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Feasibility Study for a Performing Arts Centre: Phase One

Prepared for:

The City of Fredericton
Fredericton Playhouse Inc

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1. introduction + brief

Webb Management Services, Inc. is a management consulting practice for the development and operation of performing arts facilities. We work for government, schools, developers and arts organizations on facility feasibility, business planning and strategic planning. The practice was founded in 1997 and we just started our 315th assignment. We have undertaken many assignments related to the development or redevelopment of performing arts centres, and have recently completed several studies in Canadian cities.

For this project, we have been hired by the Fredericton Playhouse to conduct a feasibility study. In this first report, our needs assessment, we are focusing on what the Fredericton Playhouse can and should be and do in the future given its mission, capabilities and the environment in which it is operating. Using the vernacular of technology development, our challenge is to define and describe Version 2.0 of the Playhouse – how does it build upon what it is and does today in order to serve a changing community in a changing sector?

We will start by reviewing the history of the Playhouse and the context for our work. Then we will describe the current programs, operations and facilities, followed by an analysis of the market and the broader forces and trends affecting the performing arts sector. This will allow us to put forward some basic ideas on how the Playhouse should proceed - specifically defining the facilities needed to move the organization forward.

This first phase of the feasibility study establishes the case for new facilities on the basis of market, operating and some financial issues. A second phase of work will complete the study, with consideration of fundraising, capital planning, and more detailed assessments of possible sites. In the meantime, we would like to take this opportunity to thank all of the individuals who have participated in the study to date, most importantly Tim Yerxa and his staff. A listing of those interviewed so far is attached as Appendix A.

2. history + context

The Fredericton Playhouse (“the Playhouse”) opened in 1964 and was initially operated as a rental facility for local and touring programs. In 1971, the Playhouse was upgraded to accommodate producing theatre, which then allowed Theatre New Brunswick (“TNB”) to base its operations there, also taking control over operations. In 2000, the Playhouse was sold to Fredericton Playhouse Inc. (paid for by the City of Fredericton) and given a mandate to serve the local community. TNB moved production facilities out in 2002 but has continued to present performances at the Playhouse.

In the fall of 2005, the Playhouse hired Novita to study the condition of, and options for, the physical renovation of the Playhouse. The study, which was completed in 2007, suggested the following:

- * The building was at or near the end of its service life, and there was little optimism that its problems could be solved with a series of remedial interventions.
- * Given the above, the options were to consider a major renovation or new construction.
- * Subsequent reports went on to describe and budget renovation and new construction options. Notably, one new construction option, though on the same site as the current facility, doubled the size of the Playhouse based on the perceived need for new public amenities and programmatic spaces. That report put forward plans for smaller and larger schemes with total project costs of \$24 million and \$34.5 million.

In 2012, RV Anderson conducted a Condition Assessment of the Playhouse. The assessment affirmed the fact that the Playhouse is in “fair-to-poor” condition and suggested that the development of new 24,000 square foot facilities would be the most cost effective option. The renovation of the current facility was deemed risky and likely to provide the shortest useful life for the investment relative to the option of new construction.

Also in 2012, the Playhouse completed a strategic business plan, to run through 2015. That plan identified key goals, including the need to resolve the future of the Fredericton Playhouse facility. The related priority is “to execute a strategy to resolve the current infrastructure deficit by replacing or redeveloping the Playhouse facility.”

We would also refer to the Fredericton Municipal Arts Policy, published in February 2003. This important document expresses the following vision for the arts in the City:

As New Brunswick’s Capital City, Fredericton is an artistic and cultural centre where creativity, excellence, diversity and freedom of expression flourish in an accessible and sustained environment.

There are five goals and connected sets of strategies expressed in the plan. All of them are relevant to the position and prospects for the Playhouse. Of particular importance is the goal to enhance the economic and social well being of the community by contributing to the stability of artists and arts organizations. One of the related strategies is to pursue, subject to a needs analysis and feasibility, development and support of additional cultural space, including enclosed and open-air space. We

would also note the strategy to develop, support and promote activities for adults, seniors and youth and encourage cross-discipline activity, such as the arts and sport/recreation, and the arts and multiculturalism.

There is also recognition for the role of the city as a cultural destination, where the City of Fredericton is actively promoted as a cultural destination in co-operation with other levels of government. The City will promote the arts within its tourism literature and provide assistance toward the development of authentic tourism products associated with arts and culture, in co-operation with the arts constituency.

The final element of context is Vision 2020, the Fredericton Region Economic Development Strategy, published in March of 2013. Though the process and resulting plan does not specifically address the Playhouse and the role it plays in the development of the community, we would highlight the following elements of the plan and how cultural assets like the Playhouse could play a key role in the City's future:

- * The basic strategy is focused on “strengthening the Fredericton region’s position as the Atlantic Canadian capital for knowledge-based entrepreneurship, innovation and commercialization.” As Richard Florida and others have suggested, such a strategy depends on the presence and support of creative industries and creative workers, including those from the nonprofit arts sector.
- * Vision 2020 “is focused on the importance of attracting investment, ideas and talent,” where again the importance of cultural assets in a vibrant downtown setting are of paramount importance to support and retain businesses and workers.
- * The strategy defines arts and culture as one of its high value industries and recommends a series of investments, including cultural asset mapping, promoting the importance of arts and culture as an economic driver, and advocating for improved infrastructure – including the new Playhouse.

3. current operations

3.1 Mission + Vision

The current mission of the Playhouse is to deliver programs, services and facilities to provide Greater Fredericton with enriching live performance experiences. It's a reasonable mission, though a bit too focused on the "what" as opposed to the "why" for the organization.

There is an additional vision statement for the Playhouse, as taken from the August 2012 annual report to the City:

All residents of Greater Fredericton recognize and appreciate the value of the Fredericton Playhouse as a performing arts centre that contributes to the quality of their own life and to the health and economic vitality of their community. Fredericton Playhouse Inc. enjoys steady and sustainable growth in public participation, diversity of program offerings, general facility usage, financial resources and physical assets.

There is also an additional set of values meant to guide business operations:

ACCESSIBILITY: We encourage and support community accessibility to diverse artistic expression.

QUALITY OF EXPERIENCE: We strive to provide our patrons, clients and other stakeholders with enriching and valued live performance experience.

INTEGRITY: We respect our patrons, employees, clients and other stakeholders. To ensure mutually beneficial relationships, our business practices are professional, progressive, accountable and fiscally responsible.

DIVERSITY: We embrace the diversity of our community and strive to reflect it throughout our organization and its programs and services.

ENVIRONMENTAL RESPONSIBILITY: We endeavor to conduct all aspects of our operations to have minimal impact on the environment.

This is somewhat more helpful, as the vision and values suggest a highly professional and responsible organization offering access to a high-quality experience in a diverse community. Of course the challenge is to do all of these things in a sustainable manner, keeping the building busy and vital with a sustainable balance of earned and contributed income.

3.2 Facilities

The Playhouse is first and foremost a building – a set of facilities that drive its mission and purpose. It starts with the theater, a 709-seat auditorium (465 on the orchestra level and 244 in the balcony), which was reduced in 1972 from the original (1,000-seat capacity). There is a proscenium stage (max 40' wide and 24' height) with reasonable depth (29'6" from the curtain line to the upstage wall) and good height (59' from the floor to the grid). There are 42 line sets in the double-purchase fly system,

able to accommodate all local and most touring show requirements. There are comprehensive lighting and sound systems for the theater, and the technology is generally current. In addition to the theater, there is:

- * A green room for artists and meetings for twelve to fifteen people.
- * Two twelve-person dressing rooms and two private dressing rooms in reasonable condition.
- * A 43' by 32' rehearsal hall with limited access and utility when other events are on in the Playhouse.
- * A relatively small wrap-around lobby with concessions, a box office and rotating visual arts displays.
- * Access to a large set of additional meeting and special events spaces in the Fredericton Convention Centre, which is directly adjacent (and attached to) the Playhouse.

3.3 Governance

As mentioned above, the Playhouse is now operated by the Fredericton Playhouse Inc. (FPI), a private nonprofit corporation created solely for this purpose. A formal operating agreement between the City and FPI defines roles and responsibilities. Essentially, the City maintains the building envelope, systems and groups, and pays the utilities. FPI is then responsible for other elements of the operation, plus any upgrades beyond basic building needs.

Board members for FPI are elected each year at an Annual Meeting, but all must be qualified by the Fredericton City Council, meaning that the City Council is essentially deciding who will serve on the FPI board. Thus, the board operates like a committee of Council, making an annual presentation outlining results and requirements. Here is a summary of the City's contributions to the Playhouse over the past 13 years:

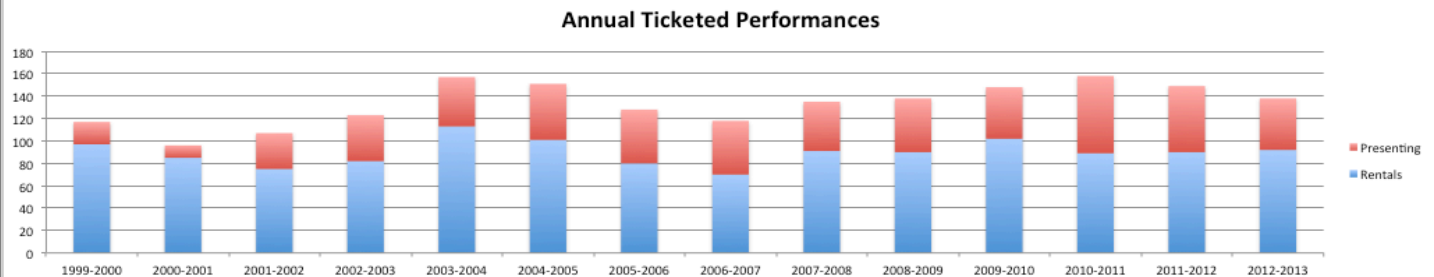
Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Major Capital Expenditures	\$ 600,551	\$ 151,985	\$ -	\$ 26,650	\$ 5,306	\$ 161,300	\$ -	\$ -	\$ 87,895	\$ 163,453	\$ 422,747	\$ 23,538	\$ 32,668
Repairs and Maintenance	\$ 2,051	\$ 37,040	\$ 13,164	\$ 22,314	\$ 29,737	\$ 17,135	\$ 30,527	\$ 37,422	\$ 26,877	\$ 34,577	\$ 40,321	\$ 208,631	\$ 68,993
General Operations	\$ 1,151	\$ 1,300	\$ 999	\$ 8,857	\$ 11,491	\$ 11,324	\$ 14,389	\$ 35,248	\$ 42,757	\$ 44,878	\$ 47,383	\$ 39,965	\$ 12,000
Energy	\$ 26,700	\$ 81,158	\$ 89,075	\$ 116,205	\$ 128,458	\$ 130,153	\$ 102,991	\$ 104,243	\$ 115,198	\$ 111,522	\$ 139,234	\$ 135,256	\$ 119,685
Total Services-in-kind	\$ 630,453	\$ 271,483	\$ 103,238	\$ 174,026	\$ 174,992	\$ 319,912	\$ 147,907	\$ 176,913	\$ 272,727	\$ 354,430	\$ 649,685	\$ 407,390	\$ 233,346
Sponsorship								\$ 2,491	\$ 2,368				
Capital Grant	\$ 50,000		\$ 135,000	\$ 136,925	\$ 136,830	\$ 137,000	\$ 150,000	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,700	\$ 60,000	\$ 60,000
Operating Grant	\$ 76,480	\$ 142,000	\$ 180,000	\$ 179,500	\$ 179,525	\$ 250,075	\$ 296,255	\$ 275,625	\$ 377,621	\$ 365,720	\$ 373,000	\$ 376,730	\$ 404,622
Total Budget Contributions	\$ 126,480	\$ 142,000	\$ 315,000	\$ 316,425	\$ 316,355	\$ 387,075	\$ 446,255	\$ 355,116	\$ 456,989	\$ 442,720	\$ 450,700	\$ 436,730	\$ 464,622
Total Contribution	\$ 756,933	\$ 413,483	\$ 418,238	\$ 490,451	\$ 491,347	\$ 706,987	\$ 594,162	\$ 532,029	\$ 729,716	\$ 797,150	\$ 1,100,385	\$ 844,120	\$ 697,968

The overall investment by the City is substantial, including both capital and operating support. The total level of support has ranged between \$420,000 and \$1.1 million per year, that variability having mainly to do with changing capital requirements. Total operating support has been growing more steadily over time with normal cost escalations.

