

Civic Partner Annual Report 2015- Arts Commons (Calgary Centre for Performing Arts)

1. **Organization Name:** Calgary Centre for Performing Arts (operating as **Arts Commons**)
2. **Fiscal Year:** September 1, 2014 - August 31, 2015
3. **Latest Annual Report Available and Web Address:** The Report to Community and Audited Financial Statements to August 31, 2015, are available at
<https://www.artsccommons.ca/howeare/artsccommons/reporttocommunity>

4. Current Vision, Mission and Mandate.

Vision Statement: A creative and compassionate society, inspired through the arts.

Mission Statement: To bring the arts...to life.

Mandate:

- To foster, present and promote the arts.
- To provide and care for our assets.
- To ensure optimal utilization of our assets.

GOVERNANCE

5. Identify any Board or senior management positions that will be vacant in 2016. Describe succession plans that are in place.

Arts Commons does not have nor does it anticipate having any Board or Senior Management positions vacant during the 2016/17 Season. Succession planning for the Board of Directors has recently undergone a review process that has resulted in revisions being generated for Arts Commons' Articles of Association. These revisions are currently under review by the Registrar and are pending approval.

The average term for a member of the Arts Commons Board of Directors is currently three years, and the average term for a member of the leadership team is seven years. The terms of reference for the Board of Directors indicates that the process for the nomination and election of new members includes the recommendation of potential new members to the Board annually and not less than 30 days prior to the Annual General Meeting.

6. Describe any structural changes to your organization's governance model in the past year.

Except for the amendment to our Articles of Association in accordance with question 5 above, Arts Commons has not incurred any further structural changes in its governance model.

7. Summarize any activities in 2015 that increased your Board's knowledge and awareness about industry trends, impact of changing economic conditions, risks faced by the organization, or other information needed to make informed decisions.

Throughout the year the Arts Commons Board is provided with many opportunities to engage with, and learn from, senior staff of the organization, as well as external industry experts, both locally and internationally. During the 2014/15 Season, the Board received monthly updates from senior staff on results compared to budget as well as current economic factors which may be impacting future forecasts - positively or negatively. During the annual business plan and budget review they are presented with not

only the strategic and operational goals of the organization, but a risk analysis matrix which identifies and categorizes significant risks the organization faces in the coming year. This information is accompanied by strategies Arts Commons has developed to mitigate those risks and the impact to the overall mission and vision going forward.

Annually, the Board is involved in a strategic planning session which, during the 2014/15 Season, focused on the lifecycle of Arts Commons and the ongoing paradigm shift in the arts industry which will require the exploration of the changes in how community wants to participate in and consume the arts and how best Arts Commons can serve the community. This included an in-depth discussion on how the community currently participates in the arts, and why people attend the arts, specifically motivation and barriers - which will provide key findings to determine a go forward strategy in ensuring Arts Commons' relevance to the community.

An institutional perspective on these trends and benchmarks was provided by a facilitator from the USA, who has deep knowledge and experience of our industry.

In addition, Arts Commons engaged Deloitte LLP (on a pro bono basis) to undertake an economic impact study to quantify the economic benefits of the operations of Arts Commons and its Resident Companies. In December of 2015, Deloitte presented its findings, and determined that, *"Based upon direct spending that is undertaken by Arts Commons and its Resident Companies; these organizations create economic activity exceeding \$87.73 million and 879 jobs in Alberta on average per year from 2012 to 2014. Out of this \$87.73 million, \$48.65 million is a value added to the economy, of which \$34.33 million is attributed to employment income."*

RISK MANAGEMENT

8. Describe the processes and structures your organization uses to identify and manage operational and strategic risks.

Arts Commons undertakes a review and revision of its five-year strategic plan in addition to the development of an annual business plan during every 12-month budget cycle. These documents outline core operation imperatives, track accomplishments and identify both short-term and long-term priorities. Risk analysis is completed on internal and external factors to identify areas of concern and opportunity for the organization, as well as identify mitigation strategies to ensure core operations are maintained and organizational sustainability is achieved.

