



COMMUNITY SERVICES – RECREATION & CULTURE
TOWN OF NEWMARKET
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May 12, 2015

**COMMUNITY SERVICES – Recreation & Culture
COMMITTEE OF THE WHOLE REPORT #2015 - 09**

TO: Committee of the Whole
SUBJECT: Newmarket Theatre Operations
ORIGIN: Community Services – Recreation & Culture

RECOMMENDATIONS

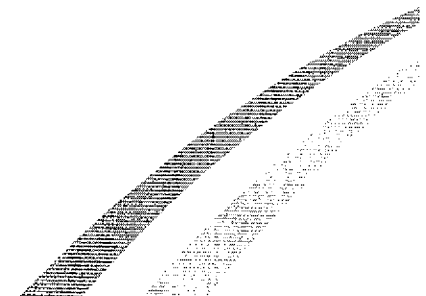
THAT the Community Services – Recreation & Culture, Report 2015 - 09 dated April 1, 2015 regarding Newmarket Theatre Operations in the Town of Newmarket, be received and the following recommendations be adopted:

- 1. THAT Council endorse the Task Force Vision of: The Newmarket Theatre is a professional theatre dedicated to providing high quality entertainment. Community theatre will remain an important part of the cultural fabric through space at Old Town Hall or when space permits at the Newmarket Theatre;**
- 2. AND THAT Council endorse the recommendations of the Theatre Task Force, recognizing that recommendations that have budgetary impact will be reported on separately for consideration**

COMMENTS

The Newmarket Theatre is operated in partnership with the York Region District School Board (YRDSB). Located adjacent and attached to Newmarket High School, the Theatre operates year round with a combination of school use, community use and professional entertainment options. The partnership agreement with YRDSB stipulates that the school board covers all utility costs, caretaking and parking lot maintenance costs. The Town is responsible for all other aspects of operation including booking of venue, maintenance of technical systems and repair and replacement of equipment within the facility. As such, YRDSB is entitled to use during school days from 8 am to 6 pm. YRDSB and the Town of Newmarket meet at the beginning of each school year to determine school booking dates for the year.

The agreement has been in effect since 1996. The agreement was set for a five year term, renewing automatically for 5 year terms at the completion of each term. Should mutual consent to terminate the agreement occur, the Town of Newmarket is deemed to have leased the Theatre outright for a fee of \$10.00 per year for 50 years.



Currently, the Newmarket Theatre operates at an annual operating deficit of \$250,000 to \$300,000 annually. Please see appendix A for a detailed breakdown of the financial performance of the Theatre over the last five years. Novita Ltd., a consulting firm in the field of Cultural Programming who assisted with the Town of Newmarket with the development of the Cultural Master Plan, met with staff recently as they are conducting a review of the Richmond Hill Centre of the Performing Arts. They confirmed that an operating deficit in the magnitude of \$250,000 to \$300,000 was consistent with similar sized municipal venues.

In April, 2014 a deputation was presented to Council outlining a variety of operational concerns with respect to the Newmarket Theatre. Generally identified, there were financial concerns, concerns about the quality and variety of entertainment options available, number of productions that are not well attended, capacity of local community organizations to fill the number of seats, and the amount of school board use of the Theatre. With the Old Town Hall reopening, it was viewed that this could further impact use of the Newmarket Theatre.

A Task Force of community stakeholders was formed, including representatives from local theatre groups, dance community and passionate individuals in the performing arts community. The Task Force met numerous times to review existing operations, review industry best practices, and explore ways in which the Newmarket Theatre could move forward in a fiscally sound manner while delivering opportunity for the community to enjoy live performance.

The process utilized by the Task Force included conducting a SWOT (strengths, weaknesses, opportunities, threats) Analysis (see appendix B) and a Theatre Benchmarking questionnaire (see Appendix C). From there, the Task Force discussed various opportunities for improvement in order to develop key recommendations moving forward.