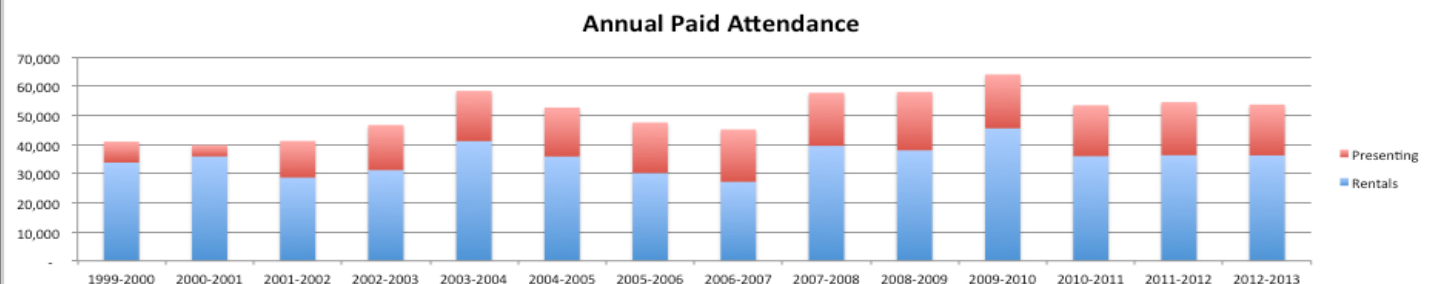
3.4 Theater Activity

The Fredericton Playhouse is a rental and presenting facility, meaning that it is activated either with rentals (both nonprofit and commercial) and presenting. Presenting means that the building books a touring act and pays the necessary fees to bring the artist and promote the performance, collecting the box office and other revenues from the event.

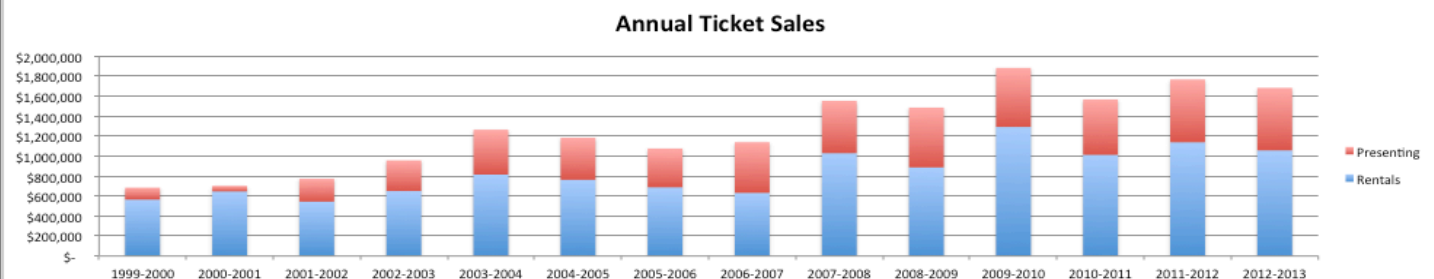
Here is a chart showing activity (represented by the number of ticketed performances) in the Playhouse from fiscal 2000 through fiscal 2013, showing rentals (including those to Theatre New Brunswick) and then presenting.



The level of activity in the Playhouse has ranged from 96 to 158 ticketed performances over these 14 years. This is a good level of activity for a facility of this size and complexity. The theater has generally been busier in recent years. Rental activity has been stable since fiscal 2008 after a period of decline starting in fiscal 2000. Presenting activity has generally grown but is a bit more variable, depending on the opportunities that are presented. The next chart shows annual paid attendance for rentals and presenting:



Total annual attendance has ranged from 41,000 to 64,000, generally increasing over time. Rental attendance has been more variable than attendance at presented events. This final graph in the series shows annual ticket sales for these categories.



The combination of more activity and higher attendance has lead to higher ticket sales over time, both for presenting and rentals. This is more important for presenting, where the Playhouse collects the box office directly (as opposed to just rental income). This next chart shows how increases in average attendance and average ticket prices for presented events has contributed to higher gross

Presenting Performance	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Average Attendance	360	351	393	377	392	336	361	374	414	418	402	253	309	379
Average Ticket Price	\$ 16.57	\$ 14.36	\$ 18.17	\$ 19.81	\$ 26.01	\$ 24.98	\$ 22.36	\$ 28.17	\$ 28.67	\$ 29.77	\$ 31.89	\$ 31.67	\$ 34.47	\$ 35.80

revenues.

3.5 Financial Performance

Appendix B is a two-page summary of financial performance provided by Playhouse management, showing results for fiscal 2012 and 2013 plus the budget for 2014. Here are some highlights:

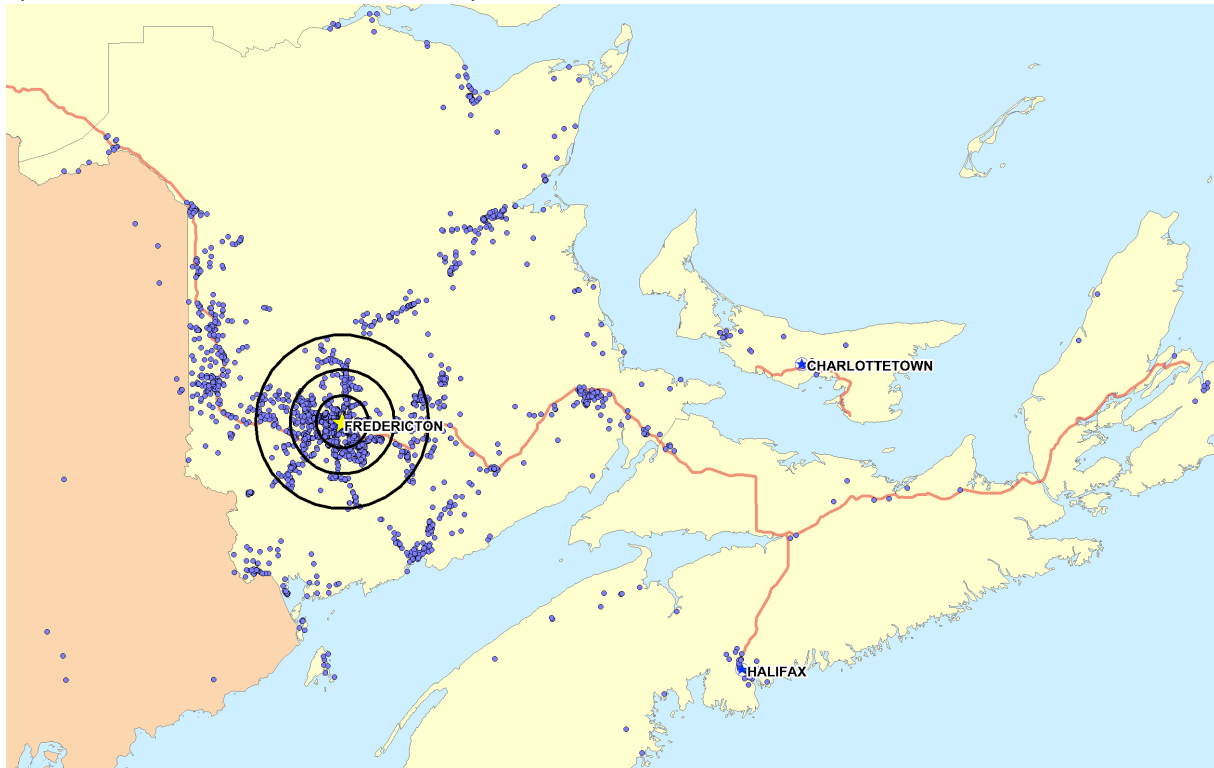
- * The first key is to note that this is a large operation, earning and spending \$2M a year. And while the City's contributions are significant, the Playhouse is supported by a good balance of earned and contributed income from multiple sources.
- * As is the case with these types of facilities, salaries, wages, fees and benefits are the biggest component of expenses. And the management of these costs is a huge challenge for operation of these facilities.
- * Presenting activities are also significant in the budget, and we appreciate the conservative budgeting around the scale and margins on this element of the business.
- * The relative stability of the budget over time and the achievement of balanced budgets speak to the maturity of the organization.
- * What do seem to be lower than other performing arts facilities are the limited revenues and expenses associated with education and outreach, and the lower rental income, perhaps due to the absence of more commercial rental activity.

3.6 Education + Outreach

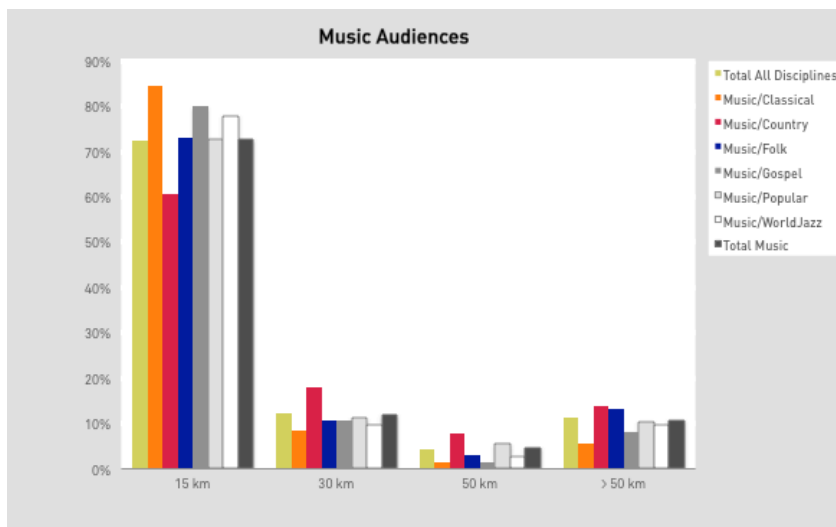
The Playhouse runs a series of educational and outreach programs. There are more traditional inbound programs to bus school-children to daytime performances, and a very popular Christmas show produced by Playhouse staff. There are also pre and post-show talks, small film screenings and master classes. The fundamental challenge is that current facilities are inadequate and often unavailable to support education and outreach, which forces the use of a range of outside facilities such as dance studios, galleries, UNB spaces and the Library. Staff suggest that awareness of these engagement efforts is limited, as are the resources to promote them. The single biggest need for these programs is a small, flexible space that can be integrated with the use of the main space.