9. What are your organization's top 3-5 strategic risks? For example, financial, governance, business risks, liability, talent management, reputation, or risks related to economic conditions.

For the upcoming 2016/17 fiscal year, Arts Commons has identified the following three strategic risks:

1. **Alberta's Economic Crisis:** Past dramatic economic declines were often followed by equally dramatic returns to prolonged periods of growth, as oil prices regained their upward momentum. Unfortunately, this time there appears to be no swift recovery. Alberta's energy sector is vigorously preparing for a grim 2016. The charitable sector will likely see lower levels of support from the private sector, a decline in donations from individual supporters and an increased risk that revenue streams from government funding agencies will be substantially reduced or eliminated. Arts Commons is also anticipating loss of earned revenues through lower ticket sales, fewer bookings of venues, and lower food and beverage sales.
2. **Changing Provincial and Federal Political Environments:** Alberta-voters anxious for change brought an end to the Progressive Conservative Party's 44-year dynasty by giving the New Democratic Party a mandate to lead with a strong majority. In addition, Justin Trudeau's Liberals won a majority; returning the Liberal Party of Canada to power in Ottawa. Both developments will require Arts Commons to

undertake a robust government relations strategy to effectively find common ground with both new governments to meet our short-term and medium-term business objectives.

3. Aging Infrastructure: The 560,665 square foot facility was planned in the boom years, but built during a recession and opened to the public on September 14, 1985. Thirty years later, Arts Commons is part of Calgary's social infrastructure—places like libraries, museums, parks and arenas that help to make our community, home. These facilities and their programs enable families to play together, give neighbours a place to meet, and where Canadians can celebrate the many cultures that make Canada so diverse. The strength of this foundation enables communities and local businesses grow and ensures Canadians have a high quality of life.

2015 YEAR IN REVIEW

10. What accomplishments in 2015 contributed to Action Plan's goals of building a prosperous economy, inspiring neighbourhoods, and a healthy and green city?

Among the accomplishments for the 2014/15 Season, the following highlights show how Arts Commons has contributed to The City of Calgary's Action's Plan's goals of building a prosperous economy, inspiring communities, and building a healthy and green city:

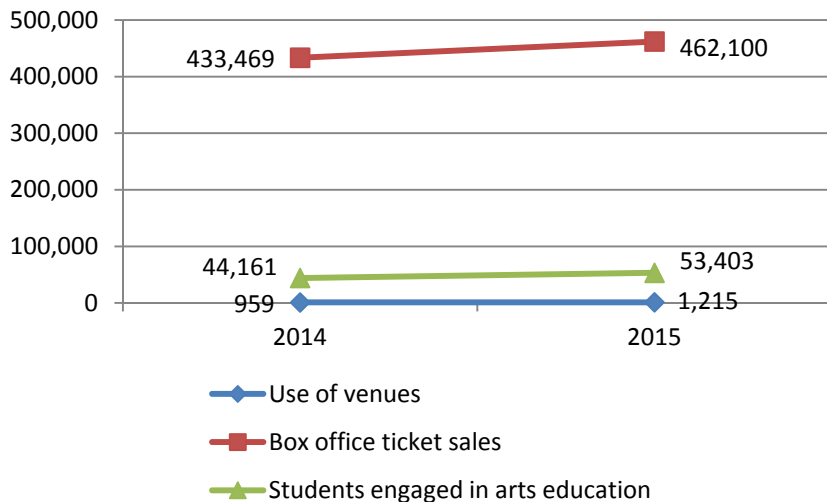
- Arts Commons played a critical role in the sustainability of 315+ organizations (resident companies, not-for-profit and others) by maintaining the complex's 560,665 gross square feet of space that houses six performance venues, rehearsal halls, shops, a variety of public engagement spaces and administrative spaces.
- Arts Commons subsidized the cost of venues and facility utilization for its resident companies, partners and numerous community user groups; serving as incubator and facilitator and increasing access to venues and services to all communities.
- Arts Commons undertook numerous large-scale lifecycle projects (including full replacement of the internal air handling system; installation of 360+ hands-free, low flow washroom devices, and completion of 'The Hub' venue space, worth \$2.5 million during 2015 to enhance the effectiveness, efficiency and sustainability of the complex.
- Arts Commons is a major presenter of the performing arts in Canada. Under the banner of 'Arts Commons Presents', Arts Commons presented the award-winning BD&P World Music Series, PCL Blues Series, TD Jazz Series, *National Geographic Live* and a number of other single engagements.
- Arts Commons provided increased access to Tessitura Arts Enterprise Software that helped users of the Arts Commons Box Office run their businesses more efficiently, work smarter, cut expenses and increase revenue. Through Tessitura, Arts Commons provided a comprehensive suite of ticketing, marketing and fundraising tools to share information, increase productivity, and provide complete customer relationship management services.
- Arts Commons endeavored to explore meaningful opportunities to share services with other similar businesses in an effort to enhance the effectiveness, efficiency and sustainability of our industry. In addition to existing relationships with CICF, Arts Commons entered into discussions during 2015 with Alberta Ballet to provide them with full cycle accounting and human resource services.
- Arts Commons played a key role in fostering and promoting the development and delivery of arts education programs and community engagement initiatives, including partnerships with the Calgary Board of Education, the Calgary Catholic School District and the Calgary Association for the Development of Music Education.