Based on the research and discussion, the Task Force has developed key recommendations based on the following themes:

- Booking Processes & Priorities
- Marketing & Sponsorship
- Atmosphere & Experience
- Staffing and Volunteers

All of these themes emerge from a fundamental shift in the operating philosophy – a new vision for the Newmarket Theatre: “The Newmarket Theatre is a professional theatre dedicated to providing high quality entertainment to the community and visitors to the community.” This involves transitioning from a Community Theatre to a Professional Theatre that could accommodate community use where time and space permits. This shift in philosophy is in consideration that most community use will be able to be accommodated within the Old Town Hall. This shift in focus will create capacity for the Theatre to become an economic generator for the Town of Newmarket.

The following table provides greater insight into the additional recommendations, including timelines and potential costs associated with the recommendations:

Recommendation	Suggested Timeline	Financial Implications
Booking Processes & Priorities		
<p>Transition the Newmarket Theatre from a Community Theatre to a Professional Theatre where professional acts are actively pursued under the following guidelines:</p> <ul style="list-style-type: none"> ➤ The theatre season will be defined as September to June. ➤ Professional acts will be secured 12 to 18 months in advance where possible. ➤ Community Theatre will be accommodated at Old Town Hall. ➤ Where booking space permits, Community use will be accommodated at Newmarket Theatre. 	<p>In order to make this type of transition, the process of looking for acts and aggressively pursuing them would begin immediately with an aim at the 2016-2017 season being impacted.</p>	<p>There is financial risk with this type of approach. The revenue stream moves to a more significant reliance upon seat sales and sponsorship and less upon rental revenue. However, if done successfully, could more than double current revenues. Staff will monitor performance closely and report back to Council regularly.</p>
<p>Transition the online ticketing system to a new system that enables the following:</p> <ul style="list-style-type: none"> ➤ A more dynamic, user friendly experience. ➤ A more professional, branded appearance. ➤ Ability to print tickets immediately. ➤ Ability to utilize the system at any Town of Newmarket events that require purchase of tickets. 	<p>Staff will explore existing system capabilities and alternative platforms with a goal of including any possible enhancements within the 2016 budget process.</p>	<p>Financial implications are undetermined at this time but will be included within the 2016 budget process.</p>
Marketing & Sponsorship		
<p>Develop a "Newmarket Theatre Brand" that speaks to the following:</p> <ul style="list-style-type: none"> ➤ Creates a distinguishable marketing and promotional feel while still complimenting the Town of Newmarket Branding. ➤ Identifies the Newmarket Theatre as a Professional Theatre. ➤ Identifies the Newmarket Theatre as the promotional piece rather than the focussing solely on the individual acts. 	<p>The Task Force would like to see an external consultant engaged to lead the brand development process. This will be included in the 2016 budget process – as such, the work is recommended for first quarter of 2016. If this is handled internally, work would begin in 2015.</p>	<p>This will be included within the budget 2016 process – though it should be noted that a branding exercise of this nature could cost in range of \$50,000 to \$75,000.</p>
<p>Develop a comprehensive marketing strategy that:</p> <ul style="list-style-type: none"> ➤ Identifies key and potential target markets and the desired live performance opportunities ➤ Actively promotes the "Newmarket Theatre Brand" throughout the Community and beyond the borders of Newmarket. ➤ Utilizes a variety of mediums and tactics to reach a wide audience pool. 	<p>The development of a Marketing Strategy will be an outcome of a branding exercise. Prior to the branding exercise staff will explore more effective use of marketing tools and tactics to improve marketing presence in 2015, with formal strategy developed in 2016.</p>	<p>This process will be done internally. Financial impacts of new marketing tools and tactics will be managed through the existing operating budget.</p>
<p>Develop a sponsorship recruitment and retention program that focusses on:</p> <ul style="list-style-type: none"> ➤ Securing naming rights for the Theatre and appropriate spaces within the Theatre. ➤ Provides title sponsors for professional shows so that ticket prices remain competitive. 	<p>Staff will begin implementation of this recommendation through active sponsorship programs immediately.</p>	<p>Given the Town's extensive involvement in naming rights already, it is suggested that approximately \$25,000 to \$30,000 annually could be achieved for overall naming. Sponsorships for shows will range depending on the act.</p>
Atmosphere & Experience		
<p>Engage a professional designer to redesign and repurpose the lobby and foyer space with the following objectives:</p>	<p>Ideally this would be considered after the branding exercise – completed by end</p>	<p>This will be included in the 2016 budget enhancement process – it is anticipated that</p>