3.7 Current Audiences

Here is a map that shows the distribution of audiences to a range of Fredericton Playhouse professional events, both rental and presentations.

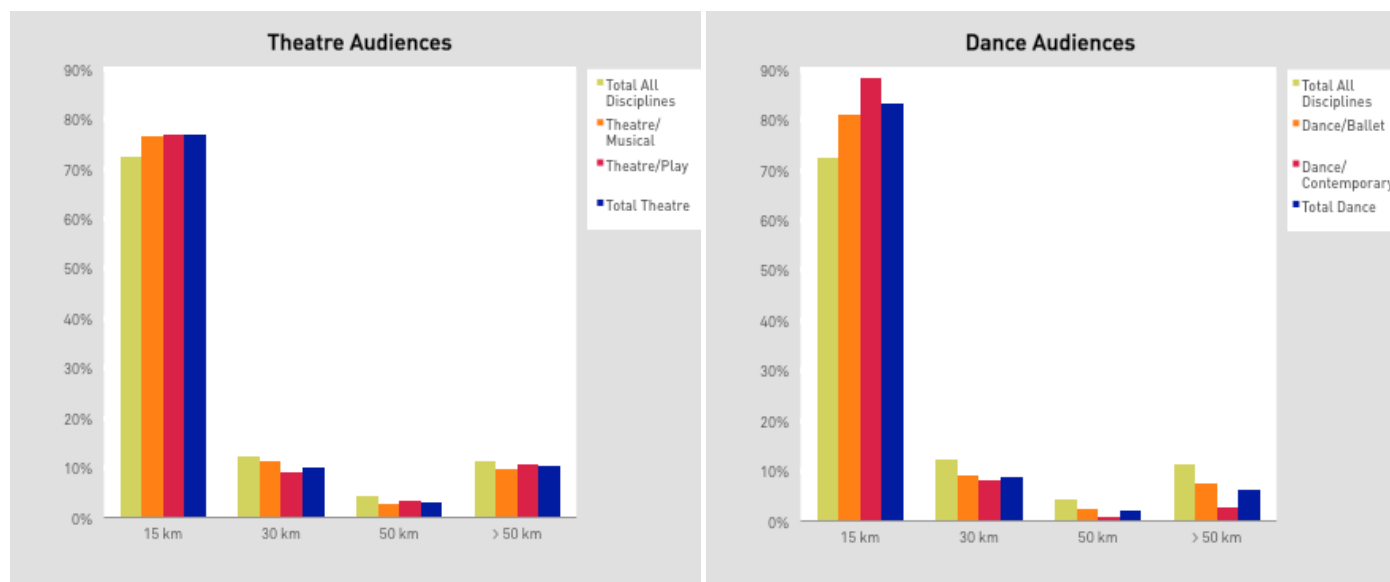


The map shows the concentration of audiences within the 15, 30 and 50-kilometer rings, with some audiences coming in from other, more distant urban areas. The following graphs show the distance traveled for different types of performances.



Most music audiences are heavily concentrated in the 15km ring. Note how country music has larger components in the outer rings.

The theatre audience is slightly more concentrated, with approximately 88 percent of that group coming from within 30 km. The dance audience is the most concentrated, with almost 95 percent coming from within 30 km.



There are two surveys that provide some information on the view of audiences. First is the quarterly survey (this one for the second quarter of 2013) done of Fredericton residents (a statistically valid sample of 400 residents), with three questions commissioned by the Playhouse. The tables of responses to these three questions are attached as Appendix C. They suggest:

- * Sixty-five percent of respondents believe that the live performing arts are very important, important or moderately important in terms of their quality of life.
- * For the community as a whole, access to the performing arts is seen as very important, important or moderately important for 87 percent of respondents.
- * Then, thinking just about the Fredericton Playhouse, 85 percent of respondents think its programs and facilities are very important, important or moderately important to the health and vitality of Fredericton and the region.

The second survey is the patron survey, completed just this last May. A presentation of high-level results is attached as Appendix D. Highlights follow:

- * Eighty-nine percent of respondents rate the Playhouse very good or excellent in terms of access, cleanliness, comfort, signage and parking.
- * Box office and event staff both receive high marks for service.
- * Ninety-five percent of respondents rate the quality of technical production at the facility as very good or excellent.
- * Ninety-seven percent of respondents rate their recent overall experiences at the facility as very good or excellent.

- * Awareness of various educational and outreach programs is relatively low.
- * Eighty-one percent of respondents rate the available selection of performances at the facility as very good or excellent.
- * Seventy-seven percent of respondents rate the overall value of Playhouse ticket prices as very good or excellent.
- * The biggest factors inhibiting more attendance are (in order of importance) money, time, and a lack of interest.

The second survey clearly proved that this is a satisfied customer base.

3.8 Views of Staff + Users

Overall, we heard many more compliments about the Playhouse and its operation than we did complaints. Here are some of the more notable comments we heard about facilities, coming from staff and users.

- * The capacity of the main space is simply too large for a number of local users. For example, TNB would like to perform in a space of 250 to 350 seats.
- * A number of groups, including TNB, are also interested in additional downtown rehearsal space, noting that the current room at the Playhouse is not particularly useful.
- * For all renters, the cost of access is of primary importance, and there is widespread anxiety on the part of nonprofit organizations as to their ability to continue to afford using the Playhouse.
- * From Staff's perspective, the current facility poses numerous challenges, including the 16 separate roofs to maintain, the dated technology (some systems are now 40 years old), the lack of facilities for touring shows, no orchestra pit, limited temperature controls, insufficient loading docks, limited catering facilities and so on.
- * Music groups speak of the importance of improving the acoustical environment for un-amplified music.
- * The lack of additional performance and/or rehearsal spaces is limiting for many users, both renters and presenting programs. The need for rehearsal space is a particular problem for cultural development in the region.
- * Several groups have also expressed the desire for additional dance studios and music practice rooms.
- * Limited food service capabilities are an issue for a group of users. This includes improved concessions and better opportunities for catered events. The lines at the concession stand get too long and the location is awkward.
- * The University of New Brunswick has been only an occasional user of the Playhouse. But there is some interest in becoming a more active user as and if additional facilities are developed – specifically smaller capacity spaces and rehearsal spaces. Then there is the larger opportunity to propose a more comprehensive partnership between the City and University on the development, programming and operation of additional facilities.

- * St. Thomas University could also be a more active user of Playhouse facilities and a partner in further program development, having recently partnered with the City on a new arena project.
- * More commercially oriented users are relatively happy with the size of the Playhouse, but might support some increase in capacity in the next version. Those users also tend to want additional support spaces for things like merchandise, special events or food service.
- * Staff have been turning away a number of renters. This is often because of cost or availability, but also because of the lack of an orchestra shell, or the lack of additional rehearsal and private event spaces.
- * Staff and users are concerned about the prospects and limitations of creating new spaces that attempt to serve all uses and users and thus make too many compromises in functionality and quality.
- * It is also clear that the connection with the Convention Centre has not worked the way it was intended, and that the presence of additional spaces in the Convention Centre does not mitigate the need for additional spaces in the Playhouse.

3.9 Views of Regional Leaders

Here again we heard mostly favorable comments about what the Playhouse is and does for the community and the region. Here is a sampling of those views:

- * Community leaders expressed the desire that the Playhouse work harder to support the full range of diverse communities and their cultural heritage in the Playhouse. At the same time, there is recognition that the Playhouse lacks the resources (most importantly physical) to go much further in this direction. Serving and celebrating the Francophone culture is critically important, and there are also newer arrivals like the Korean community that the Playhouse could work with. For these communities, access to the larger hall is a good thing, but there is also an interest in smaller spaces for teaching, practice and performance.
- * Leaders in nearby communities (e.g. Oromocto) see the value of the Playhouse as a regional development tool. They would encourage further investments to help Fredericton stay competitive with other regional communities.
- * Community leaders are also generally in favor of pursuing partnerships for the further development of the Playhouse. UNB in particular is seen as a credible partner.
- * Virtually all community leaders agree that the Playhouse must have a downtown location.
- * There seems to be a strong recognition that facilities like the Playhouse and related community impacts are key to changing the perception of New Brunswick as a drive-through Province.
- * Business leaders see the value of the Playhouse as an attractor for creative industries and workers, particularly around the idea of making Fredericton the start-up capital of the region. It is also recognized that the community in general and the Playhouse in particular must serve and support younger people who might live and work in the region.

- * The concern about investing in the next version of the Playhouse is that the capital requirement is significant and competes with other priorities. In addition, there is some anxiety about possible interruption of operations associated with a possible renovation, as well as the cost of sustaining improved/additional facilities.

3.10 Views of the Community

We began the public consultation process for the project on October 17 with a public meeting at the Fredericton Convention Centre. The meeting was widely advertised in the community and, though there were a number of competing events on that evening, almost 100 people came, eager to share their points of view on the project. The meeting started with a review of the study process and then some sampling of early findings. We then formed smaller discussion groups and asked each to work through five important questions. Those were facilitated discussions, after which representatives delivered summaries of the group discussions (as well as more detailed notes). Following are some of the highlights of what we heard (and read) from the groups, organized according to our five questions:

Question #1: What are the most important needs that a new performing arts centre should respond to? How might it do so?

We heard many different ideas on needs, expressed mostly as the kinds of spaces that should be included in the next version of the Playhouse. Most popular suggestions were a second smaller performance space, a larger stage and public areas (with food and beverage options), broadcast capabilities, and an orchestra pit. Other suggestions included an amphitheater, cooperative administrative space, and satellite sites in North Fredericton and elsewhere. Most important to this discussion was the idea that it would not be sufficient to simply replace the current Playhouse components.

Question #2: What role(s) should a performing arts facility play in helping the community and region achieve broader goals (social, economic, planning, etc.)?

This was a harder question for the groups, but it did eventually lead to excellent discussions on the role of the Playhouse in achieving such goals as economic development and cultural tourism. There were excellent thoughts on how the Playhouse could help the region achieve its goals around multiculturalism and how it can and should assert itself as the Provincial capital and also the capital of culture for the Province.

Question #3: What criteria are most important to you as and when we start looking at possible sites for a performing arts facility? What should we do with the existing Playhouse site?

Many wanted to talk about specific sites, but there was a very strong consensus that the next version of the Playhouse should be located in downtown Fredericton. There was a strong understanding of the importance of the urban location for the venue and its relationship to all of the other activities and amenities in the core area. As to the existing Playhouse site, there were a number of creative suggestions. But all stressed the importance of re-using the site given its importance to the downtown. And there were many mentions of the importance of nearby parking for the venue and related amenities.

