

MANITOBA
CENTENNIAL CENTRE
CORPORATION

ANNUAL BUSINESS PLAN 2018-2019

Table of Contents

Mandate & Strategic Direction	1
Operating Environment	2
Strategic Direction.....	4
Performance Measures & Targets.....	6
Financial Budgets & Forecasts.....	9
Human Resources	10
Capital Plans	12
Summary	13

We are pleased to submit Manitoba Centennial Centre Corporation's Annual Business Plan 2018-2019.

The Plan has been prepared in accordance with the *Crown Corporations Governance and Accountability Act*.

A handwritten signature in blue ink, appearing to read 'Karl Loepp', with a stylized, sweeping flourish extending to the right.

Karl Loepp
Board Chair, Manitoba Centennial Centre Corporation

Mandate & Strategic Direction

The Manitoba Centennial Centre Corporation's (MCCC) mandate under its enabling legislation *The Manitoba Centennial Centre Corporation Act* includes the administration of the Centennial Concert Hall and its related services, as well as the maintenance and development of the buildings and properties of the Centennial Centre.

Properties of the Manitoba Centennial Centre include: The Manitoba Museum (TMM), Planetarium, Royal Manitoba Theatre Centre (RMTC), Tom Hendry (Warehouse) Theatre, Artspace, Extension Services Building (11 Lily Street) and three surface parking lots and one indoor parking garage. The MCCC directly manages the operations of the Centennial Concert Hall and Manitoba Production Centre which offer a variety of programs and presentations in the visual and performing arts.

Operating Environment

MCCC is anticipating one feature change to the organizational structure of the corporation. In fiscal year 2018/19 MCCC will be adding a Human Resource Officer/Manager to its staff. In addition one vacancy in Plant Services will be filled. The total full time compliment will rise from 65 employees to 67.

MCCC continues to adjust to the changing demographics in our workplace. In general, MCCC has several employees with 20 plus years of service who began their career with MCCC prior to 2002. Prior to 2002 pension contributions were not matched by MCCC, as a result employee retirements from this group require MCCC to pay the unmatched portion of pension owed in one payment to the Civil Service Superannuation Board. This puts considerable strain on the cash flow of the corporation in any given year.

MCCC has traditionally operated the Centennial Concert Hall in a competitive environment. Competition however in our market has recently increased with the addition of the Club Regent “Event Centre” and True North Sports and Entertainments’ Burton Cummings Theatre. These two venues target similar performers/performances that may have otherwise historically landed at the Centennial Concert Hall.

In response to the increase in competition and with the full support of the Board of Directors, MCCC has adjusted the operating model of the CCH from a “Rental Only” facility to a “Co-Promoting and Promoting” entity. Co-Promoting or Promoting a shows means the CCH will share the financial risk of staging a performance with another promoter or absorb the entire risk of purchasing and staging a performance at the concert hall.

To date the CCH has co-promoted or promoted four shows and anticipates co-promoting or promoting four new shows in 2018/19. The risk and reward of these two new operating models is mitigated by analysis of previous venue ticket sales, the stability of the co-promoting agency MCCC partners with and the move to an internal ticketing system that allows MCCC to recover a higher degree of ticket service charges. It should be noted that the risk of purchasing a performance is never the full amount of an artists’ fee or staging costs but rather the difference between tickets sold and the final cost of a performance.

MCCC is anticipating increased revenue from a full year of ticket sales from a new ticketing agreement entered into with a local Manitoba company *TixiT Ticket Company*. TixiT provides technical and sales support for a ticketing program developed in Canada by *Audience View*. MCCC has complete authority for the sale of tickets to events staged at the Concert Hall. MCCC has also partnered with the Winnipeg Symphony Orchestra (WSO) to provide “in-person” box office capability at the CCH Box Office and is fulfilling its mandate to support Art and Culture in the Province by purchasing the hardware necessary to sell tickets which the WSO has access to for their ticket sales.

MCCC continues to deal with building deficiencies predictable in a 50 year old venue. In 2018/19 MCCC will continue to manage repairs to building systems in a prioritized or “break/fix” manner. Part B capital of \$440,000.00 per year is available to the corporation to replace

infrastructure deficiencies. Part A capital previously received by MCCC to replace aging equipment is no longer available to the corporation.

Strategic Direction

Mission

MCCC is an effective and responsible steward of physical, human, financial and technological resources to advance arts, culture and heritage for the benefit of all Manitobans.

Vision

The MCCC is a principal resource and partner supporting vibrant and sustainable arts, cultural, and heritage community in Manitoba. As an active and collaborative organization, we operate and provide state of the art facilities, supports, and services that enhance industry and audience experience.