<ul style="list-style-type: none"> ➤ Creating a professional theatre atmosphere that extends the live performance experience. ➤ Improves traffic flow and maximizes ancillary revenue opportunities. 	of 2 nd quarter, 2016.	actual renovations coming out of this design would affect the 2017 budget process.
<p>Conduct a thorough review of Concession processes including:</p> <ul style="list-style-type: none"> ➤ Inventory and variety of items that are sold. ➤ Ticketing and payment experience streamlined. ➤ Balance of staff and volunteerism considered. ➤ Flexibility to theme concessions with the production. 	<p>This recommendation will be completed in phases:</p> <p>Phase 1 – streamlining experience and variety and inventory of items will occur immediately.</p> <p>Phase 2 – Theming concessions will follow the branding exercise and redesign of the space to be implemented by end of 2017.</p>	It is anticipated these actions will result in an improvement in the overall financial performance of concessions within the Theatre.
Staffing & Volunteers		
<p>Enhance the volunteer management program through:</p> <ul style="list-style-type: none"> ➤ Recruitment focus on a diverse pool of volunteers. ➤ Enhancement of existing volunteer training and mentoring programs, focussing on customer service, and effectively promoting future events. ➤ Utilization of educational internship and co-op experiences. 	This recommendation will be the focus of staff in Fall, 2015.	There are no financial implications anticipated with this recommendation.
<p>Improve the customer box office experience through taking the following actions:</p> <ul style="list-style-type: none"> ➤ Route all telephone calls during through the Customer Service Department where calls will be specifically answered providing a seamless experience for the caller. ➤ Enable tickets to be printed and distributed at any Customer Service location. 	Staff will meet to explore ramifications of this recommendation and develop and implementation plan by end of year. It should be noted that some technological requirements may need to be met to satisfy those recommendations. A complete implementation plan and financial implications will be completed by end of 2015.	Financial implications will be explored in a separate report for Council consideration.
<p>Develop a Volunteer "Ideas Team" that will provide ideas and insight to staff on the following:</p> <ul style="list-style-type: none"> ➤ Provide advice on implementation of recommendations set forth in this report. ➤ Provide recommendations on potential acts and any other operational opportunities for improvement. 	Staff will formulate the Ideas Committee and commence meetings immediately.	No financial implications.

CONSULTATION

These recommendations came as a result of extensive consultation with a Community Task Force representing the various interests of the performing arts community.

Some of the recommendations suggested will require coordination through a variety of departments. These recommendations have been noted and will be reported on separately.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

Well-balanced

- Striving for cultural harmony and ethnic diversity
- Events that help shape identity and contribute to community spirit

Well-equipped & managed

- Small town feel with city amenities
- Clear vision of the future and aligned corporate/business plans

Well-respected

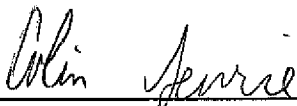
- Being well thought of and valued for our judgment and insight
- Discovering innovative and creative solutions for future well-being
- Being a champion for co-operation and collaboration
- Being tradition-based and forward-looking

BUDGET IMPACT

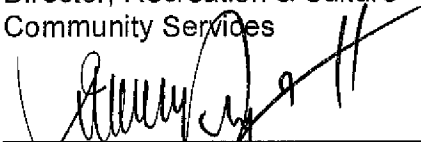
All items having budgetary impact will be reported on separately or will be identified as budget enhancements through the 2016 budget process and in future years as identified throughout the report. As such, the contents of this report do not have any specific, immediate budgetary impacts.