Question #4: What level of quality should the new facility aspire to, and how should that be expressed physically?

Initially there was some concern over what quality meant, but each of the groups quickly found a way to express quality goals. Some focused on the need for excellent acoustics and contemporary technologies, while others spoke more generally about the need to aim high – even if that meant waiting until new high-quality facilities could be properly afforded.

Question #5: What kinds of partnerships should be pursued for this project (private sector, governments, regional, institutions)? How might these partnerships manifest themselves?

All of the discussion groups endorsed the idea of pursuing partnerships for the development and operation of new facilities. Some spoke of specific partners (including UNB, TNB, the corporate sector and private sector developers), but the larger discussion was about the idea that the next version of the Playhouse should embrace and impact many parts of the region, and thus engage those other constituencies in the planning, funding and development effort.

Overall, the tone of the discussion was very positive. There is still some concern about the renovate vs. replace issue, but there is a clear understanding that current facilities are falling short, and that new facilities can and should play a significant role in the future of the region.

As noted, this was the beginning of the public consultation process. As of October 17, Twitter feeds and a Facebook page were established and offered as a means for the public to express opinions and offer advice on the project. Those channels are now active.

4. the external environment

Let's now consider the environment in which the Playhouse is operating, and what opportunities are thus presented.

4.1 Resident Population

First, some sound bites about the market areas as provided by the City of Fredericton:

- * Fredericton experienced the highest population growth of New Brunswick's major cities in the 2011 census at 11.3 percent.
- * Fredericton's population is younger than both the provincial and the national averages. The City has a comparatively large concentration of citizens in the 20-54 year age cohort.
- * With four public universities and colleges, there is a concentration of young students which contributes to a skilled workforce - particularly with respect to information technology, research & development, the life sciences, consulting engineering, aerospace & defense and e-learning employees.
- * Fredericton was named "Among the Top Ten Best Places to Live in Canada" six years running by Moneysense, and the 2009 Cultural Capital of Canada.

Appendix E is a set of demographic highlights extracted from recent Statscan reports. Where possible we have included data for the 30 km radius surrounding the Playhouse, as the audience analysis, and our experience with other theaters, suggests that the majority of audiences travel to the Playhouse from within that region. These profiles tend to be more conservative than locally generated reports, but there are still several highlights worth noting:

- * The City of Fredericton had a population of 55,000 in 2011, up from 50,000 in 2006. Fredericton CA is the census definition for the regional population. A "census agglomeration" (CA) is a smaller version of a census metropolitan area in which the urban core population at the previous census was greater than 10,000 but less than 100,000. On the map included in the appendix, the CA is bordered by the gray outline and noted as area 320, while the City boundaries are noted in the center with a thin black line and labeled Fredericton CY. The Fredericton CA had a population of 93,000 in 2011, up from 87,000 in 2006. The 30 km radius has a population of 113,000.
- * Note that this does not count the part-time population of students at the University, who would still tend to be counted based on where they or their families live full-time.
- * The next chart shows the age distributions for the City, the CA area, the Province and the Country. The CA area, which approximates the area from which most audiences are likely to come, shows slightly more people in the younger age brackets and slightly fewer in the group over 65 years of age.

- * The most significant demographic feature of the community is the very high level of educational attainment, which tends to be the best predictor of arts participation. The City and related market areas have almost double the level of university graduates than the Province. Regionally, the proportion of residents with degrees increases closer to and within the city.
- * Statscan provides only limited information on income levels, but we do see that Fredericton has household income levels between the Province and the rest of the Country.
- * Information in the visible minority and immigrant population is also sparse, but Statscan suggests that in 2011, the market area includes a small minority population, many coming from South Asia and China, with about 7 percent being foreign born.

In order to help assess the potential for new performing arts facilities and related programming to attract and serve audiences, we have used available data to estimate Fredericton Playhouse's current market share and penetration for a few disciplines.

We start with attendance rates for performing arts activities from Statistics Canada's 2010 General Social Survey, which suggests that characteristics and frequency of attendance for theatre, classical music and popular music (as well as art galleries and cultural festivals). Educational attainment is a key indicator of performing arts participation. The GSS reports the level of educational attainment for performing arts participants in those three disciplines, so we use that metric to estimate the number of attenders within the 30 km radius. Then we estimate frequency of attendance based on additional data from the GSS, which allows us to suggest total attendance from within the 30 km radius for each of the three event types.

Finally, we compare that attendance estimate to Playhouse attendance figures for fiscal year 2013. The exercise suggests that the Playhouse is currently serving 21 percent of theatre attenders, 8 percent of classical music attenders and 19 percent of popular music attenders within the 30 km radius.

Estimated Number of Attenders (30 km Radius)				
	Theatre	Classical music	Popular music	Other
No certificate, diploma or degree	5,046	1,262	4,258	--
High school certificate or equivalent	9,273	1,754	8,521	--
College diploma or certificate (incl. comm coll, CEGEP, trade/voc)	11,813	2,531	11,813	--
University degree	13,624	5,596	11,678	--
Total Attenders	39,756	11,143	36,270	--
Average Frequency of Attendance	2.8	2.4	2.6	--
Total Attendance within the 30 km Radius	109,576	26,619	94,817	--
Fredericton Playhouse Attendance	23,316	2,204	18,166	17,266
Fredericton Playhouse Market Share/Penetration	21%	8%	19%	--

Source Data: Statistics Canada 2010 General Social Survey, Hill Strategies Research

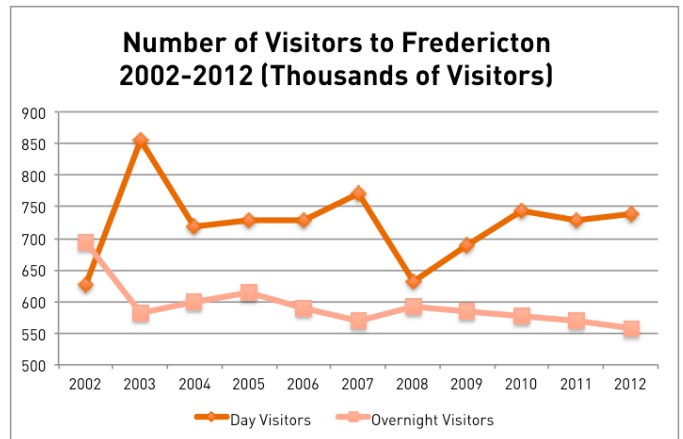
The difference between actual and potential is some combination of tickets being sold by other venues, free offerings and the latent demand in the market for more free and paid offerings. It's hard to predict how that breaks down, and we have to consider that many of these attenders are leaving Fredericton for some of their theatre and music experiences, but it is highly unlikely that the Playhouse has a low market share and thus likely that there is significant demand for more.

4.2 Tourism in Fredericton

The City of Fredericton has provided the following information on tourists and tourism:

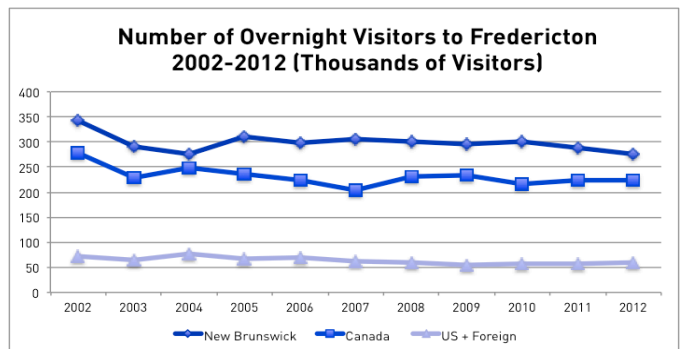
- * Total visitor expenditures hit a new high even though accommodation sector had its worst year in four years.
- * Total number of visitors remained the same at 1.298M. Shift in overnight visitors—declined by 2 percent while day visitors increased by 1.6 percent to 740K.
- * This is likely due to a 4.8 percent decline in visitors from New Brunswick who are now leaving New Brunswick for leisure travel. When locals do travel regionally, they are spending fewer nights—Fredericton room sales to residents of New Brunswick declined 4 out of the last 5 years.
- * Even still, residents of New Brunswick still account for 40 percent of overnight visitors (275K visitors).
- * Visitors from other Canadian provinces account for 40 percent of overnight visitors.
- * The US market is the most successful international market, but small, representing 7.2 percent of room sales.
- * Research suggests that it will be hard to capture the resident market in the future.
- * Potential visitors in Quebec and Ontario are being lured to the US.

The following graph shows a low and decreasing number of overnight visitors since 2002, but some recent increases in day visitors.

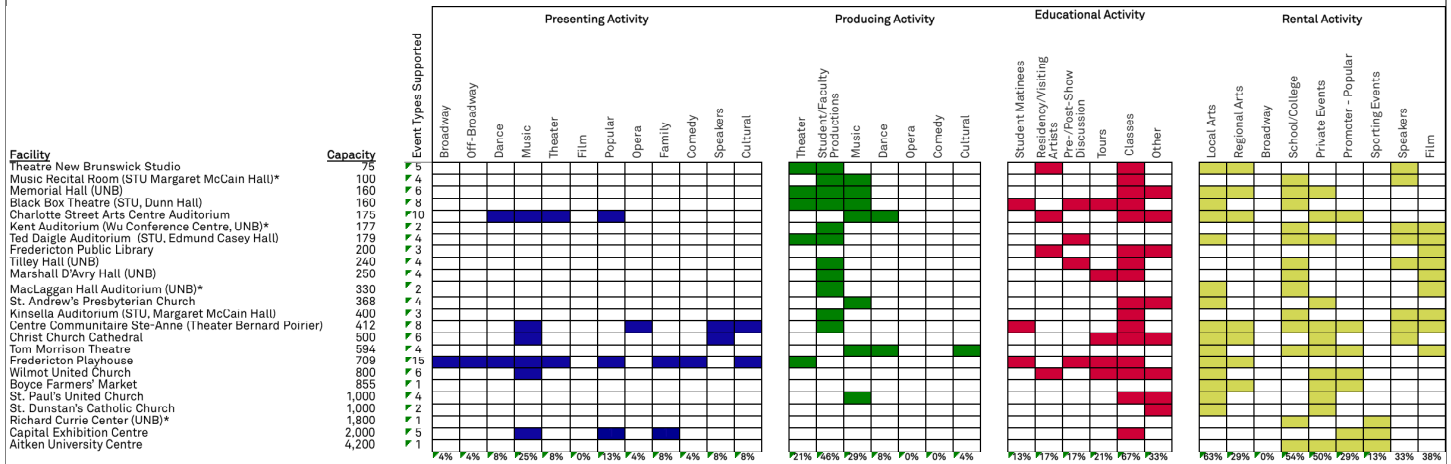


This second graph shows where those overnight visitors have been coming from. We do not see the visiting segment of the market as a major opportunity at present. But there is a significant upside for the Playhouse as and when the community develops and assembles the right set of attractions/amenities and undertakes a more aggressive campaign to build cultural tourism.

