, an agreement is viewed as a checklist of items to be completed. Investment in the content depends on the event services team.	Understand the importance of the expectations outlined in the agreement. Investment in the content depends on the event services team.
Ability to predict the event services needs of a performing arts presenter.	Having knowledge and understanding of the presented content allows the operator to predict the event services needs of the presenter.	Not always able to predict event services needs.	Generally able to predict presenter needs but will depend on the event services team.

Staff recommends an experienced arts organization initially providing such services, transitioning to a City-led model once competencies are developed.

Conclusion – “City-led Operating Model”

In order to ensure the CCPA can achieve the community’s vision and expectations, staff recommend a City-led operating model that initially utilizes the skills of a non-profit organization during a transition period (i.e., while the City scales its resources to fully operate).

The transition from a non-profit assisted to full City-operated model could look like this:

Component:	Initial	End of Year 1	Ongoing
Scheduling	City	City	City
Costing	City	City	City
Contracting	Non-Profit	City	City
Ticketing	City	City	City
Operations	Non-Profit	Non-profit	City
Event Services	Non-Profit	City	City

This could be achieved by entering into a service agreement with an organization like Green Light Arts who has experience operating the CCPA, experience with theatrical production, and could provide mentor services to a new City team.

PART 3 – FINANCIAL MODEL ANALYSIS

As noted through the community engagement, residents aspire to see the CCPA highly used with accessible ticket pricing, while presenters are seeking accessible rental rates with professional services. Prior to the pandemic, the CCPA would host approximately 80-105 days of programming. During pandemic recovery, the City subsidized rental rates by 50%, increasing the usage to 142 days, demonstrating the price sensitivity of presenters.

It is common for theatres to either offer a low entry cost with limited services, or a higher level of service with higher entry costs (i.e., rental rates and service fees). Unfortunately, offering a lower cost of entry with high service levels can only be achieved either through a high volume of rentals (which will take time to realize) and/or significant subsidization by the City.

The following analyzes three financial models to determine the best approach for the CCPA.

Low Cost + Low Service

Under this financial model, the City would implement a lean staffing model to provide low entry costs for presenters. A small team of permanent staff (e.g., program assistant and a rental attendant) would be supported by part-time and occasional staff. In principle, the full-time staff would be subsidized by the City, while part-time staff costs would be covered by the presenter through rental fees.

Under this model, presenters would have two primary rental options:

- a) Utilize a standard theatre configuration with pre-set lighting plots and existing sound equipment. This plug-and-play approach would allow for limited customization, limited operations support, and limited services provided to the presenter.
- b) Any additional needs/customization would be on a fee-for-service basis, allowing the presenter to scale their production needs to their budget (e.g., third-party production).

Pros:

- Low cost to the taxbase (lower subsidy, fewer FTEs).
- Provides low cost of entry and lower risk for presenters.
- Presenters only pay for the additional services they need.

Cons:

- No marketing support for booked events.
- No marketing efforts promoting the venue itself.
- No full-time operations staff on site to take care of ongoing facility needs.
- Limited support for presenters as they work through the event operations and event services steps, which will likely lead to frustration for the presenter.
- Presenters have noted that a fee-for-service (add-on) model can be challenging to forecast costs.
- Low service model may deter certain presenters.
- The complexity of the CCPA makes it less ideal for a plug-and-play approach.

High Subsidy + High Service

Under this model, the City would implement a full staffing compliment expected of a professional venue of this size. A team of permanent staff (e.g., venue manager, scheduling associate, event associate, marketing associate, program assistant, facility operators, and a rental attendant) would be supported by a smaller team of part-time and occasional staff.

Such a model would incur significant annual salary expenses, likely requiring a significant public subsidy, that may be reduced as the volume of rentals increase. The City would contract out certain services to a non-profit partner until it was able to recruit and develop the required staff competencies.

Under this model, Council would set rental rates relative to the subsidy provided to achieve a balanced annual budget.

Pros:

- Presenter has predictability on costs – not being charged for additional staffing.
- Strong support for presenters as they work through the contracting, event operations, and event services steps.
- Team is driven to maximize use of the building with quality programming.
- Full-time operations staff on site to take care of facility needs.
- Full-time staff can focus on specific roles leading to higher productivity and efficiency.
- More opportunities to develop expertise in venue management areas, leading to higher quality work and greater consistency in performances and operations.
- Full-time staff can provide more consistent and reliable customer service, improving audience satisfaction and retention.
- More staff can allow for expanded community engagement efforts, such as educational programs, workshops, and partnerships with local organizations.
- With more full-time staff, the theatre can increase the number and variety of productions and events it offers, attracting a broader audience base.

