

Spaces Workshop 3: Best Practices for Managing Risk in Space Rentals

Adapted for Calgary, Alberta



ARTS **BUILD** ONTARIO

LEARNING SERIES

Best Practices for Managing Risk in Space Rentals

As the city's designated arts development authority, Calgary Arts Development supports and strengthens the arts to benefit all Calgarians. We invest and allocate municipal funding for the arts provided by The City of Calgary and leverage these funds to provide additional resources to the arts sector. Our programs support hundreds of arts organizations, individual artists, artist collectives, and ad hoc groups in Calgary.

Calgary Arts Development strives to increase and use our resources wisely, foster collaborative relationships, and make the arts integral to the lives of Calgarians.

We are a connector, facilitator, collaborator, champion, supporter, amplifier, investor, catalyst, and opportunity-maker.

INTRODUCTIONS



Introduce yourself and tell us: what is the most unusual rental or activity you have seen in your space?

Marriage proposal?

Foam party?

Pyrotechnics?

Dog photoshoot?

Axe throwing?

Trumpet playing?

AGENDA

Part One: Understanding Risk

- Areas of risk, risk mapping, group activity

Part Two: Assessing Risk

- Operational & Financial planning, S.W.O.T. & P.E.S.T.L.E.

Part Three: Legislation, Insurance and Contracts

- Examples and group activity

PART ONE: UNDERSTANDING RISK

UNDERSTANDING RISK



What is risk?

A function of the probability of an adverse or unwanted event and the severity or magnitude of the consequences of that event

Risk Philosophy

Policies and procedures of the organization developed to maintain safety, security and profitability

For both the organization / space and the renter

Managing Risk

Gathering of information about potential hazards
identification, recognition, definition

WHAT IS RISK?

RISK MAPPING

		Impact →				
		Negligible	Minor	Moderate	Significant	Severe
Likelihood ↑	Very Likely	Low Med	Medium	Med Hi	High	High
	Likely	Low	Low Med	Medium	Med Hi	High
	Possible	Low	Low Med	Medium	Med Hi	Med Hi
	Unlikely	Low	Low Med	Low Med	Medium	Med Hi
	Very Unlikely	Low	Low	Low Med	Medium	Medium

RISK PHILOSOPHY

Risk philosophy includes the organization's attitudes towards potential hazards:

- How and when they happen
- If they are avoidable
- To what extent are these hazards acceptable

Risk typically has a negative connotation, but there are always positive opportunities arising from risk-taking.

Innovation and risk co-exist frequently.

WHAT IS RISK?

AREAS OF RISK

- 1. STRATEGIC RISK**
- 2. COMPLIANCE RISK**
- 3. OPERATIONAL RISK**
- 4. FINANCIAL RISK MANAGEMENT**
- 5. REPUTATIONAL RISK**
- 6. OTHER?**