4.3 Local + Regional Facilities

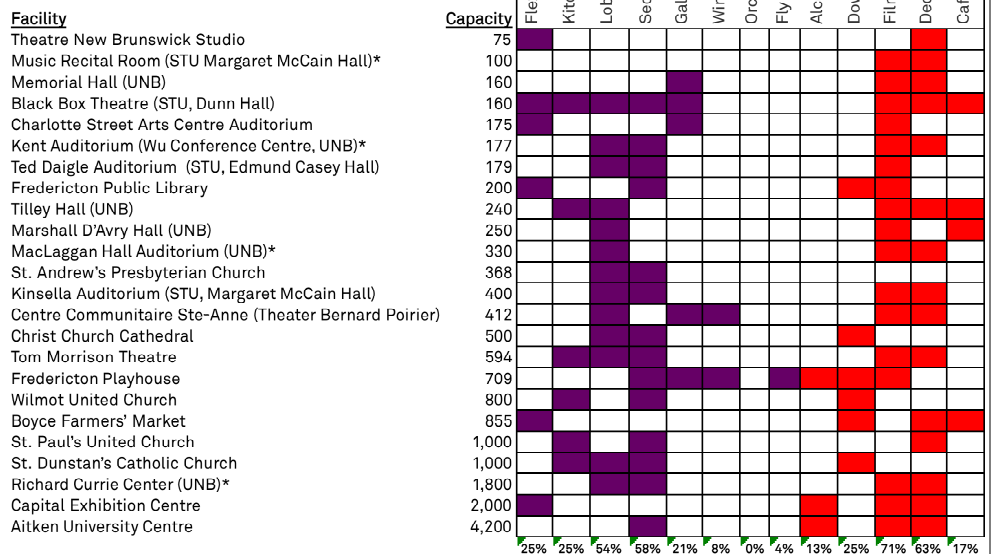


The Playhouse is one of many facilities in the region, both for performing arts and for meetings and events. Here is a chart of those spaces with information on how they come to life.



This confirms that most of these facilities are either used for rentals or education-focused, many of them on school campuses.

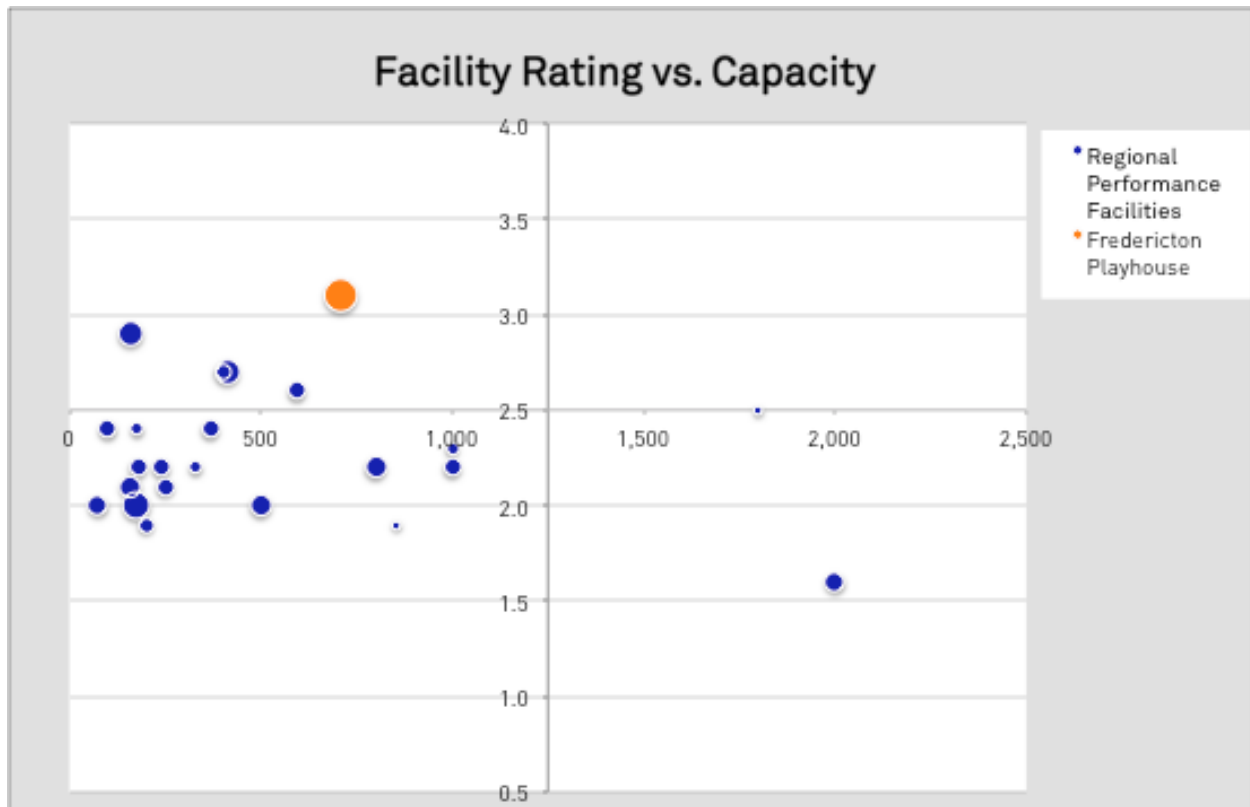
This next chart looks at the attributes of these spaces. Most have secondary spaces for rehearsals and events, and many also have film equipment and parking. At the same time, there are few with higher-level theatrical functionality or food service.



Finally, here is our assessment of the quality and functionality of spaces. We measure quality in terms of the eight criteria shown on the chart, scoring between 1 and 4 for each then creating an average ranking. That quality ranking is then shown on the vertical axis of the chart, with capacity on the horizontal axis, as shown below.

Facility	Capacity	Event Types Supported	Facility Rating								Rating
			Facility Condition	Staff and Support	Theatrical Functionality	Acoustics	Customer Amenities	Performer Amenities	Atmosphere/Character	Suitability for Users	
Theatre New Brunswick Studio	75	5	2	2	2	3	2	1	2	2	2.0
Music Recital Room (STU Margaret McCain Hall)*	100	4	4	3	1	2	2	1	2	2	2.4
Memorial Hall (UNB)	160	6	1	3	2	3	2	2	2	2	2.1
Black Box Theatre (STU, Dunn Hall)	160	8	3	3	3	3	2	3	3	3	2.9
Charlotte Street Arts Centre Auditorium	175	10	1	2	2	3	2	2	3	2	2.0
Kent Auditorium (Wu Conference Centre, UNB)*	177	2	3	3	2	2	2	2	2	2	2.4
Ted Daigle Auditorium (STU, Edmund Casey Hall)	179	4	2	3	2	2	2	2	2	2	2.2
Fredericton Public Library	200	3	3	2	1	1	1	1	3	2	1.9
Tilley Hall (UNB)	240	4	3	3	1	2	2	1	2	2	2.2
Marshall D'Avry Hall (UNB)	250	4	2	3	1	2	2	1	2	3	2.1
MacLaggan Hall Auditorium (UNB)*	330	2	2	3	2	2	2	2	2	2	2.2
St. Andrew's Presbyterian Church	368	4	3	2	2	3	2	2	3	2	2.4
Kinsella Auditorium (STU, Margaret McCain Hall)	400	3	4	3	2	2	2	2	3	2	2.7
Centre Communautaire Ste-Anne (Theater Bernard Poirier)	412	8	2	3	3	3	3	3	3	2	2.7
Christ Church Cathedral	500	6	2	2	1	3	2	1	3	2	2.0
Tom Morrison Theatre	594	4	3	2	3	3	2	3	2	3	2.6
Fredericton Playhouse	709	15	2	4	4	3	3	3	3	3	3.1
Wilmot United Church	800	6	3	2	1	3	2	1	3	2	2.2
Boyce Farmers' Market	855	1	2	2	1	1	2	1	3	3	1.9
St. Paul's United Church	1,000	4	2	2	2	3	2	2	3	2	2.2
St. Dunstan's Catholic Church	1,000	2	3	2	2	2	2	2	3	2	2.3
Richard Currie Center (UNB)*	1,800	1	4	2	2	2	3	1	3	2	2.5
Capital Exhibition Centre	2,000	5	2	1	2	2	2	1	2	1	1.6
Aitken University Centre	4,200	1	2	3	2	2	3	2	2	2	2.3

The matrix makes clear the unique and important role of the Playhouse in the Fredericton market. It is the largest true performance space, and has a higher level of quality than others. It also suggests that the reason it ranks so highly in the community is that it already offers the best programming and audience experience.



Several important points come out of this examination of facilities:

- * The Fredericton Playhouse is a critical piece of the regional inventory.
- * A great deal of film activity takes place on the college campuses. UNB and STU host several film festivals and competitions (48 Hour Film Competition in March) in many of their facilities. Most of these film screenings are organized by outside groups like the New Brunswick Filmmakers' Co-op. There is also the St. Thomas Student Film Festival in McCain Hall (Auditorium).
- * Rentable studio spaces are principally located at local universities, which limits their utilization. The Black Box Theatre was rented to outside groups at one point, but the staff does not have the capacity to do so anymore (the technical director only has a nine month contract).
- * Theatre New Brunswick uses the Black Box Theatre in exchange for props and set materials, which has proved to be a very successful partnership.
- * There is no venue in Fredericton with a proper orchestra pit.
- * Churches are an important part of the local music scene. Christ Church Cathedral hosts the annual Summer Recital Series every Friday July through August, and St. Andrews Presbyterian Church is a site for the Fredericton Music festival.

5. forces + trends

Let's now review some of the broader forces and trends that are affecting the arts and entertainment sectors in Canada and elsewhere.

5.1 Arts Audiences

Over the last 20 years, participation within traditional arts disciplines has remained relatively flat. More specifically, a decline in levels of participation (percentages of adults attending various types of events) has been mitigated only by increases in the total adult population. And the participation in the traditional performing and visual arts amongst adults under the age of 40 has been on the decline for over 20 years. The question is why, and what this means for the future? Here are some of the forces and trends we see at play:

Less Time and Less Planning: We are all busier today and are less likely to make a significant investment of our precious time into any activity, especially when we are asked to make that commitment well in advance of the event. We live in a world of shortened planning horizons, meaning a decline of advance commitment. This has led to the propitious decline in subscription ticketing, as individuals are less willing to commit early and more likely to keep their options open until the last moment. This also means that there are more consumers now who are willing to pay more later - the perceived premium of flexibility and the “on-demand” lifestyle.

The Demand for More Stimulation: All consumers, and particularly younger ones, are acclimated to multi-sensory engagement. They are watching, hearing and reading simultaneously (so they believe). This means that they have higher satisfaction thresholds and expectations for immediate rewards from the experience.

The Demand for Convenience: Audiences are also seeking convenience, as in all aspects of life. There is less tolerance for the event with related hardships, whether that means an uncomfortable seat, poor concessions service or bad traffic on the way home. This suggests a low threshold for opting out and the never-ending search for attractive and convenient alternatives. This pushes facilities and presenters towards a higher level of customer service, but also an attempt to influence other factors that affect the experience, from parking to the after-show drink.