Values

- Respect – honouring the cultural diversity of our population
- Collaboration – working together for the benefit of all
- Integrity – being true to our commitments
- Accountability – accepting responsibility
- Transparency – doing business in an honest, visible and open manner
- Inclusiveness – communicating effectively to include all relevant parties
- Sustainability – minimizing environmental impact and being socially responsible
- Innovation – researching and analyzing new and creative ways of supporting our community

MCCC's 2015 – 2020 Strategic Plan identified the following strategic directions and goals:

<u>Strategic Directions</u>	<u>Goals</u>
Strengthening the Corporate Profile	Strong value proposition that is clearly understood.
Engaging Employees	Committed energized, informed, skilled workforce Strong recruitment and retention Improved internal communication
Building Relationships	Collaboration with resident tenants, companies, government and partners New partnerships

<p>Creating Shared Services</p>	<p>Shared services for resident tenants, companies and partners</p> <p>Leveraging internal expertise to provide consulting services to support organizations in the arts, culture and heritage sectors across the province</p>
<p>Growth</p>	<p>Long term acquisition plan</p> <p>Long term capital plan</p> <p>Parking solutions</p> <p>Optimize utilization of existing buildings</p> <p>Alternative concert hall revenue models</p>
<p>Renewing the Centennial Concert Hall and Manitoba Production Centre</p>	<p>Flexible venue</p> <p>Improved audience experience</p> <p>Keeping it relevant to users</p>

Performance Measures & Targets

MCCC has become increasingly reliant on its ability to generate earned revenue to support the operating costs of the Centennial Centre. These costs include the facility operating costs of The Manitoba Museum. The annual operating grant of \$2.495M is intended in part to offset the cost MCCC incurs to provide utility, janitorial, snow removal and general maintenance services to the Museum. In 2018/19, MCCC anticipates \$1.8M of the \$2.495M or 75% of the grant received from the Province will be needed to support The Manitoba Museum. The remaining 25% will be utilized to support the remaining entities of the Centennial Centre. Since the commitment to support The Manitoba Museum is fixed in a 33 year agreement, MCCC is increasingly reliant on its ability to generate earned revenue to support the increasing costs of operating the CCH, Manitoba Production Centre, common areas and the plant of the Centennial Centre and to a lesser degree, Artspace Inc. and Royal Manitoba Theatre.

MCCC has three primary sources of revenue from which expenses are managed. Earned Revenue from the controlled assets of the Centennial Centre (CCH and MPC), parking (one indoor garage and three surface parking lots) and an annual operating grant received from the Province of Manitoba.

The annual operating grant is budgeted by the Department of Finance, included in the overall budget of the Department of Sport Culture and Heritage (SCH) and allocated by SCH to MCCC in quarterly installments. This grant was developed to support MCCC's mandate to provide favourable CCH rental costs for the three resident companies of the concert hall (Winnipeg Symphony Orchestra, Royal Winnipeg Ballet and Manitoba Opera) and to offset the cost incurred by MCCC to provide services and facility support to The Manitoba Museum.

Earned revenue from the operation of the CCH, Manitoba Production Centre, parking and office leases is budgeted by MCCC with the objective of achieving a balanced budget. In fiscal year 2018/19 MCCC is targeting \$3.5M in earned revenue. This in conjunction with the operating grant received from the Province will result in a projected deficit of \$120K in 2018/19.

MCCC conservatively budgets revenue based on average annual bookings of the Concert Hall which drives revenue in corresponding departments such as parking, concessions and ticket sales.

In April 2018 the Board of Directors and Executive Management participated in a strategy planning session facilitated by Pivot Performance.

The outcomes of that planning session and priorities established include:

- **Creating customer experience options for Centennial Concert Hall patrons.**
 - VIP options
 - Food and beverage
 - VIP lounge
 - Event centre
 - Valet parking

- Enhanced Experience for patrons
 - Immediate service at bar, at entry
 - Walk around beverage service
 - Drink account or billing
- **Investing in the broad promotion of the Centennial Concert Hall.**
 - Expanding concert hall services and awareness
 - Corporate promotions, promote name recognition
 - Preferred service tickets
 - Keep co-promotion
 - Expand the Broadway opportunity
- **Developing local promotion partnerships to enhance the awareness and visibility of the Centennial Concert Hall locally.**
 - Within other organizations
 - Community
 - Know the neighbourhood
 - Tourism MB
 - Economic Development Winnipeg
 - Yes Winnipeg
 - Tourism Winnipeg
 - Culture groups
 - Weddings, event, etc.
 - In-house created events
- **Finding opportunities for increased collaboration with resident tenants.**
 - Find common ground
 - Find win-win
 - Growth opportunity
 - Build better relationships and understanding
- **Revisiting the Act with a lens towards exploring business models that would enable MCCC to better achieve its Vision and live its Mission.**
 - Seeking options that could facilitate revenue generation options.
 - Naming rights to the Centennial Centre, Concert Hall and other properties within purview of the corporation