- Arts Commons partnered with a significant number of artists and organizations to curate and provide a public platform for visual and media arts throughout the facility.
- Arts Commons is a significant employer of visual and performing artists.
- Working with DIG (Do It Green) to establish a benchmark of Arts Commons' waste diversion from events and to help establish waste diversion goals with an objective for future events to be cleaner, produce less waste and divert as much waste from the landfill as possible.

11. Using your organization's existing performance measurement data, please provide selected 2015 performance measures that describe how much you did, how well you did it, and how Calgarians are better off. If needed, provide a brief description why these measures are meaningful.

Performance measure highlights

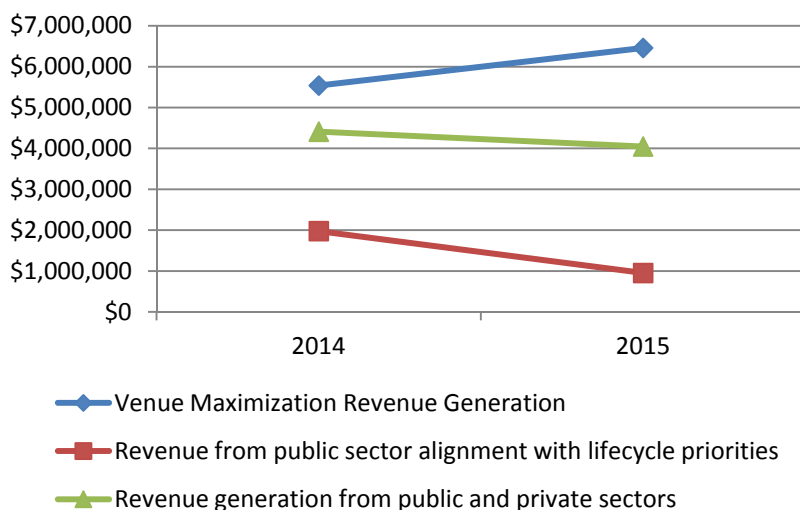
How much did we do?



Story behind the baseline

Despite challenging economic conditions, box office tickets sales, use of venues, and students engaged all increased in 2015.

How well did we do it?



Story behind the baseline

Arts Commons increased gross revenues by 17% through venue maximization and revenue diversification.