The Importance of Interpretation-rich Experiences: A generation ago, there was little concern for how audiences responded to the work. And if there was, it was likely to direct audiences towards a prescribed interpretation of what they saw, heard or felt. That has now changed. First, we have determined that the quality of experience for audiences is dramatically improved by properly preparing them for the experience with information and context, then, more importantly, by providing them the opportunity to process and share their experience with others. Secondly, we must now accept that audiences are less willing to accept someone else's interpretation of an experience, alternatively wishing (often demanding) to develop and provide their own interpretation of the experience – ultimately seeing themselves as co-authors of meaning.

The Diffusion of Cultural Tastes: Because of advances in information and communication technologies, people are now interested in a much broader array of programs. We now have cheap access to more cultural output and the ability to pick and choose as we like. We are less loyal to the artists we knew before and less prone to follow the tastes of others (at least not for long). This means both a fragmentation and diversification of tastes, both narrowing and broadening at the same time. A generation ago, I might have been a fan of music and painting from the Romantic period. Now I like the early work of Prog-Rockers Genesis and the Strawbs, pre-Columbian folk art, Mozart's choral works, and the graphic novels of R. Crumb. Related to this is the abandonment of old boundaries and behaviors on the part of audiences. Fifty years ago, there was a snobbishness of traditional arts audience and a sense that preferences and appearances were representative of social standing. Now, I am an omnivore – I might go to expressionist art show opening one night and a country music performance the next, with little regard for how these choices reflect on me as a person.

The Paradox of Choice: All consumers are now faced with an extraordinary range of choices - whether that relates to food, cars or culture. And with our hyperactive, consumption-based economy, consumers are constantly being bombarded with those choices and exhortations to buy. For many consumers, there are simply too many choices being thrown at them, and they often shut down and make no choice at all. Thus, consumers are hungry for filters and enablers, people and services that will help them get past the paralysis brought on by too many choices. Word-of-mouth is the strongest version of this, a piece of one-on-one advice from a credible source. But people are looking for other filters and influencers – in fact curators who can help them make these decisions.

Risk Versus Reward: Because of the cost (time and money) of participating and all of the other choices available, audiences are generally less willing to take risks, and more willing to pay large sums for a guaranteed “home run” experience. This is made evident by the blockbuster phenomenon and super-premium price points on Broadway. It is also consistent with a pervasive trend towards “trading up” and the rise of VIP culture, where there is an attempt to create an illusion of exclusivity, status and prestige. The challenge is the more everything becomes accessible, the more some people want to be separate – which suggests demand for value-added, premium arts experiences.

The Social Experience: Research suggests that what is drawing audiences to the arts today is the opportunity for a social experience, as opposed to the more traditional attraction of intellectual or emotional stimulation associated with the performance. The good news is that this is a clear competitive advantage - the shared social experience not available to those at home, no matter the quality of their technology. The challenge is that presenters and facilities must deliver much more than what is on the stage – creating an environment in which the social elements of the experience are fully enjoyed. People construct all sorts of social groups around arts experiences – from co-workers, college alumni groups, church groups, families and friends. We are thus in the business of creating social experiences for these different kinds of groups, a part of which is art.

The Role of Media: We now see the lower consumption of traditional media and the reduced role it plays in driving arts participation. There is a fragmentation of the media and the absence of the critical voice to help audiences make purchase decisions. At the same time, there is a proliferation of personal communications technologies and online Word-of-Mouth tools, including Facebook and the like. These tools are critically important as a means for consumers to spread word of mouth in a viral way. And they are even more important for the cultural suppliers to build a community of friends and supporters in a world where consumer loyalty is largely a thing of the past.

Everyone's an Artist: There has been a rise in self-directed, home-based living arts participation, including everyday creativity like gardening, writing, crafting, photography, film production, cooking, and decorating through fashion, home décor, and art collection. Also, consumers are demanding more intense, "hands-on" arts experiences. This is evidenced by higher rates of personal and 'amateur' participation in community theatre groups, choirs, dance and movement classes, art and music classes and more.

5.3 Responding to a Changing Environment

So how should cultural facilities respond to these changes in audiences?

From Friday Night Lights to Community Living Rooms: The old image of the theater - where the lights come on at 7PM on a Friday night so that fancy people wearing formal attire can attend a performance - is gone. The new image is that of a community living room – a place that is always open and always active - with informal programming and an atmosphere that is buzzing and welcoming. New spaces have enlarged lobbies where high quality food and drink are available for sale over longer periods of time. These spaces are informal but physically attractive in the ways they are designed and animated. They are warm and inspirational, rather than cold and institutional. And they facilitate and promote the interaction of artists and audiences.

Program Affects Place: A place becomes known for the programs it hosts, which means that places with strong curatorial instincts have the ability to become associated with the quality and types of programming that goes on there, such that ultimately consumers can be drawn there without any knowledge of the program or performers, solving for them the paradox of choice. On the other hand, facilities that present and rent for all types of activities at all levels of quality risk a loss of identity and create apprehension on the part of consumers uncertain of what they will experience in that place. All of which is to say – make programming choices that build and maintain a desirable and consistent image of the facility. You might be presenting on some occasions and renting on others, but you be curating all programs to ensure that the brand and image are made clearer and stronger by what goes on inside.

Facilitating Active Participation: Facilities and their users must support a culture of more active participation in the arts and arts experiences, including audience engagement before, during, and after the experience. This suggests open rehearsals, hands-on training and even invitations to formally document an experience, elevating the patron to the role of critic. Buildings must also provide more opportunities for everyone in the community to express creativity - whether that means joining a choir, learning to paint, or volunteering to build sets.

Control of the Experience: Cultural norms of behavior around performances must change. Audiences (particularly younger ones) must be given more opportunities to decide how they would like to experience a performance, without disturbing those around them. Expecting younger patrons to give up all control of their experience of coming to a performance will only drive them away.

The Management of Multiple Facilities: Operating economies and efficiencies are achieved when successful facility management organizations take on the management and operations of additional facilities. There are several approaches to this, with different kinds of operating organizations taking on the operation of facilities close to or further away from core facilities. Our favorite model is when a successful non-profit operator can take on the operation of secondary facilities in the same market area. They already know the market and how to reach potential consumers. They can appeal to local

funderson for support. And they can use smaller facilities to create new opportunities for their renters and presenting programs.

Cost Structure: The future of facilities that serve the nonprofit sector depends on their ability to provide ongoing affordable access to nonprofit users, and arrangements that motivate efficient use of space and the maximization of revenues for both user and facility. Facility management organizations must be lean and nimble in their staffing, and embracing of technologies that drive operating efficiencies and economies.

Community Engagement: Fundamentally, performing arts facilities must become deeply engaged and connected to the life of their communities. They cannot be seen as palaces or temples of the arts, but rather the literal or figurative center of the community. Whatever an arts facility can and should do to connect with life of the community should be done – whether that means hosting community meetings or acting as emergency response centers. In order to survive, performing arts facilities must make themselves indispensable to the future of their communities, in ways that are understood and embraced by all.

6. conclusions+recommendations

Fundamentally, we would characterize the Playhouse as a great success - an active and well-run facility that has served Fredericton and the surrounding region well. Having said that, we would take the position that the next version of the Playhouse can and should be quite different from the current one. Here's why:

- * Despite the high levels of customer satisfaction, the Playhouse is physically and technically challenged. The one performance space is far from ideal for many groups, and the lack of additional facilities, better technologies and support spaces limits what can be done in the building.
- * The Playhouse has long served a group of core organizations and their programs, despite some limitations. But there is now a much larger set of potential uses and users seeking access to smaller performance space and related support areas.
- * The most pressing problem is this lack of a smaller performance space. But the absences of other larger spaces and the strong presenting program means that the Playhouse must add space, rather than adjust what it has.
- * The size, characteristics and potential for the regional market, in addition to prospects for additional tourism, suggests that there is some potential audience for additional events in additional spaces.
- * Forces and trends in the performing arts sector suggest that new facilities should be more open, more active and more supportive of a range of activities and programs that connect it to the community.
- * The Playhouse is already viewed as a good partner in and for community development. But there are multiple opportunities for new partnerships around facility and program development that should be explored. Key possibilities include UNB, the school districts, downtown businesses, regional government, the Francophone community, the other larger venues in the Province (most importantly the 850-seat Imperial Theatre in St. John and the 800-seat Capitol Theatre in Moncton).
- * While the physical Playhouse should be the focal point of activities, there are also significant opportunities for the organization to extend its reach and impact through outbound educational and outreach programs, and also by extending its skills as programmers and facility managers to other locations.
- * The most important characteristic of the new Playhouse should be that it is always open, always active and seen as a focal point of community life.
- * The Playhouse is viewed as a critical asset for the community and the region, and for the pursuit of a bright future. But there is limited understanding of what that might mean and how the Playhouse should be programmed and operated to support the development of an

entrepreneurial culture in a more diverse community. We would suggest that the Playhouse should play a key role here, not just in presenting popular touring entertainment and supporting traditional performing arts groups, but also in promoting creativity, attracting youthful programs and audiences, and reflecting the increasing diversity of the community.

All of this suggests that the next Playhouse (Version 2.0) should include the following components and attributes:

- * As with the current Playhouse, the focal point of the facility should be a larger hall. The capacity range could stay as it is, but might be preferable to add 100-300 seats to increase the financial upside for some of the more commercially-oriented shows presented there, and to put it in line with the capacities of the other larger facilities in the region to which the same shows are often touring. At the same time, that hall should be designed such that it looks and feels like a good house even when only 500 seats are filled.
- * The main hall should be multi-purpose in its shape and functionality, able to support all forms of music, live theatre, dance, film, speakers, opera and popular entertainment. This will likely require a significant investment to achieve a fine acoustical environment for classical music while also including the technology and intimacy desired for live theatre and dance.
- * The stage for the main hall need not be too much larger than the current stage, but it should come with a full fly tower and more advanced performance equipment systems, including an orchestra shell and perhaps a pit.
- * There should be a second performance space with a capacity range between 200 and 300 seats. This must also be a multi-purpose hall with a proper stage, shape and flexibility to accommodate a range of programming, from dramatic theatre and classical music ensembles to contemporary dance, film and solo folk artists.
- * We would also advocate for a multi-purpose space (in addition to the two performance spaces) that can support rehearsals and special events, as well as the occasional performance with a capacity in the range of 100 seats.
- * In addition, we would suggest that the new Playhouse include a couple of class/meeting rooms that can serve as break-out rooms for meetings or program space for educational programs or new media.
- * Public spaces for the next Playhouse should be larger and more inviting to the public, and be open over the course of the day. This also implies expansive food and beverage operations that provide high-quality concessions for performances, as well as some level of service during the day when people are coming in and out of a more active building. The new Playhouse should also include better facilities for catering in order to support a range of special events and meetings.
- * To the extent possible, the new Playhouse should include areas for the exhibition and display of local arts and culture, not to compete with the fine art galleries and museums in the community, but to reinforce the rich cultural heritage and diversity of the community and compel residents and visitors to see and do more.