AREAS OF RISK

1 Strategic Risk



AREAS OF RISK

2 Compliance Risk



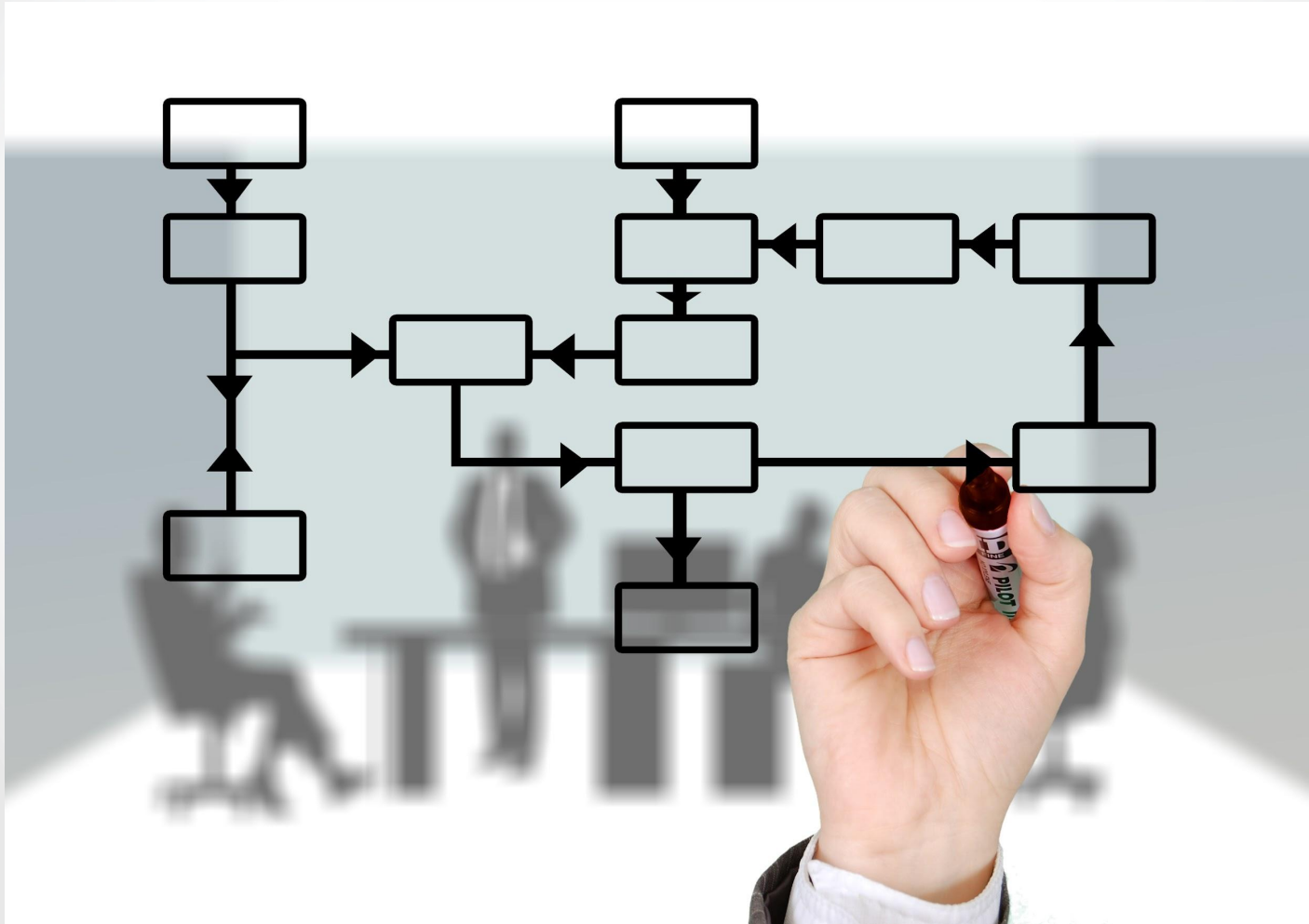
AREAS OF RISK

3. Operational Risk



AREAS OF RISK

4 Financial Risk



AREAS OF RISK

5 Reputational Risk



UNDERSTANDING RISK: RISK MANAGEMENT



Managing Risk

Gathering of information about potential hazards
identification, recognition, definition

RISK MANAGEMENT: DUE DILIGENCE PROGRAM



- Strategic/long-range planning information
- Clearly written policies
- Clear financial reporting procedure (timely and informative financial reporting)
- Liability insurance for directors/officers
- Precise and detailed job descriptions
- Orientation program for board members, employees and volunteers
- System for monitoring staff/volunteer performance
- Coverage (insurance) plan for specific events/programs

RISK MANAGEMENT: SIX STEPS TO ASSESSING A POTENTIAL RISK

1. Identification of issue

-What is the risk you are taking?

2. Analysis/assessment of issue

-What are the pros and cons of the risk?

3. Development of options

-What steps can you take for taking or not taking the risk?

4. Decision

-Decide whether or not to move forward

5. Implementation of decision

6. Evaluation and review

-Was it worth it? Would you do it differently?

GROUP ACTIVITY



Use the tools we've discussed to assess the following rental request:

A group of young visual artists hosting a live painting event in your space; a high profile event which would have media and the mayor present.

Break time!

And help yourself to some snacks!

PART TWO: ASSESSING RISK

ASSESSING RISK

Operational



Below are a few considerations to keep in mind when you are assessing your organization's operational risk around space rentals.

- Procedures, Systems, Policies
- Employee errors
- System failures
- Fraud/criminal activity

ASSESSING RISK

Operational



Policy Planning

All organizations make decisions, even though they may not call them policies, and they often do not write them down.

Organizations need a policy to decide how to react when faced with a problem, issue or crisis.

Writing policies can be as simple as formalizing decisions that have already been made.