Detailed performance measures

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
How much did you do?	Use of Arts Commons' venues such as but not limited to the Jack Singer Concert Hall, Max Bell Theatre, Martha Cohen Theatre, Engineered Air Theatre, Big Secret Theatre, Motel, Arts Learning Centre, The Hub, and Rehearsal Halls.	959 performances, concerts or events held by 162 community organizations	1,215 performances, concerts or events held by 315 community organizations	That Arts Commons' facility assets are of demonstrable value by the community.
	Total number of tickets distributed during the 2014/15 Season through the Arts Commons Box Office, inclusive of Resident Companies and other community users of the venues (Jack Singer Concert Hall, Max Bell Theatre, Martha Cohen Theatre, Engineered Air Theatre, Big Secret Theatre, and Motel).	433,469	462,100	That the programs offered by Arts Commons and its Resident Companies are of great value to the citizens of Calgary.
	Total number of artists engaged during the 2014/15 Season by Alberta Theatre Projects, Arts Commons Presents, Calgary International Children's Festival, Calgary Philharmonic Orchestra, Downstage, One Yellow Rabbit and Theatre Calgary.	Data not collected.	1,002 artists engaged or employed	That Arts Commons and its Resident Companies are leading employers of artists in Calgary.
	Number of students engaged in arts education programming, including participation in the <i>National Geographic Live</i> Student Matinees Series, One Day Arts School, Artist-in-the-Classroom, and matinee audiences of all Resident Company performances and concerts.	44,161 students attended youth-oriented programs performances or events	53,403 students attended youth-oriented programs performances or events	That the educational initiatives undertaken by Arts Commons and its Resident Companies are of great value to the Calgary Board of Education and the Calgary Catholic School District.
	Participatory support by members of the community through the provision of volunteer time and effort in support of Arts Commons and our Resident Companies, listed above.	Data not collected.	1,754 active volunteers providing 22,702 volunteer hours	That the programs offered by Arts Commons and its Resident Companies inspire significant volunteerism.
How well did you do it?	Revenue Generation as a result of venue maximization and revenue diversification	\$5,539,019	\$6,458,827	Achieved an increase in gross revenues through venue maximization and revenue diversification of 17%
	Revenue generation from the public sector in alignment with Arts Commons' life-cycle priorities in the care for the 560,665 square foot	\$1,977,451	\$953,482	Arts Commons believes it demonstrates a meaningful engagement by government in the care of

	facility.			the facility.
	Revenue generation from the public and private sectors in alignment with Arts Commons' operating priorities.	\$4,410,589	\$4,047,160	Arts Commons believes it demonstrates a meaningful engagement of the public and private sectors in provision of programs and services by Arts Commons for the benefit of the community.
How are Calgarians better off?	<p>The lives of hundreds of thousands of Calgarians and visitors are enriched having benefited from the 1,800+ experiences that are produced and presented annually at Arts Commons. Collectively, we are a key contributor to the social, economic, cultural and intellectual life and well-being of this great city. The following are a few comments from those whose lives Arts Commons impacts:</p> <p><i>"I need to emphasize that art makes my children smile and enjoy life. Happy children learn well together – I saw this during the Hub for Inspired Learning program."</i></p> <p><i>"No skillful psychotherapy, no medication, no hospital stay could ever really come close to what [Kat] gave [the students] today."</i></p> <p><i>"I really enjoy interacting with the public, especially when I can talk about art. I think it is important for the public to not only be able to see art, but also how it's made and who makes it."</i></p> <p><i>"The Arts Commons Artist-in-Residence opportunity was the highlight of my career...I was supported to grow, integrate and challenge myself in many ways that I had not experienced previously."</i></p> <p><i>"We feel like an intimate part of the remarkable Arts Commons and National Geographic communities."</i></p> <p><i>"The Community Investment Fund gives us at Inside Out Theatre a way to give our performers the chance to take the same stage as the professional performers they so look up to in Calgary. Our company creates plays with adults with disabilities, and there is a great amount of validation and empowerment for us to perform in such beautiful and professional settings."</i></p>			

CAPITAL REPORTING

12. Provide a summary of your organization's 2015 capital development, including specific lifecycle/maintenance projects.

