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**CITY OF KELOWNA**

**MEMORANDUM**

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**Date:** April 24, 2006

**File No.** 0230-20

**To:** City Manager

**From:** Cultural Services Manager

**Subject:** Sunshine Theatre Company Loan Repayment

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**RECOMMENDATION:**

THAT Council approve delaying repayment of the \$50,000 loan which was due November 15, 2005;

AND THAT Council approve the timing of the loan repayment to August 31<sup>st</sup>, 2007;

AND FURTHER THAT KVPACS provide an operational update by November 1<sup>st</sup>, 2006.

**BACKGROUND:**

In March 2005 City Council approved a \$50,000 loan to cover short-term cash flow challenges experienced by Sunshine Theatre Society. The loan repayment terms indicated an agreement to payback the loan by November 15<sup>th</sup>, 2005 however Sunshine Theatre met with City staff indicating that their financial challenges continued and that they were looking at operational and financial alternatives.

As of May 1<sup>st</sup>, 2006 and after four months of planning and exploration of alternatives, Sunshine Theatre Society will enter into an agreement for management services with the Kelowna Visual Performing Arts Centre Society. The agreement ensures that Sunshine Theatre Company will move confidently forward with the announcement of the 2006-2007 season.

The benefits of this agreement include the sharing of operational resources, offering collaborative programming, and an increase in funding opportunities coupled with operational efficiencies and cost savings for both societies. For the community, this partnership also means a higher level of assurance that professional theatre will remain in Kelowna.

In early January a governance task force was struck with members from both societies and City of Kelowna staff. Due diligence included receiving advice and council from Grant Thornton Chartered Accountants, Berge Horn Lawyers, Canada Council for the Arts, BC Arts Council and BC Gaming.

In late January roundtable meetings also began with local performing arts groups and stakeholders to gather feedback and determine possible benefits for them as well. This process resulted in the formation of a Performing Arts Round Table committee who are working towards the RCA becoming more accessible for all groups.

In March 2006, Sunshine Theatre Society applied for on-going operating funds from Canada Council for the Arts. While Canada Council have indicated positive support for the merger, this national organization currently is facing its own challenges as the new parliament determine whether they will continue with the previous governments agreement forged in November 2005 to double its current Federal funding. Lobbying for this desperately needed increase has been on-going for several years now and we don't believe that we will know the Federal government's plans for a number of months.

At home, this funding means that Sunshine Theatre Society who were hoping to receive a minimum of \$40,000.00 in on-going operating funding might only received \$20,000 in project funding. Another impact to the budget has been the decision of the Kelowna Arts Foundation to decrease the amount given in 2005 of \$58,000 to \$40,000 for 2006.

Despite both of these disappointments, the conservative budgeted projections for 2006 remain positive with a modest surplus anticipated in 2006 and a much larger surplus from the combined operation in 2007.

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Lorna Gunn  
Cultural Services Manager

Cc: Director of Recreation, Parks and Cultural Services