General Key Performance indicators include:

- Leasing the vacant restaurant area inside the Centennial Centre
- Co-Producing or Producing four (4) commercial performances
- Repurposing 11 Lily Street with the objective of enhancing lease revenue
- Equivalent of 10 months' full rental of the Manitoba Production Centre
- Completing a corporate operation/governance review

- Wait times for service
- Patron satisfaction
- Increase food and beverage (per cap) revenue by 5 – 7%
- Trailing 12-month revenue generating bookings
- Forward 12-month revenue generating event bookings
- Trailing 12-month average revenue (or profitability) per event
- Number of new partnerships and activity
- Relationship with new ticketing – what is important
- Resident tenant survey

Financial Budgets & Forecasts

	2017/18 Budget	2017/18 Actual (audited)	2018/19 Budget
Revenue:			
Earned	\$ 3,042,840	\$ 3,719,151	\$ 3,521,124
Operating Grant	2,497,800	2,495,800	2,495,800
Total Rev.	<u>\$ 5,540,640</u>	<u>\$ 6,214,951</u>	<u>\$ 6,016,924</u>
Expenses:			
Labour	\$ 3,917,196	\$ 4,059,468	\$ 4,114,438
Supplies	\$ 1,078,101	\$ 1,161,044	\$ 1,179,382
Utilities	\$ 797,667	\$ 821,356	\$ 843,125
Total Exp.	<u>\$ 5,792,965</u>	<u>\$ 6,041,868</u>	<u>\$ 6,136,945</u>
Surplus/(Deficit) from Operations	(\$ 254,325)	\$ 173,083	(\$ 120,021)

Revenue is projected to decline in 2018/19 with no theatrical stage production(s) currently scheduled. MCCC is also anticipating a decrease in commercial concerts due to elevated competition in the market place. It should be noted earned revenue is comprised of concert hall rental, concert hall concessions, parking, general revenue (example; office leases), box office revenues (new ticket agreement) and MPC studio rental. All revenue with the exception of MPC studio rentals and to a lesser extent parking is derived from concert hall activity.

The movie and television industry's demand for the Manitoba Production Centre will remain relatively consistent in the coming year provided the Canadian dollar remains below par with the American dollar and the Manitoba Film and Television Tax credit supports private investment in the local industry.

Expenses increase each year as inflationary factors drive up the cost of supplies. Automation and energy efficient devices are continually being sought to challenge standard deliverables. Labour costs are predominantly dictated by two collective agreements, one with the Manitoba Government and General Employees' Union (MGEU) and one with the International Alliance of Theatrical Stage Employees Local 63 (IATSE).

MCCC is at a critical juncture within the demographics of our workforce. Long term employees are retiring putting pressure on the corporation's ability to match pensionable funds for those employees hired prior to 2002. It is anticipated that the remaining employees hired before 2002 will retire within the next 7 to 10 years after which matched employer pension funds have been paid to the superannuation plan.

Human Resources

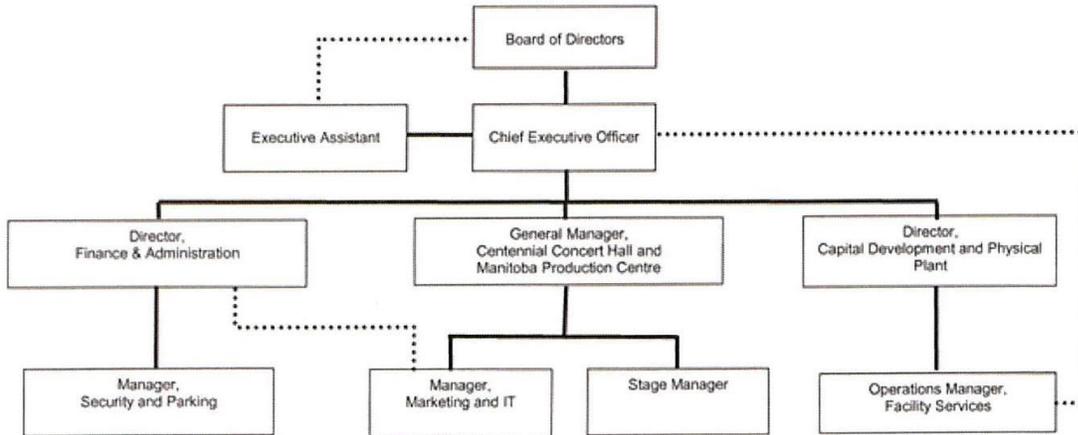
Below is a chart summarizing staffing levels by department.