ASSESSING RISK

Operational



Seven reasons why organizations should develop clear policies around space rentals:

1. Policies determine actions.
2. Decisions will be taken more seriously.
3. Clarify responsibilities.

ASSESSING RISK

Operational



4. Provide a structure for management.

5. Ensure consistent work quality, equity and standardization.

6. Create and state values, beliefs and directions.

7. Policies can be an element of staff and volunteer recognition.

ASSESSING RISK

Operational



SAFE STEP METHOD

- To identify the 10 steps of screening.
- To provide an opportunity to apply the 10 steps of screening in various situations.
- To assess the level of risk in various positions within your organization.
- To define screening as a part of good management.

ASSESSING RISK

Financial



There are four accounting controls you can consider that can help protect your financial assets:

1. Authority/Approval Procedures

Organizations should identify who has the authority to perform and approve certain transactions, such as invoices, expense accounts, signing cheques and dispensing supplies.

Your organization's bylaws and procedures manual should outline who is authorized to do these things.

ASSESSING RISK

Financial



2. Proper Documentation

- Document every financial transaction
- Organizations must follow a standard for filing, record-keeping and financial reporting
- These standards include filing each year with the government, maintaining internal records and regular audits
- Failing to meet these requirements could result in financial penalties
- Requirements for federally incorporated non-profit organizations are listed in the Canada Corporations Act. The Incorporation Guide lists information for all jurisdictions in Canada.

ASSESSING RISK

Financial



3. Physical Security

As few people as possible should have access to key physical assets like accounting records, personnel files, merchandise, supplies and equipment.

4. Early Detection

It is easier to detect fraud within your organization with proper controls in place – provided it is reported immediately. Proper controls will help identify fraudulent activity before it results in significant financial loss. For controls to work, everyone must follow procedures.

S.W.O.T. ANALYSIS



A S.W.O.T. analysis is an acronym for *strengths*, *weaknesses*, *opportunities* and *threats*.

It is a structured planning method that evaluates those four elements of an organization, project or organization venture.

S.W.O.T. ANALYSIS

44 Gaukel – ArtsBuild Ontario



STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">•Affordable space – priced so it is accessible for grass-roots organizations, students, etc.•Downtown location•Within a creative community•Professional rehearsal space•Built-in group of users in tenants (Green Light, KWLT) and their connections (KWYT)•Multi-purpose•Available 7 days a week•Use SpaceFinder to take bookings	<ul style="list-style-type: none">•Not a performance space•Floors are susceptible to damage – no shoes/chairs•Security – door access is inconvenient to users (have to have someone at door if attendees are arriving at different times)•Noise – building is active during working hours•Limited availability on Sundays, open availability other days•Capacity – difficult for theatre groups with large casts•Still a ‘new’ space – still marketing/getting the word out
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">•Sponsorship or discount system for students/small organizations (bank of hours that can be donated to reduce costs)•Programming opportunities that align with renter audience•Cross-promotion opportunities	<ul style="list-style-type: none">•Existing spaces with existing relationships with renters•Preconceived notions about the space (not open in the evenings)•Parking – free parking makes Sundays desirable over other days•Even at affordable rate, some organizations express difficulty paying anything•Insurance – small groups can’t afford insurance•Language around the space – is NO SHOES too harsh?•As rentals program grows, will take up more staff time

S.W.O.T. ANALYSIS

44 Gaukel – ArtsBuild Ontario



STRENGTHS

- Affordable space – priced so it is accessible for grass-roots organizations, students, etc.
- Downtown location
- Within a creative community
- Professional rehearsal space
- Built-in group of users in tenants (Green Light, KWLT) and their connections (KWYT)
- Multi-purpose
- Available 7 days a week
- Use SpaceFinder to take bookings

S.W.O.T. ANALYSIS

44 Gaukel – ArtsBuild Ontario



WEAKNESSES

- Not a performance space
- Floors are susceptible to damage – no shoes/chairs
- Security – door access is inconvenient to users (have to have someone at door if attendees are arriving at different times)
- Noise – building is active during working hours
- Limited availability on Sundays, open availability other days
- Capacity – difficult for theatre groups with large casts
- Still a 'new' space – still marketing/getting the word out

S.W.O.T. ANALYSIS

44 Gaukel – ArtsBuild Ontario



OPPORTUNITIES

- Sponsorship or discount system for students/small organizations (bank of hours that can be donated to reduce costs)
- Programming opportunities that align with renter audience
- Cross-promotional opportunities