- * The traditional box office shape and form should be replaced with a more open and active information center and welcome desk in order to serve the public seeking information and tickets to a range of events and activities, not just those at the Playhouse.
- * New facilities should be wired and equipped to support digital media in multiple spaces.
- * All of these changes suggest that the title of Playhouse is no longer relevant. What we are describing is a performing arts center with a much more vital role in the cultural and economic life of the community.
- * One of the big challenges as we move forward is how to evaluate and advance with various partnerships for programming, operating and even building new facilities. This becomes a key role for the leadership team to consider how we should prioritize and consider various opportunities.
- * With these physical changes will come a series of additional operating requirements – money and people to increase the scope and impact of the Playhouse. This will also require a shift in organizational culture. Current staff and leadership have been very successful in managing and maintaining an aging facility with many constraints. The new Playhouse will require a more aggressive and expansive approach, with risk-taking inside and outside of the building to increase its value and impact on the community.

Not only have we suggested replacing the Playhouse with additional and enhanced facilities that are more responsive to the needs of audiences and users, we have also suggested that the next version of the Playhouse should be more ambitious in terms of its role in the community. We feel that such an approach is appropriate given the following:

- * The current auditorium has an awkward capacity that is too large for many users and slightly smaller than other key regional facilities. Thus the addition of a second facility is better for both local nonprofit renters and commercial promoters, as well as for the Playhouse's own presenting program.
- * The third space will bring smaller performances to the Playhouse and also provide for a proper rehearsal space and special event space that will make the Playhouse more attractive for private/corporate rentals and multi-space events like festivals.
- * Additional spaces for teaching and related programs will allow for the further growth and development of the Playhouse's education and outreach programs, and also support the creative process of various users – whether local nonprofit arts groups or start-up companies wishing to benefit from the creative atmosphere of the Playhouse.
- * Additional and expanded public areas will be key in changing the role and impacts of the Playhouse on the community and region – shifting the focus away from the occasional evening curtain time towards the idea of a creative place that is always open, always active, and more influential in the community.
- * New and better facilities that are open and active on a more regular basis can also play a larger role in the further development of cultural tourism for the region, if a part of a larger tourism development strategy.

- * Replaced and expanded facilities will also allow for a more environmentally sustainable approach to operations, not feasible with the current structure and mechanical systems.
- * The idea of extending the Playhouse's programs, skills and resources is also ambitious, but reflects the opportunity to have a more regional impact and value, thus motivating a more regional funding strategy to build and sustain facilities.

We are also emboldened by the stories we have heard from other facility development projects across Canada, in which cultural facility investments are seen as keys to community and regional development. Here are several examples:

- * The renovation of the Grand Theatre in Kingston, which was completed in 2008. A 2012 study suggests that the theater is having an economic impact exceeding \$7.5 million a year through its operations, the expenditures of its patrons and those of local groups using the theater. As a result, the total economic development ROI estimated from the theater is 9.7 percent annually.
- * The Yukon Arts Centre in Whitehorse is also a good model as a regional PAC with an important mandate to go beyond an artistic mission to impact the broader community and region. Though they only have 400 and 50 seat theaters, the organization strives to act as an important cultural, economic and social force. Of course the challenge is how to measure this, and here senior management is looking at not just who uses and attends the Centre, but how it drives the prosperity of the arts and broader community, how it supports a diverse range of social programs and groups, and how it supports cultural development and understanding.
- * The development of the new Burlington Arts Centre is a \$36 million investment by the community intended to drive the development of the community's downtown and support its cultural organizations, and increase the competitive benefits of the City as a place to live, work and play.

7. space program

Attached as Appendix F is a package of materials developed by Diamond and Schmitt Architects. The first part of that work, which was presented in Fredericton earlier this year, is the development of a space program, first looking at comparable facilities and then developing a program based on the conclusions and recommendations coming out of our first phase of work.

The development of the space program for the new Playhouse is understood in the context of its role as a facility that will serve the local Fredericton community, as well as a larger regional audience.

Facilities serving a regional audience are often characterized by having multiple performance spaces (2-4) in support of a broad range of art forms and audience sizes, performance types and audience sizes, including drama, dance, popular music (amplified), natural music and spoken word.

This regional model differs from facilities serving local based-audiences or academic settings where a single flexible performance space typically provides a range of performance types. And is also different from facilities serving regional/national audiences where the performance spaces are typically larger in size (2000 – 2500 seats) and designed to support a single performance type such as symphony or opera/ballet.

An example of an academic facility is the St. Elizabeth Performing Arts School where a 200 seat flexible main hall utilizes retractable seating to accommodate a wide range of configurations; and an example of a nationally focused facility is the Mariinsky Ballet / Opera House where a 1850 seat main hall is specifically designed for natural acoustics in support of classical opera and ballet.

Regional facilities that are comparable to the new Playhouse include the Burlington Performing Arts Centre: (700 seat main hall, 120 seat black box, 100 seat rehearsal room) and the St. Catharine's Performing Arts Centre (775 seat main hall, 275 seat and stage, 170 seat black box and 190 seat film theatre). Utilizing the reference areas of these comparable programs, a gross area for Playhouse of 89,600 square feet is calculated which compares to 95,460 square feet for the St Catharine's PAC and 68,412 square feet for The Burlington PAC.

The program includes an 850 seat main hall to accommodate large, local as well as touring productions, a 300 seat second stage that supports local productions; a 100 seat multi-purpose studio for rehearsal, special events and performances, two 60 seat classrooms to serve as breakout rooms for education and conference programs; and exhibition space for the display of local arts.

A critical component of the space program is the grossing factor which ensures that space for elements not included in the net usable program are given adequate areas. These spaces include washrooms, corridors and exits (FOH & BOH) service spaces and wall thickness. Comparable programs indicate that a grossing factor of 1.75 should be utilized for the Playhouse program and adjacent spaces.

8. quality

The quality of the building will be a key aspect of the definition and character of the facility. Several criteria can be used as benchmarks of the quality:

Noise criteria (NC) is a measure of the ambient noise level within the performing spaces, and is affected by issues such as the amount of sound emitted by mechanical ducts and electrical equipment within the hall, as well as the level of acoustic separation between the performance space and adjacent spaces.

Within the regional category a target NC level of 20-25 is typically identified, and would be achieved by attenuating mechanical ducts with insulation to reduce noise levels, and carefully selecting electrical equipment, (light fixture etc.) that have a low level of sound.

The structural isolation of the performance space from adjacent spaces is another of the quality criteria for the performance space, and utilizing a double wall construction is a typical approach for buildings aiming for a regional quality level. Double-wall construction utilizes a discontinuous structure to ensure that both air-borne and structure-borne sound from outside of the performance space does not enter the room.

The durability of building finishes is another key factor in determining the relative quality of the facility. Buildings of regional quality typically target + 50 years of life for the building materials, finishes, systems and equipment. An example of the building materials is the cladding of the building exterior where a masonry (brick) rain-screen assembly is reconstructed to achieve the target building life; a lower standard of quality would be achieved with prefinished metal cladding (+25 years), and a higher quality and longer life (100+ years) would be achieved with stone.

The functionality of the performance spaces provides another measure of the quality of the facility. The main hall of the Playhouse is recommended to be a multi-use performance space that accommodates a broad range of performance types (drama, dance, classical music, popular music etc.) where all of the art-frames are presented at a high level of quality. Music will be accommodated as both a natural acoustic and in amplified form through the deployment of acoustic banners that will adjust the level of acoustic absorptions in the wall to suit the music presentation.

The community presence of the facility, and the relative impact of the architectural character in the community is another factor in the quality criteria. As a building of regional significance it is recommended that the Playhouse present a strong “visual impact” in the Fredericton landscape, and that the design of the facility play a leadership role amongst the strong existing stock of public buildings in the community.

Visual examples of these criteria and how they might be defined are included in Appendix F.

9. capital budget

The space program and consideration of quality issues then allow us to develop a capital budget for the project, not yet placed on a particular site. The budgeting worksheets show how costs are estimated, working up from a new space program to a gross program, estimating per square foot construction costs, then adding a soft cost component to get to total project cost, excluding only the acquisition of a site.

The construction cost for the Playhouse as well as the total project cost (including fees, permits and equipment) is targeted at \$36.75M (construction) and \$45.9M (total project). Comparative cost for other recently completed regional theatres have been used as a yard stick comparison in developing these figures. For example, the Burlington PAC cost of \$27M construction and \$36M total project provides a comparable of 460\$/square foot, and the St Catharines PAC cost of \$42.8M construction and \$60M total project provides a comparable of 455\$/square foot.

These costs per square foot of construction have been reduced by 10 percent in recognition of the more economical cost in the New Brunswick construction market to arrive at a figure of 410\$/square foot to be applied to the gross building area of 89,600 square feet (89,600 square feet x 410 \$/square foot = \$36,750,000).

The construction cost is multiplied by a factor of 1.25 to account for permits, furniture & equipment, and consulting fees to create the total project cost of \$45,900,000. The cost of a regional project at 455\$/square foot compares to local/ academic projects that would cost in the range of 375\$/square foot, and international projects that would cost in the range of 775\$/square feet.

10.site criteria + possibilities

The final element of the Diamond and Schmitt work has been the preliminary consideration of sites and how they might be evaluated.

Site evaluation criteria were developed to assist in developing an understanding of the merits of potential sites for the new Playhouse. Recent development in the central area of Fredericton as well as long-range planning for the future growth of the central core suggest three general districts of interest.

The traditional Downtown area focused on King and Queen Streets and the associated cross streets, remains a vital area with a great potential for synergy with the Playhouse in reinforcing commercial uses in the district, as well as sharing infrastructure such as parking and services.

The vision for the planned Waterfront area of Sainte Anne Point will create a very strong opportunity for the location of the new Playhouse that will reinforce the public and heritage uses of the district, including public buildings such as city hall, library courthouse, and the heritage of Officer's Square, as well as opportunities to co-ordinate activities during the summer festival season.

The West-end neighborhood in the area west of Westmoreland and centered around King and Queen Streets, is an energizing area in the Central Business District that also offers opportunities for the location of the Playhouse.

Key site evaluation criteria include the following factors:

Size: The size of the site must be large enough to accommodate the footprint of the new Playhouse space program. It is anticipated that the 89,600 square foot building will require a footprint of 45,000 square feet.

Availability: The availability of the site to be utilized by the Playhouse including whether the site is owned by the City or is privately owned but possible to be acquired.

Parking: The proximity of adequate parking in close proximity to the proposed site is an important consideration. The available parking may include a combination of street, surface and structure parking.

Regional Access: Ease of access for delivery of travelling productions is an important aspect of the site criteria. The majority of deliveries will utilize Regent Street to access the Central Business District and therefore a straight-forward connection to Regent Street is desirable.

Architectural Statement: The potential of the site to support a character of architectural significance will fulfill the opportunity for the project to present a strong architectural presence in the community.

Co-development: Adequate size of the site to allow the co-development of a commercial or residential project in addition to the Playhouse is another factor of the site selection process, as co-development opportunities will off-set the cost of some site specific infrastructure, while also increasing the life of the facility and providing a built-in community of users.

The last page of Appendix F is a review of nine possible sites within the three described areas, scored according to our seven criteria. The scoring is very simple – with a red dot to signify major challenges a yellow dot for some challenges, and a green dot when the criteria is satisfied at that location.

Our conclusion from the work is that there are a number of good possible locations for the next version of the Playhouse. But this likely excludes the current location, which is simply too small to accommodate the required footprint and has no additional space to support co-development opportunities.