The following highlights a few of the significant lifecycle/maintenance projects undertaken during the 2014/15 Season, which were done to address improve energy efficiencies, and replace outdated equipment to ensure the ongoing operational viability of the complex and its venues for the benefit of Calgarians and visitors:

- Replacement of 363 washroom fixtures with hands-free, low-flow devices; focusing on the responsible utilization and protection of water resources throughout the building, as well as ensuring health and safety standards for water temperature are being met to mitigate the spread of bacteria.
- Reworking of the major air handling systems throughout the building with high efficiency motors; addition of variable frequency drives (VFD's); rebalancing of air flows, and replacement of terminal units and controls. Project completion results in substantial energy savings over time, improved air quality, improved temperature control, ensuring the safety of critical temperature-sensitive electronic equipment, improved acoustics, and reduced maintenance costs all with the benefit of the reliability of new equipment.

13. What funding was leveraged to support capital activities in 2015?

Arts Commons leveraged a grant of \$763,000 provided by The City of Calgary through the Capital Civic

Partner Grant Program (CCPGP) during the 2014/15 Season to secure a \$570,500 grant from the Government of Alberta through the Community Facility Enhancement Program (CFEP) to undertake a number of priority lifecycle projects, addressing such needs as energy efficiency, occupational health and safety, performance equipment replacement, and future revenue generation.

Please note that while these grants were awarded during the 2015/16 Season, Arts Commons only recognized that portion of each grant that reflective of the portion of each project that was complete as of August 31, 2015, in accordance with GAAP:

- The City of Calgary (Capital Civic Partner Grant Program) - \$763,000 grant, booked \$382,982.
- Government of Alberta (Community Facility Enhancement Program) - \$570,500 grant, booked in full.

FINANCES

14. What resources were leveraged to support operational activities in 2015?

Arts Commons received a consolidated operating grant of \$1,850,093 from The City of Calgary to assist in the fulfillment of its mandate, to provide programs to the citizens of Calgary and to operate the facility. Arts Commons leveraged The City's operating grant to generate an additional \$7,627,662 in ticket sales and other earned revenues, contributions from other levels of government, and community support through corporate sponsorship, foundation partnerships, philanthropic gifts from corporation and individuals, in support of Arts Commons' operations and annual lifecycle priorities. Arts Commons also leveraged The City's operating grant to directly support the resident companies (Alberta Theatre Projects, Calgary International Children's Festival, Calgary Philharmonic Orchestra, Downstage, One Yellow Rabbit and Theatre Calgary) that collectively had an operating budget of \$40,173,697.

15. Do you anticipate any changes to plans and/or budget projections for 2016-2018?

Due to the ongoing economic downturn Arts Commons is anticipating significant challenges to its capacity to generate revenues during 2016–2018. Specifically, Arts Commons is noticing and projecting continued decline in ticket sales, venue rentals and food and beverage sales as well as lower than historical corporate sponsorship and philanthropic support. Arts Commons will continue to look for ways to stabilize fundraising revenues by taking steps to strengthen relationships with government and private sector partners and will focus on diversifying revenues by exploring additional shared services opportunities and capitalizing on assets such as the Tessitura platform to sell tickets for other organizations and venues outside of Arts Commons.

Arts Commons will also continue to prioritize building improvements and projects that protect or enhance revenue generating opportunities; and will explore the sale of naming rights of the complex and nontraditional private sector partnerships to advance the Arts Commons Transformation expansion ambitions.

16. What would be the operational impact if your grant(s) from The City were reduced?

While it is the intent of Arts Commons to continue to maximize existing revenue streams and diversify where possible, the physical confines of the facility, its purpose and operating model are significant limiting factors. In the event of a reduction to its operating grant by The City of Calgary, Arts Commons would have to once again reevaluate the costs of using the venues and pass these increases onto Calgary's charitable sector users including our Resident Companies while considering other cost cutting measures such as reduction or elimination of free public programming; postponing facility maintenance; suspending facility improvement projects; elimination of some visual arts/media programming; suspending select educational initiatives; staff reductions; and the potential implementation of a new access policy that could see community access

restricted in favour of commercial users that historically generate higher net revenues thereby becoming an exclusive venue for those who can afford high ticket prices.

