

Memo

Date: August 17, 2011
File: 1810 - 60
To: City Manager
From: S. Kochan, Cultural Services Manager
Subject: Kelowna Community Theatre (1375 Water Street)
Sound System Upgrade - grant application to Canadian Heritage and use of CIF funds



Recommendations:

THAT COUNCIL receives for information the report from the Cultural Services Manager dated August 17, 2011 regarding an upgrade to the sound system at the Kelowna Community Theatre;

AND THAT COUNCIL approves an amendment to the 2011 Financial Plan to reflect the expenditure of up to \$135,000 from the Kelowna Community Theatre's Capital Improvement Fee Reserve for sound system equipment;

AND FURTHER THAT COUNCIL directs staff to submit an application to the Department of Canadian Heritage's Canada Cultural Spaces Fund for grant funding of \$130,000 to complete the sound system upgrade project as described in the report from the Cultural Services Manager dated August 17, 2011.

Purpose:

The audio system at Kelowna Community Theatre does not meet current professional technical standards. A system upgrade is required. The upgrade will improve customer service and audience satisfaction and will result in cost efficiencies for theatre operations. A portion of the funding for the necessary equipment is available through the Theatre's accumulated Capital Improvement Fee (CIF) reserve, and can be matched by a grant from the Department of Canadian Heritage's Canada Cultural Spaces Fund. The purpose of the report is to seek Council approval for use of CIF funds for this project and provide direction to staff to proceed with the Cultural Spaces Fund grant application.

Background - Capital Improvement Fee:

In 2007 Council approved the establishment of a Capital Improvement Fee (CIF) to be surcharged on tickets sold for events at the Kelowna Community Theatre. Schedule H of Recreation & Cultural Services Consolidated Fees & Charges Bylaw 9609 (as amended January 1, 2011) provides in part: 'For all tickets with a value greater than \$10 the ticket buyer will be charged a \$1.25 (inclusive of taxes) Capital Improvement Fee.'

CIFs are standard practice for most theatre venues, and are used to finance improvements and upgrades to theatre equipment.

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Since the implementation of the Kelowna Community Theatre CIF in 2008, a total of \$158,348.51 (including interest) has been accumulated in the Theatre Improvement Reserve, with the average annual contribution in 2009 and 2010 of approximately \$50,000. In the last two years, the following projects have been supported using a total of \$22,609.78 in CIF reserve funds:

2009 - Theatre drapery and hand lines, camera and screen system - \$17,619.86

2010 - Lobby painting and signage design - \$4,989.92

As of June 30, 2011, the estimated balance in the CIF reserve is \$135,738.73. Funds will continue to accumulate in the reserve based on ticket sales, and can reasonably be projected to a balance of \$158,000.00 at the end of the 2011 fiscal year.

Background - sound system:

The sound system at Kelowna Community Theatre consists of four major components listed in Appendix A.

Major deficiencies in the current system have been identified by theatre staff, primarily relating to the capacity, age and design of the equipment, the emergence of new technology and the changing nature of shows coming into the theatre. More details are provided in Appendix A.

In order to determine which new sound system components would resolve these deficiencies, KCT staff arranged for three different demonstration systems to be installed and used in the theatre in the last several months. Suppliers provided the equipment on a trial 'no-charge' basis for a period of up to 3 weeks, which allowed staff to test the equipment during concerts and do a thorough evaluation.

The systems tested were evaluated the following criteria:

- ✓ Professional brand-name equipment
- ✓ The best sound quality
- ✓ The ease of tuning the equipment to the room
- ✓ User-friendly interfaces
- ✓ Costs within budget and providing good value
- ✓ Local service ability by the vendor

Based on the above criteria, staff has created a preferred list of equipment with an estimated cost of \$265,000. Upon confirmation of funding, the equipment purchase will be staged in two phases, described below.

Each phase will be the subject of a full public procurement process in accordance with the City of Kelowna Purchasing Bylaw.

Project funding and phasing:

Staff is recommending that the sound system upgrade project be staged in two phases, with each phase funded from a separate source. Neither phase will require any contribution from taxation:

- Phase 1 (to be completed in 2011) - up to \$135,000 (slightly more than 50% of the project budget) from the Theatre's CIF reserve (see above); and
- Phase 2 (to be completed in 2012) - up to \$130,000 (slightly less than 50% of the project budget) from the Department of Canadian Heritage's Canada Cultural Spaces Fund (CCSF) which supports the acquisition of specialized equipment in order to improve the quality and standards of cultural facilities. The assessment period for grant approval will be

approximately 6 months. If funding is awarded, there is no time limit on completion of the expenditures but it is anticipated that the project will be completed in 2012.

CCSF allows for eligible purchases to be made as of the date of receipt of the application. This means that Phase 1, funded through use of the CIF reserve, can proceed this year prior to confirmation of the grant, and will be fully eligible as the City's matching share. Phase 2 will proceed only if grant funding is awarded.

Equipment in Phase 1 is 'stand alone' and will be fully functional and beneficial to KCT operations even if grant funding is not provided and Phase 2 does not proceed.

