



City of
Peterborough

To: Members of the Budget Committee

From: Ken Doherty, Director of Community Services

Meeting Date: November 27, 2017

Subject: Report CSD17-029
Showplace Peterborough Funding Request and Pre-commitment of 2019 Capital Budget

Purpose

A report to respond to Showplace Peterborough's request for additional operating and capital funding support and pre-commitment of 2019 Capital Budget.

Recommendations

That Council approve the recommendations outlined in Report CSD17-029 dated November 27, 2017, of the Director of Community Services, as follows:

- a) That Report CSD17-029, which provides more details relating to the recommended increase to the City's 2018 Service Grant to Showplace Peterborough in the amount of \$30,000 from the 2017 level of \$107,181 to a total of \$137,181; and an allocation of \$75,000 in capital funding, through Capital Levy, to help leverage funding from senior levels of government for capital improvements in 2018, be received; and
- b) That an additional \$75,000 in capital funding to Showplace, through Capital Levy, be pre-committed in the 2019 budget to help Showplace leverage funding from senior levels of government for capital improvements in 2019.

Budget and Financial Implications

The proposed \$30,000 increase to Showplace's operating grant has been included in the Community Service Department's 2018 Administration Budget and net Service Grant allocations culminating in a .4% or \$7,431 increase over 2017. The \$75,000 in capital funding as recommended is currently included in the Community Service's Departments Capital Budget, reference 6-8.03.

The \$75,000 in capital funding recommended as a pre-commitment for 2019 is essential to leverage funding support from the federal government's Cultural Spaces program.

Background

Early Funding Relationship

Showplace Peterborough has had a creative partnership with the City since its inception in the early 1990's. During the first round of federal and provincial infrastructure funding, the City agreed to include the construction of a new performing arts venue as a City project provided Showplace raised the mandatory municipal 1/3 contribution of \$640,000. On August 15, 1995, Council also agreed to designate Showplace as a municipal capital facility for five years. In addition to the balance of \$1.28 million from the provincial and federal governments, Showplace raised an additional \$1.28 million from the community to cover the \$3.2 million needed for construction. Within several years of opening its doors as Peterborough's premier performing arts venue in October of 1996, Showplace had also paid off its \$300,000 interest-free loan from the City and a bank loan of \$300,000.

As a result of a request from Showplace to assist with the elimination of a modest operating deficit in 2001, (Report CSCH01-001, dated April 9, 2001), the City agreed to provide on-going operating support effective in the 2002 Budget. The City also agreed to provide \$25,000 in Capital funding to help leverage grants to acquire new and additional sound and lighting equipment (Report CSCH01-004, dated October 1, 2001).

Recent Challenges

During the annual Service Grant review meetings over the past several years, City staff and Showplace officials discussed concerns over Showplace's growing operating deficit, fund-raising challenges, and aging capital infrastructure. These discussions culminated in a delegation from Showplace and a meeting with the Mayor and subsequently senior staff earlier this year. There have also been several follow-up meetings to better understand the scope of the financial pressures and to identify possible solutions. Pat Hooper, the Chair of the Showplace Board, and Emily Martin, the Interim General Manager, outlined Showplace's position and needs during their

presentation to the Community Budget meeting held in the Council Chambers on November 22, 2017.

According to Showplace's latest Audited Statement, dated June 30, 2017, the operating deficit has reached \$194,814, which raises serious concerns about the organization's on-going viability without significant change.

Moving Forward

Showplace has made a number of changes to address the financial challenges they face. Two full-time and one part-time position have been eliminated. The senior management has changed with the resignation last summer of the General Manager, Ray Marshall, and the appointment of Emily Martin as Interim Manager. Six new board members have been recruited.

The Board has embraced a new Financial Plan to use the appraised value of their facility to address the debt issue and to provide more predictable cash flow. They are working on new financial policies and systems to address timely in-house bookkeeping. They are consolidating banking systems and expenses. Through resource development and sponsorships, they are committed to increasing both revenues and cost recoveries, while reducing expenses.

The Board's Strategic Plan reinforces this direction with the following goals:

1. To improve the financial status of the organization to ensure long term sustainability.
2. To improve facilities to ensure a safe, accessible, and professional venue.
3. To build meaningful partnerships in the community.
4. To improve marketing efforts to ensure public awareness of performance facilities.
5. To increase memberships and engage current members.
6. To ensure fair and equal treatment and compensation for all staff.

To their credit, the Showplace Board has not asked the City for help with the debt through either a grant or loan. They are committed to addressing it themselves. Instead, they are asking for a \$30,000 or 28% increase to their Service Grant on a go-forward basis to help ensure on-going financial stability. With a realistic operating budget of approximately \$950,000, the proposed City contribution of \$137,181 represents 14.4% of their operating. Regardless of the level of municipal support, the City of Peterborough is Showplace's largest funder. There is no federal or provincial operating funding program for performing arts venues.

On the facility side, they have requested City capital funding support in the amount of \$75,000 in 2018 and again in 2019 so they can address facility issues. They have replaced some of their original—now tired—seating with some donated seats from

Orillia. But, they have also applied for Trillium funding to replace all their seating in 2018 (est. \$300,000). They should receive a decision in March.

Showplace has also been working closely with the federal government's Cultural Spaces program on an application to be submitted later in 2018 to address new doors/ accessibility (est. \$20,000), roof repairs (est. \$40,000) and a street front marquee to promote their on-going activities (est. \$300,000). This application is dependent upon demonstrable proof of on-going City support.

Why Support the request

Over the past two decades, Showplace has been an integral component of the City's downtown entertainment district. Serving primarily as a venue, it provides direct access to a full range of performing arts offerings from both inside and outside the community for local residents and visitors alike, at an annual rate of approximately 50,000 patrons. This has an estimated economic impact of \$4m annually. It also plays an essential role in developing and supporting local talent by hosting local amateur and professional productions.

In some of the media coverage surrounding Showplace's financial woes this past summer, some pundits speculated that the City should take over the operation of this community asset. The City could not provide this community services as effectively or efficiently as an independent Not-For-Profit Board, but the City can help lighten the load.

Summary

Showplace Peterborough recently celebrated its 20th anniversary as Peterborough's premier performance venue. Unfortunately, that milestone was overshadowed by an aging facility and growing financial challenges.

The Showplace Peterborough Board is committed to eliminating their debt on their own but has asked the City for additional operating and capital support going forward. Their request can be accommodated within the 2018 budget guidelines. More importantly, it should be seen as an investment in this pivotal performance venue.

Submitted by,

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