17. Please describe the impact, if any, of the economic downturn on your organization's operations or revenues.

For the 2015/16 Season, Arts Commons is forecasting substantial revenue declines in multiple areas: ticket sales, venue booking revenues, food and beverage sales and ticketing fees. We expect these revenues to be 7% lower than budgeted for the 2015/16 Season and this trend to continue through the 2016/17 Season. Arts Commons also has numerous corporate sponsorship agreements reaching the end of their contracted term in the current and coming years and expects that there will be potential losses in this area of support as well. Arts Commons is also seeing significant impact to its budgets with the weak Canadian dollar, which is increasing the cost of presenting the BD&P World Music, TD Jazz and *National Geographic Live* series. Arts Commons earns approximately 65% of its annual operating revenues. These earned revenues are vulnerable to the negative effects of a prolonged downturn in the Alberta economy.

LOOKING FORWARD

18. Based on your business plans for 2015-2018, what are your priorities and deliverables for 2016-2017?

1. **CREATIVE AND ENGAGING** – Arts Commons will continue to initiate and roll-out its new volunteer program; including the new 'Concierge' program; delivering an exceptional level of front line customer service throughout the building for patrons and members of the public.
2. **LEADING FACILITY** – Arts Commons continues to implement its Energy and Asset Management Plan to better focus investments in time and dollars to enhance the effectiveness, efficiency and sustainability of the facility. During the 2016/17 Season, Arts Commons will undertake approximately \$5 million in high priority lifecycle projects inclusive of the replacement of venue seating and aisle lighting in the Max Bell Theatre (777 Seats), Martha Cohen Theatre (424 Seats), Engineered Air Theatre (195 Seats), and the Big Secret Theatre (190 Seats) Jack Singer Concert Hall (2,056 Seats), and a comprehensive renovation of the Jack Singer Rehearsal Hall, as well as implementation of green initiatives focused on the reduction of waste generated by the activities of Arts Commons and all of its venues during the summer of 2016. The venue seating and aisle lighting will be replaced in the Jack Singer Concert Hall (2,056 Seats) during the summer of 2017.

In addition, Arts Commons recently completed a widespread review of its infrastructure assets in conjunction with The City of Calgary; culminating in the generation of an extensive Building Condition Assessment Report that reviewed every element of the building; its history, maintenance and remaining expected lifecycle. This document in turn guided Arts Commons in the development of a three-year plan to address priority items; as described in its submission to the Capital Civic Partners Grant Program. In addition, Arts Commons is now implementing the Ameresco software platform to track all infrastructure assets throughout the building; identify priority repairs and replacements, and to guide decision-making criteria for future funding opportunities.

3. **QUALITY PROGRAMMING** – Through Arts Commons Presents (ACP), all programming is executed on behalf of Arts Commons and its mandated "Impresario" role. ACP includes live performance and ticketed events; educational initiatives in collaboration with the Calgary Board of Education and the Calgary Catholic School District; public programming, which is accessible, participatory and animatory to the facility and surrounding community; and finally, visual and media arts, facilitating a broad spectrum of inter-arts

initiatives, mainly within but not limited to the facility. Programming at Arts Commons is meant to:

- Provide a diverse range of quality artistic experiences and access points for participants to connect with and through Arts Commons
- Enhance the participant experience at Arts Commons alongside Resident Company and community events
- Foster a quality, equitable and supportive art and artist infrastructure within Arts Commons' resource means
- Challenge assumptions and open minds through artistic interaction

Addressing “diversity” through programming is a focus for the Programming Department's direction. Initial assessments identify age, ethnicity and financial barriers; current programs such as the TD Arts Access Pass and free events do address some areas of opportunity and Arts Commons will be highlighting existing and new initiatives through a communications strategy themed, *A Year of Living Generously*.