The purchase and installation of the system will have a positive impact on KCT's business and will address a number of business challenges:

- Improved sound quality for a better audience and performer experience;
- Decreased equipment rental costs for local and touring shows, thereby making KCT a more affordable venue in a competitive environment;
- Professional development for KCT technical staff;
- Higher standard of technical service for theatre clients;
- By moving the existing sound system into the Black Box Theatre, this space will become more affordable and will attract more and different kinds of usage;
- Enhanced profile and reputation for KCT as a professional venue attracting large touring shows.

Internal Circulation:

General Manager, Community Services
Director, Recreation & Cultural Services
Director, Finance
Director, Design & Construction Services
Director, Real Estate & Building Services
Director, Communications
Grants Manager
Manager, Purchasing
Manager, Kelowna Community Theatre

Legal/Statutory Authority:

Schedule H of Recreation & Cultural Services Consolidated Fees & Charges Bylaw 9609 (as amended January 1, 2011) provides in part: 'For all tickets with a value greater than \$10 the ticket buyer will be charged a \$1.25 (inclusive of taxes) Capital Improvement Fee.

Existing Policy:

Cultural Policy 274

Financial/Budgetary Considerations:

The current estimated balance of Capital Improvement Fee reserve funds is \$135,738.73. The projected balance of funds by December 31, 2011 is \$158,000.00. Phase 1 of the project, valued at \$135,000, will be funded from CIF and will be completed in 2011. Phase 2 of the project, valued at \$130,000, will proceed only upon confirmation of CSCF funding and the receipt of appropriate estimates, and will be completed in 2012.

External Agency/Public Comments:

Letters and indications of support for the sound system upgrade project have so far been received from the following users of KCT:

- Ballet Kelowna
- Okanagan Symphony Orchestra
- Packing the House Productions
- Theatre Kelowna Society
- Kelowna Community Concert Association
- Arts Club Theatre Company
- Jazz Café Kelowna
- Neil Wong, Music Director, Kelowna Secondary School
- Live Nation Canada

Considerations not applicable to this report:


Personnel Implications
Legal/Statutory Procedural Requirements
Community & Media Relations Comments
Alternate Recommendation

Submitted by:



S. Kochan, Cultural Services Manager

Approved for inclusion:



J. Gabriel, Director, Recreation & Cultural Services

cc:

General Manager, Community Services
Director, Recreation & Cultural Services
Director, Finance
Director, Design & Construction Services
Director, Real Estate & Building Services
Director, Communications
Grants Manager
Manager, Purchasing
Manager, Kelowna Community Theatre

**REPORT FROM CULTURAL SERVICES MANAGER, AUGUST 17, 2011
APPENDIX A - CURRENT SOUND SYSTEM AT KCT**

The KCT sound system consists of four major components:

COMPONENT	DESCRIPTION	DEFICIENCIES
1. Meyer Public Address (PA) system	a series of suspended loud speakers that deliver sound to the audience. This system was purchased and installed over 14 years ago.	<ul style="list-style-type: none"> • Was designed for spoken word and theatrical performance and is not appropriate for professional, touring concert type events. KCT currently hosts an average of 60-70 professional touring shows each year. • Speaker components are now at the end of their life cycle and regular repair and maintenance is required. The most common repairs are the power supply components, at a cost of approximately \$1,000 per incident. However, the speaker cooling fans are also failing, and produce an intermittent 'chirping' sound which is audible and difficult to eliminate. • The size of the system is no longer adequate for most of the amplified touring shows coming to the theatre. Touring acts frequently need to rent another PA system, which adds to the cost of performing at KCT and creates a competitive disadvantage for the venue. It also increases the amount of time spent by technical staff in conforming rental equipment to the unique needs of each particular client and event.
2. On-stage monitoring system	an assembly of up to 10 speaker wedges placed on stage to help performers to hear each other during performances. The current system is comprised of mismatched older and newer units and different models, with only one power channel per unit.	<ul style="list-style-type: none"> • Stage monitors should all be the same model and quality so that on-stage sound is uniform. • Current professional standards require monitors with dual, rather than single, power sources. Monitors with single power sources do not provide adequate power and this in turn overloads the existing amplifiers. • Professional touring shows are required to rent monitors which can add \$1,000 to their costs.
3. Sound console	The current model is a Yamaha LS9-32, an entry level digital console with 32 microphone inputs.	<ul style="list-style-type: none"> • The existing Yamaha LS9-32 is not adequate as the main Front of House mixer for the following reasons: <ul style="list-style-type: none"> ○ With the upgrade to a 48 channel professional standard audio snake, the 32 channel console no longer has enough capacity ○ The console is not very user friendly and a lot of touring shows choose not to use it, instead opting to rent another console at a cost of up to \$1,000 ○ Audio clarity and quality is not up to professional standards
4. Audio snake	replaced in 2010 - a 48 channel cable which transmits audio signals between stage, soundboard, monitors and PA.	NEW - no deficiencies and will be retained