Cons:

- Significant public cost to operate the CCPA.
- Salary heavy operation provides limited flexibility during challenging financial times.
- Failure to generate a high volume of rentals would impact the ability to reduce the subsidy over time.

- Pressure to reduce the public subsidy over time could result in increased fees, impacting accessibility of the CCPA.

Hybrid Model

Under this model, the City would introduce a modest staffing team to provide both accessible and high quality rental options. A team of permanent staff (e.g., venue manager, event services supervisor and a facility operator) would be supported by a team of part-time and occasional staff. In the short term, the City would partner with a non-profit organization as staffing is scaled appropriately.

The City would need to provide an operating subsidy which can be more easily scaled to the volume of rentals in a given year.

Pros:

- Presenter has predictability on entry cost with fewer additional fees.
- CCPA can accommodate a full range of presenting types, with services scaled to suit.
- Presenters are supported by the City as they work through the contracting, event operations, and event services steps.
- Staffing costs to operate the CCPA will require a lesser public subsidy than high service model.
- City can scale its staffing investment over time.

Cons:

- City staff may not achieve the high service levels that a presenter expects.
- Limited marketing support for booked events and venue promotion.

Summary of Financial Models

The following chart summarizes the difference between the three different financial models. Note: not all revenues and expenses are included.

	Low Cost + Low Service	Hybrid (Recommended)	High Subsidy + High Service
Human Resource Considerations			
Anticipated number of new full-time City staff	1	3	7
Anticipated number of new part-time City staff	1 (wages covered by rental fees)	TBD (wages covered by rental fees)	TBD
Anticipated additional staff	Numerous occasional staff (costs covered by rental fees).	Occasional staff where needed for larger scale productions.	Only when there are specific program needs.
Financial Considerations			
Projected rental revenue (conservative estimates)	\$50,000	\$90,000	\$150,000
Salaries & Benefits (City)	\$119,000	\$382,000	\$793,000
Administration	\$54,000	\$54,000	\$99,000
Building expenses	\$80,000	\$80,000	\$113,000
City operating subsidy	\$253,000	\$382,000	\$790,000

Opportunities for additional revenue (e.g., food and beverage, sponsorships, etc.)	Limited due to capacity of 1 FTE.	Staff would be focused on generating rentals with capacity to pursue food and beverage, etc.	Full staff compliment would enable significant efforts to generate additional revenue.
Presenter Feedback Considerations			
Support for presenters	Limited support.	Reasonable support.	Strong support with full staff compliment.
Marketing the CCPA (the venue itself)	Limited ability to market the venue based on staff resources.	Manager of CCPA/Venues promotes the venue itself.	Manager of CCPA/Venues promotes the venue itself.
Marketing support for presenters	Limited support.	Use of existing and developing channels.	Dedicated City staff member responsible for marketing.

Conclusion – “Hybrid Financial Model”

Based on the three financial model options and feedback collected during the engagement process, staff recommend utilizing the hybrid model. The hybrid model enables accessibility, provides a range of rental options, provides reasonable levels of service, supports rental growth, all while balancing cost to the taxpayer. As revenues increase, the City can consider adding additional services.

In the hybrid financial model, staff recommend three new FTEs, resulting in an operating budget impact of \$382K. High level role functions as follows:

Role #1

- Oversees CCPA as well as other City-operated culture venues (e.g., Victoria Park Pavilion).
- Leads business attraction and rental growth.
- Manages the overall schedule and contracting.

Role #2

- Acts as account lead and primary contact for the client.
- Fulfilling contract obligations and coordinating front of house staff (e.g., ushers).

Role #3

- Production support for back of house functions.

CITY-LED OPERATING MODEL – ADDITIONAL CONSIDERATIONS

Standard Operating Procedures

Staff recommend that a standard operating procedure (SOP) for facility allocation is developed and published openly. The SOP would support equitable access to the facility because there would be transparency in the event intake and scheduling process, and the information would be available to everyone.

Important sections of the proposed facility allocation SOP would include:

- Purpose and objectives (e.g., maximizing utilization)
- Definition of groups (e.g., how groups are identified in the scheduling process)
- General administration (e.g., how to submit requests)
- Responsibility (e.g., who is responsible for decisions)
- Allocation and distribution (e.g., the order of operations for scheduling)
- Timing of allocation (e.g., when scheduling decisions are made)
- Conflict resolution

Support from A Non-Profit Organization

Within the operating models, staff have identified the need to work with a non-profit organization with experience in performance venues. Green Light Arts (GLA) provided theatre management support to the KW Symphony and has supported the City in the operation of the CCPA since October 2023.