11. operating goals

Having determined what facilities are appropriate for the next version of the Playhouse, we must now consider how the facility will be governed, operated and sustained. We would start with the following goals:

1. Provide affordable access to well equipped performance, rehearsal and teaching spaces for local nonprofit organizations, arts organizations and other cultural users that support the cultural development of Fredericton.
2. Present high-quality arts and entertainment programming of interest to the community that have the potential to generate positive financial returns for the organization.
3. Develop and execute educational programs for the benefit of the community, working with cultural partners wherever possible.
4. Increase the reach and impact of the organization out into the region, delivering programs and providing services.
5. Utilize a sustainable business model primarily driven by earned income and contributed income raised in recognition of the value being provided to the community by the facility.
6. Encourage collaboration and the sharing of resources within Fredericton's cultural community
7. Contribute to the economic vitality of Fredericton with an actively programmed venue that drives economic and community development.
8. Develop the tools and systems that will help the organization measure its return on capital invested in the project, as well as the broader impacts and benefits provided to the community and region.

These operating goals can guide the Playhouse towards decision-making in the day-to-day operations of the building. Each goal makes sense and seems reasonable. It is the combination of these goals that is challenging – providing access, staying busy and managing costs in a way that the facility delivers value to the community while remaining financially sustainable. Having defined operating goals and framework for how to accomplish that vision, the following chapters address the specifics.

12. governance

Though we have not been charged with the task of considering alternative governance and operating arrangements for the Playhouse, we do feel it appropriate to suggest that current arrangements, with the City having appointed a non-profit organization to operate the Playhouse on behalf of the community, should be continued towards the development and operation of new facilities. Though there are many options as to how new facilities might be governed, the current operator is best positioned to take the facility to the next level.

The one change we might suggest is that the next versions of the agreement between the City and FP Inc. should more specifically address community and organizational goals, and how success is measured. This is often a significant challenge for City-owned buildings operated by a separate nonprofit. There is often a stumbling block as the government owner and private-sector operator seek a common language around what defines success for the facility and how that might be measured in reasonable ways. Fortunately, there are precedents and tools for this work in the public and nonprofit sector, most notable being the Balanced Scorecard approach.

13. programming

We see seven principal ways that the next version of the Playhouse should be activated, with several key partners. They are:

1. Live presenting: To support local artists and bring good programs to the community
2. Film presenting: To attract new customers to the Playhouse and support local film organizations
3. Nonprofit performance/film rentals: To support local and regional arts organizations
4. Commercial performance rentals: To allow regional and national promoters to bring touring product to the market
5. Non-performance rentals: To support downtown activity and drive earned income
6. Educational programming: To increase local and regional impacts and make the building busier
7. Informal and food-based programming: To make the Playhouse a destination

The challenge is then how to animate the building and its various components with all of these different activities, balancing the pursuit of mission with the need to financially sustain the organization.

14. partnerships

Over the course of our work, we have explored a range of partnership opportunities, including:

- * UNB/STU/NBCC/CCSA – For the use of new facilities, joint programming, internships and educational programs.
- * School Districts – A potential partnership whereby the Playhouse could gain access to regional schools (most appropriately for education and outreach programs) in return for the District gaining access to new downtown facilities.
- * Regional governments: Financial support based on value delivered – programs, outreach and impacts
- * Commercial developers: Inclusion of new facilities in mixed-use development to fund construction

We continue to believe that these are all strong possibilities that enhance the potential value of the project to the region and improve its long-term sustainability. The challenge is determining which of these to move forward with and how to advance them. For that work, we would recommend that the Playhouse board form a Task Force specifically for this purpose, developing a process for considering specific partnerships, reaching out to those partners on behalf of the project, and learning enough to come back to the board and the City with more specific recommendations on how to proceed.

15. pro-forma operating budget

Appendix G is a pro-forma operating budget for the Playhouse that shows how expanded and improved facilities support increased activity, which in turn drives revenues and expenses. We have built this financial model with the help of Playhouse staff to be an effective tool in helping consider and plan for the operating implications of the renovation project. In fact, it is a live model that can be manipulated easily to test physical, programming and operational choices.

The spreadsheet-based budget starts with actual results for calendar 2012 and 2013, then the budget for 2014, and then projections for fiscal '15 through '20. We assume that the new building opens in 2018. The key step in developing the pro-forma has been estimating activity as operations are expanded into new facilities. The first part of the pro-forma is a spreadsheet that details activity, income and attendance for various programs and rentals. Here is a description of the key assumptions in the activity profile:

- * We start with presenting activity, which includes concerts, film and dance. This activity stays fairly stable through 2017, then grows after the new building opens with more events, improved capacity sold and increasing ticket prices justified by the better artists and improved experience offered to customers. Note that there is a bit of a fall-off in attendance in year two after all of the opening year publicity.
- * Note that we are also showing the net proceeds from these presenting activities – which means box office and other direct revenues minus artist fees, promotion and other direct costs. Notably, the margin on presenting improves in the renovated space, as the increases in capacity sold and ticket prices exceed the increase in direct costs.
- * Annual fundraising events also increase after the re-opening and attract higher proceeds.
- * The third element is the rental business. We have only increased the number of rental days slightly so as to keep these projections conservative, and we have also kept rental rates quite low.
- * Presenting and rental activity in the new secondary spaces is a key element of the pro-forma. The new 250-seat space and the 100-seat multi-purpose room are both quite busy as soon as they open, again with scaled rental rates that favor local nonprofit groups.

The multi-year budget is the second portion of the pro-forma. The following are key assumptions:

- * The budget is presented in the format currently used by the Playhouse so as to clearly show the impact of new facilities as and when they open.
- * Ticket sales and rental income numbers are taken directly from the activity section. This is the critical piece of the model, as changes in activity assumptions will lead directly to earned income adjustments.
- * In the contributed (other) income section, we are able to keep the targets at a conservative level until new facilities open. We have folded the City's in-kind support into the operating

support line, and then suggest how new funding from other levels of government and the private sector increase to help sustain the new Playhouse.

- * On the expense side, the most significant increases are salaries and benefits, along with increases in part-time and event-based labor.
- * Per the activity section, presenting costs grow with the number of events and a slightly improved margin.
- * Fundraising costs increase to keep up with higher goals in the years after opening.
- * Administration and operations costs increase with more activity in larger facilities. And core occupancy costs increase, even though the energy efficiency of new facilities is much better.

Essentially, expanded operations in a larger facility lead to a larger budget supported by consistent increases in earned and contributed income, as shown below:

Fredericton Playhouse Inc.	Actuals	Actuals	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Pro-forma Budget Summary	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Operations Income	587,385	602,534	564,900	605,279	618,459	631,942	812,086	861,878	923,531
Presentation/Programs Income	763,745	735,209	650,765	701,398	725,015	778,622	997,012	1,015,789	1,096,326
Other Income	726,989	664,875	761,330	784,170	807,695	1,037,111	1,185,865	1,221,441	1,258,085
TOTAL REVENUE	2,078,119	2,002,618	1,976,995	2,090,847	2,151,169	2,447,675	2,994,963	3,099,108	3,277,941
Cost of Goods Sold	58,809	71,744	65,000	70,623	72,369	74,160	97,300	103,620	111,457
GROSS OPERATIONS PROFIT	2,019,310	1,930,874	1,911,995	2,020,224	2,078,801	2,373,515	2,897,663	2,995,488	3,166,485
Administrative Expenses	640,719	658,247	609,400	640,694	669,666	919,708	990,748	1,035,979	1,083,341
Building and Operations Expense	709,903	636,548	662,200	691,818	719,250	747,857	1,346,604	1,400,214	1,458,030
Presentation/Programs Expenses	712,258	695,569	650,535	661,329	705,886	700,579	844,283	852,665	898,147
TOTAL OPERATIONS EXPENSE	2,062,880	1,990,364	1,922,135	1,993,840	2,094,802	2,368,144	3,181,634	3,288,858	3,439,519
SURPLUS (DEFICIT) before transfers & FX	(43,570)	(59,490)	(10,140)	26,384	(16,002)	5,371	(283,971)	(293,370)	(273,034)
Total Paid Attendance	55,486	56,454	52,466	55,127	55,127	55,127	69,403	71,195	74,680
Earned Income/Op Expenses	63%	64%	60%	62%	61%	62%	58%	58%	59%

Within the budget, the changes in contributed income sources and levels is particularly important, per this summary:

Fredericton Playhouse Inc.	Actuals	Actuals	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Contributed Income Breakdown	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
City of Fredericton Direct Support	404,622	410,700	470,700	484,821	499,366	514,347	833,241	858,239	883,986
City of Fredericton Support in Kind	236,418	176,988	182,000	187,460	193,084	198,876	0	0	0
Total City Support of Operating Budget	641,040	587,688	652,700	672,281	692,449	713,223	833,241	858,239	883,986
Other government support	12,981	6,297	22,830	23,515	24,220	179,064	187,924	193,562	199,369
Private Sector Support	124,328	133,850	142,000	146,260	150,648	239,233	280,608	298,250	317,343
Total	778,349	727,835	817,530	842,056	867,318	1,131,520	1,301,774	1,350,050	1,400,698
City Share of Operating Support	82%	81%	80%	80%	80%	63%	64%	64%	63%

Note that our focus to this point has been on the operating characteristics of new facilities. In fully evaluating the feasibility of such venues, it will be important to develop a capital replacement plan informed by the construction budget and the life cycle of the building. Consideration should also be given to how capital replacements are funded, looking at various alternatives such as the ticket surcharge presently used successfully by FPI and a sinking fund.

16. next steps

We have made the case and laid out a plan for the new Playhouse, but there is a great deal to do to get from here to there. We have developed and attached (as Appendix G) a visual aid. Following are highlights:

Capital Campaign

The first key step is to now use the physical and business plans to initiate a campaign to determine what funds might be raised to support the project.

Planning and Design

Next is the advance of the physical plan, based on the results of the capital campaign.

Governance

Here, we are most interested in board development, driven by the Governance Committee.

Human Resources Development

As specified in the pro-forma budget, new full-time staff members should be in place six months prior to the re-opening. Other staff members more closely tied to the day-to-day operations (ticket office staff, event managers) can be hired as the building comes online.

Education Programs

Programs should be designed and ideally funded well before new facilities open, ideally working in partnership with other key groups.

Marketing + Ticketing

The Executive Director will be responsible for early marketing and ticketing planning, including the definition of ticketing system needs and planning to either issue an RFP for a ticket provider, or, if a single ticket provider has emerged, the advancement of negotiations toward a provider agreement. As the re-opening approaches, the Marketing Director should create a specific marketing strategy and a PR plan for the re-opening celebrations and subsequent operations.

Facility Operations

Significant effort must be invested in preparing for the re-opening, including:

- * Booking policy, master calendars and procedures as well as a rental agreement and daily, hourly, and weekly rates.
- * Vendor contracts and permitting for various functions, including insurance, and facility maintenance.
- * Train staff, particularly ticketing staff, event managers, and technical labor.
- * Proper protocols for equipment use, safety training and capital maintenance of the facility.