	2017/18 Budget (FTE)				2018/19 Budget (FTE)			
	Full Time	Part Time	Casual	Total	Full Time	Part Time	Casual	Total
Administration	6.0	0.8	0.0	6.8	7.0	0.8	0.0	7.8
Front of House	3.0	0.0	10.0	13.0	3.0	0.0	10.0	13.0
Stage	3.0	0.0	0.8	3.8	3.0	0.0	0.8	3.8
Facility Services	14.0	0.4	5.5	19.9	14.0	0.4	5.5	19.9
Plant	8.0	0.0	0.0	8.0	9.0	0.0	0.0	9.0
Security & Parking	7.0	0.0	6.5	13.5	7.0	0.0	6.5	13.5
Totals	41.0	1.2	22.8	65.0	43.0	1.2	22.8	67.0

Below is a chart summarizing staffing levels by senior management, management and employees.

	2017/18 Budget (FTE)				2018/19 Budget (FTE)			
	Full Time	Part Time	Casual	Total	Full Time	Part Time	Casual	Total
Senior Management	4.0	0.0	0.0	4.0	4.0	0.0	0.0	4.0
Management	4.0	0.0	0.0	4.0	5.0	0.0	0.0	5.0
Employees	33.0	1.2	22.8	57.0	34.0	1.2	22.8	58.0
Totals	41.0	1.2	22.8	65.0	43.0	1.2	22.8	67.0

Manitoba Centennial Centre Corporation Organizational Chart



Two unions represent the unionized employees of MCCC: Manitoba Government and General Employees' Union ("MGEU") and International Alliance of Theatrical and Stage Employees ("IATSE"). The term of the current MGEU agreement is May 31, 2015 – June 7, 2020 and the term of the current IATSE agreement is August 9, 2015 – August 1, 2020.

Capital Plans

MCCC operates with a prioritized 5 year Capital Plan that is generally supported by the Department of Finance, Accommodation Services Division (ASD) annual allocation of \$440,000 Part B capital.

MCCC in any given year in which surplus funds are realized may augment the support received by ASD to focus on larger initiatives that cannot be covered by the \$440K alone. MCCC will prioritize investment in equipment repairs or replacement which is no longer supported by Part A capital.

This 5 year plan, developed by MCCC is shared with ASD. As funding is made available, MCCC will initiate plans to repair, replace or redesign the deficiency. MCCC has self-determined that it has the internal human resource capacity to manage projects up to the \$2M mark. Projects costing greater than \$2M are coordinated with ASD to ensure adequate expertise is assigned to the project.

2018/19 Capital Priorities

Centennial Concert Hall:

1. Carpet Replacement: Concert Hall: \$650K
Replace 30 year old red wool carpeting in the Concert Hall with synthetic Theatre Carpet tiles. Total project cost estimate \$650K. Project can be phased with lower levels, stairs and Piano Nobile cost of approx. \$300K. 1st and 2nd balcony cost \$175K per level.
2. Upgrade / improve balcony and auditorium railings: \$ 40K
Safety Concern: Redesign and upgrade CCH railings on balconies and within Auditorium to current building code standards.
3. Replace Auditorium acoustic baffles: \$150K
Replace CCH acoustic baffles and remove asbestos. Acoustic baffles are controlled wall coverings that are adjusted in the concert hall to enhance the acoustic capability of the auditorium.
4. Replace Hydraulic Seals on the Orchestra Pit: \$ 80K

Manitoba Production Centre:

5. Parking Lot Asphalt Resurfacing: \$ 350K
Asphalt parking area surrounding building

Other Investments:

6. Consulting Services for the Governance Review Project: \$ 80 – 100K
7. Naming Rights Consulting Services: \$25K

Summary

MCCC is advancing initiatives that will increase earned revenue to match increasing expenses. MCCC anticipates the operating grant provided by the province to offset MCCC's cost to provide facility support to The Manitoba Museum and suppress concert hall rental costs for the 3 principle tenants of the concert hall will eventually be eliminated. As such, a review of the governance structure of the corporation will be undertaken by the Board of Directors in 2018/19. A recommendation on the best governance structure to achieve financial viability and still meet the corporation's mandate to support the arts industry in Manitoba will be made.

MCCC has made a fundamental adjustment to the business model of the CCH by introducing promoted and co-promoted performances to augment the commercial rental requests typically relied on to support the operating cost of the Centennial Centre. In addition, the CCH has entered into a ticketing arrangement with a local ticketing agency supported by a ticketing program developed in Canada to sell tickets to performances within the concert hall. As we experience the capabilities of the new ticketing platform MCCC will present options to our resident tenants on the anticipated cost savings of selling tickets through this new platform.