The relationship between City staff and GLA is positive and productive, and arts organizations and clients have expressed their appreciation of GLA's efforts. Given their experience with the CCPA, staff recommend continuing to utilize GLA to deliver key mentorship services within the hybrid model, until June 30, 2026. This would ensure continuity and knowledge transfer as well as mentor support for emerging arts organizations.

Note: In the City-led hybrid operating model, Green Light Arts (GLA) would continue to perform and assist with operational functions while the CCPA transitions to be fully operated by the City.

As the City scales-up its operation, GLA would move from an operating role to a mentorship role – where incoming rental groups can lean into GLA as a support service. For example, GLA might have a meeting with new usergroups, guiding them through the “path of the presenter” in a professional theatre (e.g., operations, marketing, ticketing, etc.).

In exchange for mentorship services, the City could provide GLA with opportunities at the CCPA that equate to the mentorship value provided (e.g., office space, rental rates, event dates) as well as an adjusted fee, if required.

Following the initial service period, staff would have a better understanding of the mentoring needs and would issue a public request-for-proposals to allow other community arts organizations to bid on providing these services.

City-Presented Performances

To ensure the CCPA becomes fully utilized, the City cannot rely solely on rentals from third party organizations/presenters. The City should develop its own programming, similar to how it programs places like The Aud, the Kitchener Market, community centres, etc. This could come in the form of a live music or comedy series, booking touring artists, etc. To do so, staff will need a budget line which allows for moderate risk taking when booking prospective shows.

Capital Improvements to the CCPA

Although the CCPA is in adequate condition, there are state-of-good-repair (SOGR) needs that have been identified in recent Building Condition Assessments. Consultants will be retained by the City’s Facility Management (FM) team as needed (e.g., elevator, floor loading, accessibility, rigging and hanging load capacity, etc.).

Building enhancements for the CCPA that have been suggested from the community engagement work include improved sound and lighting systems, seating, and a reimagining of the lobby and bar area to create a more inviting, contemporary experience.

IMPLEMENTATION

If Council were to approve a City-led hybrid operating model, the following transitional changes would need to occur in the immediate term:

First 6-months

The City’s Culture & Entertainment team would continue to work with GLA (subject to their mutual agreement) to provide continuity of theatre operations. During this time, the City would begin recruitment of the full-time staff compliment. Staff would develop all the necessary fee schedules, operating procedures, etc. Staff would refine the operating agreement with GLA to reflect the new service delivery expectations.

2025 Budget

As part of the 2025 budget, staff will provide new cost centre budgets to support the annual operations and ongoing capital needs. In addition, staff will propose one-time capital improvement needs to modernize the facility.

Annual Reporting

For the first 2 years of operations, staff will provide Council with annual updates to ensure the appropriate funding and staffing compliments are in place to ensure the community’s mandate is being met. This will provide an opportunity to evaluate and adjust the services provided by City staff versus the third-party arts organization.

STRATEGIC PLAN ALIGNMENT:

This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

FINANCIAL IMPLICATIONS:

Operating Budget - High-level operating costs and projected revenues are included in the table under Part 3 and vary depending on the model selected. These numbers would need to be refined annually as the City gains more experience operating the facility. Based on the recommended model, staff project an annual operating cost of \$382,000.

Presently, Council is offsetting operating costs at the CCPA relative to annual grant funding earmarked for the KW Symphony. As the future of the KW Symphony and their need for funding remains uncertain, Council will need to consider adding new funding. As such, it is recommended that the financial implications of the CCPA be referred to the 2025 budget process.

Capital Budget – the City currently does not have budget allocated to support capital improvements at the CCPA. Projections for capital needs would need to be integrated into the future capital forecast.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

CONSULT – Staff have surveyed past/future audience members as well as past/future presenters of performance art. Additionally, staff have consulted one-on-one with presenters who requested a follow-up meeting.

COLLABORATE – Green Light Arts has provided operating support at the CCPA for the City since late 2023. During this time, the City has gained significant insights from their leadership and knowledge of the venue.

PREVIOUS REPORTS/AUTHORITIES:

- DSD-2021-167 - Conrad Center for the Performing Arts Interim Operating Model

APPROVED BY: Dan Chapman, CAO

ATTACHMENTS:

- Attachment A – CCPA Past/Future Audience Member Survey and Responses
- Attachment B – CCPA Past/Future Presenter Survey and Responses