CONTACT

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Colin Service
Director, Recreation & Culture
Community Services



Ian McDougall
Commissioner, Community Services

Appendix A – Financial Trending Performance at Newmarket Theatre

	Newmarket Theater Trending				
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget
71351 - Newmarket Theatre-General					
4021 - Regular Salaries & Wages	187,166	178,401	185,483	189,651	194,055
4025 - Banked Overtime	-	-	-	-	-
4025 - Overtime	1,151	48	1,225	633	2,528
4028 - WSIB Reimbursements	-	-	-	-	-
4031 - Casual/Seasonal Wage	73,408	74,240	74,007	66,338	63,240
4035 - Regular Part-Time Wage	-	-	-	-	-
4109 - Direct Payroll Benefits	54,004	52,133	56,031	58,268	59,504
4198 - Payroll Burden	11	2	-	4	-
4216 - Stationery & Office Supplies	2,398	1,564	4,169	3,205	4,000
4217 - Photocopier Lease & Supplies	1,268	1,200	2,343	1,807	1,700
4228 - Ticket Printing Expenses	1,715	2,396	3,014	1,456	3,000
4230 - Other Supplies	-	-	-	-	-
4233 - Concession Supplies	23,135	16,124	17,473	17,178	20,000
4236 - Program & Project Costs	5,436	1,250	-	-	6,000
4267 - Rental Equipment	666	604	1,763	1,215	2,500
4278 - Equipment Repairs & Maintenance	8,090	4,493	2,435	6,981	6,000
4302 - Telephone	1,025	1,059	1,068	1,120	3,000
4411 - Postage, Freight & Machine Ren	49	-	-	-	600
4418 - Advertising	13,266	3,229	8,037	10,612	15,000
4435 - Purchase of Goods	24,584	24,901	18,762	24,607	30,000
4437 - Copyright fees	-	-	-	-	5,000
4437 - Services & Rents	1,145	-	-	-	2,000
4437 - Theatre Show #1	11,969	14,407	-	5,664	9,000
4437 - Theatre Show #2	9,146	13,919	-	23,185	12,000
4437 - Theatre Show #3	5,717	-	-	83	-
4437 - Theatre Show #4	9,199	-	-	6,750	-
4437 - Theatre Show #5	1,554	25,307	-	-	-
4437 - Theatre Show #6	16,607	-	-	-	-
4437 - Theatre Show #7	6,300	-	-	-	-
4437 - Theatre Show #8	13,592	-	-	-	-
4437 - Theatre Show #9	11,515	-	-	-	-
4438 - Equipment Rental	-	-	-	-	2,000
4471 - Mileage/Parking/Tolls	796	1,048	1,154	1,294	1,300
4472 - Memberships & Subscriptions	128	806	148	1,019	600
4478 - Conferences & Seminar Fees	-	1,217	829	550	2,500
4481 - Computer Hardware	-	-	-	-	-
4482 - Computer Software	8,040	1,800	5,948	12,285	2,000
4483 - Computer Purchase Incentive Pl	-	-	-	-	-
4484 - S.O.C.A.N.	1,877	2,027	873	1,088	6,000
4611 - Interest on Temporary BorrowIn	-	-	-	-	-
4612 - Bank Charges	18,914	14,264	15,409	13,684	18,000
4668 - Cash Over/Short	-	0	2	6	-
4911 - Transfer to Capital	-	-	-	-	-
4922 - Transfer to Reserve Funds	48,000	86,046	57,375	58,565	75,000
4923 - Transfer To Reserves	-	-	-	-	-
4931 - Vehicle & Equipment (VER) Repl	-	-	-	-	-
4932 - Amortization	-	-	-	-	-
4936 - Asset Replacement Fund	50,235	50,235	50,235	50,235	50,235
7598 - Misc. Revenue	218	990	1,195	3,306	1,000
8214 - Card Activation Fee	142	60	5	-	-
8215 - Ticket Printing Revenue	18,310	15,180	18,250	19,332	20,000
8216 - Theatre Productions	4,024	1,201	2,499	1,850	-
8216 - Theatre Show #1	14,417	12,750	-	4,620	2,000
8216 - Theatre Show #2	3,240	17,700	-	20,405	2,000
8216 - Theatre Show #3	5,387	-	-	11,055	2,000
8216 - Theatre Show #4	7,840	-	-	2,615	2,000
8216 - Theatre Show #5	19,166	17,027	-	155	-
8216 - Theatre Show #6	24,297	-	-	-	-
8216 - Theatre Show #7	4,305	-	-	-	-
8216 - Theatre Show #8	12,890	-	-	-	-
8216 - Theatre Show #9	11,920	-	-	-	-
8229 - Special Event Revenue	-	-	-	-	10,000
8252 - Hall Rentals	109,048	116,220	98,129	98,685	110,000
8259 - Rentals	-	-	-	-	300
8266 - Concession Sales	23,832	20,437	19,306	20,758	25,000
8292 - C.I.F. Capital/Other Revenue	71,190	62,856	57,375	58,565	75,000
8294 - Advertising Revenue	-	-	-	-	3,000
8295 - S.O.C.A.N.	-	-	-	-	1,000
8299 - Other Revenue	-	-	-	-	-
8611 - Fees & Service Charge Rev.-Rec	23,482	17,599	17,852	16,125	17,500
8613 - On-line fees	10,816	4,290	10,917	5,087	15,000
8614 - Theatre set-up fee	708	300	150	-	2,000
8615 - Off-site ticketing fee	-	751	-	-	800
8616 - Copyright fees recovered	-	-	-	750	-
TOTAL 71351 - Newmarket Theatre-General	246,873	285,359	287,106	295,663	308,162