4. **SUPPORT ARTISTS** – Artists will continue to benefit from all that Arts Commons does - from the critical role it plays in the sustainability of 315+ Resident Companies, partners and community organizations that call Arts Commons home, by maintaining the complex's 560,665 gross square feet of space that houses six performance venues, rehearsal halls, shops, a variety of public engagement spaces and administrative spaces, to the presentation of artists on the award-winning BD&P World Music, PCL Blues, and TD Jazz series and through the visual arts programming platform. And, the fostering of the next generation of artist/audience through the arts education programs that serve thousands of students annually
5. **SUSTAINABLE** – Arts Commons shall pursue other additional revenue sources by offering access to Tessitura Arts Enterprise Software to other Calgary-based organizations. As well, Arts Commons will be exploring opportunities to use that platform to sell tickets for other venues such as the Jubilee Auditorium, which will provide a local solution that supports the arts community by providing a high-functioning platform (which otherwise would be unaffordable) to multiple organizations (through a consortium) at greatly reduced costs. Arts Commons will complete the implementation of a shared services agreement with the Alberta Ballet that will maximize efficiencies through shared resources, whereby Arts Commons will provide services in the areas of full cycle accounting and human resource functions which will greatly increase efficiencies and results for both organizations.

19. Are there any additional projects or initiatives in 2016-2017 that may require further discussion or decisions by Council?

Arts Commons is actively advancing the Arts Commons Transformation (ACT) capital initiative with the support and participation of Calgary Municipal Land Corporation (CMLC) and The City of Calgary.

20. Identify any specific opportunities/projects that would directly stimulate the Calgary economy if supported by a strategic investment by The City.

Although Arts Commons makes a meaningful contribution to the Calgary economy (\$87.73 million and 879 jobs in Alberta on average per year – Deloitte LLP) by enabling the delivery of 1,800 performances and events in seven venues to some 600,000 visitors annually, Arts Commons believes that with a strategic investment there is an opportunity to grow and diversify its audience that will directly stimulate the Calgary economy and strengthen its sustainability.

Arts Commons proposes a targeted investment that would enable the presentation of “commercial tier one artists” year-round in a variety of artistic disciplines (all forms of music, dance, talks, family, etc.) in addition to

a comprehensive regional advertising campaign that would grow over-night visitors to Calgary.

Arts Commons' sustainability will be strengthened by increased parking revenues, growth to food and beverage revenues and increased box office service charge revenues by presenting exceptional artists that would otherwise not visit Calgary because Arts Commons cannot afford their fees.

Calgary businesses would directly benefit as a result of the sale of such goods and services as hotel rooms, restaurant meals, and retail shopping.

While no Alberta data could be found, according to Ontario Arts & Culture the impact of Arts and Culture Tourism is significant and suggests there is an opportunity to grow and diversify presenting activities at Arts Commons to directly stimulate and diversify the Calgary economy:

- 39% of all American overnight visitors, and 63% of overseas visitors engaged in an arts or culture activity during their trip in 2010;
- The average Ontario arts and culture tourist spends twice as much per trip as does a typical tourist - \$667 per trip versus \$374;
- On average, arts and culture tourists spend 4.4 nights in Ontario - 42% longer than the typical tourist at 3.1 nights;
- Spending in Ontario by arts and culture tourists totaled \$4.1 billion in 2010 - representing 36% of spending by all overnight tourists in the province that year;
- Many sectors of Ontario's economy benefit from arts and culture tourist spending. For example, Ontario's arts and culture tourists spent \$1.1 billion on lodging, \$1.1 billion on food and beverages, \$600 million on retail and \$500 million on recreation in 2010.
- Some culture activities are more likely to motivate trips than others. For example, 14% of these North American tourists were motivated to travel by music performances, 11% by theatre, and 8% by art festivals.