Appendix B – SWOT Analysis conducted by Task Force

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Good technically – lighting and sound - Acoustics are good for theatrical performances (speaking parts) - Sense of community among dedicated volunteers – volunteers fill roles that are paid in other theatres contributing to the operational model - Attached to highschool – volunteer opportunities - Box office set up and staff are great - Green room and dressing rooms are good - Great grand piano - Ample parking 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - Expensive – pricing structure and model - Availability - Size – too big for local, too small for high end shows - lack of storage and work space (set building) - Availability of rehearsal space - Same acts – lack of variety - lack of flexibility and ability to respond quickly to opportunities - lack of promotion, advertising or workable marketing strategy, lack of key connections - lack of marketing vision - automated phone system – people want to talk to a person - concession environment and strictly run by volunteers and hours for concessions services - ticket sale process for concessions - too dependent on volunteerism - line ups for washrooms during intermissions - lack of ancillary revenue generating opportunities - move in and move out as part of rental time - lack of relationship between user groups and volunteers - Acoustics are terrible for music
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - professional stage management supporting user groups - shared knowledge by professionals - utilizing college or university internship programs to bring new life to the Theatre - explore naming rights - develop better relationships with local media - create a comprehensive marketing strategy - take advantage of cross promotional opportunities - create a multi dimensional experience (ie. Having concessions themed to match performance) - create programs that develop talent - leverage partnership opportunities with local businesses to create a whole experience - Develop a resident theatre company - Develop stronger sponsor relationships - Membership sales - Volunteer training program - Additional seating through construction of a balcony - Add sound baffles 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - atmosphere around the Newmarket Theatre - increased competition from surrounding areas - other venues in Town are now drawing audiences (ie. Legion)

Appendix C – Bench Marking Questionnaire

The following questions were asked of 20 Theatres across Ontario with responses from 17. These were reviewed by the Task Force and utilized in the context of developing the report.

**Town of Newmarket
Recreation & Culture Department
Theatre Task Force**

Benchmark Theatre Questionnaire

Theatre Operations

1. Do you operate a concession stand?
2. How is the concession stand operated? ie: volunteers, rental group?
3. Do you do co-productions?

Staffing

4. Do you currently utilize volunteers?
5. What kinds of training do your volunteers receive?
6. What tasks do your volunteers perform?
7. What is your staffing structure?
8. What are your staffing needs?

Target Market/Audience

9. What demographics are you targeting?
10. How did you determine your demographics?
11. How did you gain an understanding of what your audience wanted in terms of the types of shows/productions you offer?
12. What are your usual marketing strategies?
13. What have you found to be really successful marketing initiatives?

Booking Contracts

14. Do you provide storage to rentals/contracts?
15. How much time do you allot for stage set-up/teardown?
16. Do you provide staff support such as stage managers, lighting and sound technicians?
17. Do you allow set construction on site?
18. Are there any restrictions for productions ex: sets sizes?
19. Do you have different rates and fees? What are your different rates?

Funding

20. What financial relationship does the theatre have with the municipality?
21. Do you receive funding through grants or sponsorships?
22. Do you have a donation process?
23. Do you offer memberships?
24. Do you offer an online ticket purchase option? Are there any extra fees charged for online purchases?
25. Have you conducted any unique fundraisers?