S.W.O.T. ANALYSIS

44 Gaukel – ArtsBuild Ontario



THREATS

- Existing spaces with existing relationships with renters
- Preconceived notions about the space (not open in the evenings)
- Parking – free parking makes Sundays desirable over other days
- Even at affordable rate, some organizations express difficulty paying anything
- Insurance – small groups can't afford insurance
- Language around the space – is NO SHOES too harsh?
- As rentals program grows, will take up more staff time

P.E.S.T.L.E



POLITICAL

- Services
- Infrastructure
- Tax Policy
- Regulation

ECONOMIC

- Growth/Recession
- Inflation
- Labour Costs
- organization Cycle

SOCIAL/CULTURAL

- Demography
- Education
- Cultural Norms
- Income Distribution

TECHNOLOGICAL

- Emerging Tech
- Tech Transfer
- R&D Efforts
- Communication

LEGAL

- Regional Laws
- Law Enforcement
- Court System
- City Bylaws
- Labour

ECOLOGICAL

- Resource Management
- Energy Availability
- Workforce Health
- Climate Change

GROUP DISCUSSION



Real Scenario:

The rehearsal space at 44 Gaukel has Marley flooring. These floors can be damaged by outdoor shoes or high-heels, but some renters require certain shoes when rehearsing shows in costume.

What would you do to mitigate this risk?

.Operationally?


.Financially?

UP NEXT!


LEGISLATION, CONTRACTS & AGREEMENTS

The prospect of loss resulting from failure to adhere to laws governing space, events or programming in the space.





We'll only let you out if you
promise to come back...
see you in 5 minutes.



**PART THREE:
LEGISLATION, INSURANCE,
CONTRACTS & AGREEMENTS**

LEGISLATION



Following laws and regulations around space rentals can protect your venue and your renters.

Common areas of liability include:

- Zoning Bylaw and permitted uses
- Special Events Permits/Liquor licences (AGLC)
- SOCAN
- Accessibility/Equity, Diversity and Inclusion

LEGISLATION

Land Use Bylaw and Permitted Uses

- Use the online tools to check Land Use designation of your organization's property
- Read the Land Use Bylaw's definition of that Land Use designation
- Determine if your proposed rental uses comply with the Land Use Bylaw
- Understand the implications of pursuing a Change of Use

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Types of licences

- **Classes A, B, C, D, E and F** are held by the owner / operator of the space on an ongoing basis.
- **Public special event licences** - for one-time events open to the public, for either community or commercial purposes, such as a beer garden, theatre event, or food and wine fair.
- **Private special event licences** - for events open to members and invited guests only, such as weddings or awards banquets. This includes annual licences for organizations having recurring events, such as scheduled meetings.

LEGISLATION

Alberta Gaming, Liquor and Cannabis



What are your licensable spaces?

Acceptable locations for a Special Event Public Resale - Commercial licence are:

- a) a permanent structure;
- b) a semi-permanent structure (tent);
- c) an area surrounded by a fence of a minimum height of 1.2 metres (approximately 4 feet);
- d) bleachers or concourse area;
- e) municipally approved public areas with the licensed area located within a tent or fenced area;
- f) other venues approved by the AGLC.

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Types of **PUBLIC** events

Depending on the type of public event, you will need a specific special event licence.

If the event is hosted by a non-profit or municipality

Apply for the following:

- **Event:** for community beer gardens, rodeos, town fairs, etc.
- **Theatre:** for non-profit groups hosting a live theatrical production or film festival.
- **Food and wine fairs:** for non-profit groups hosting an event to sample food and liquor.

Or, if your event is for commercial purposes...

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Types of **PUBLIC** events

If the event is for organization or commercial purposes

Apply for the following:

- **Commercial event:** for an entertainment event such as a music festival or sporting event.
- **Commercial theatre:** for a live theatrical production or film festival hosted for commercial purposes.
- **Commercial food and wine fair:** for an event to sample food or liquor, hosted for commercial purposes.
- **Auction:** for the auction of liquor products within an auction house.

LEGISLATION

Alberta Gaming, Liquor and Cannabis

Types of **Private** Events

Depending on the type of private event, you will need a specific special event licence.

If liquor will be provided free to guests

If your event is open to invited guests or members only, and you will be providing liquor free:

- You will need a **private non-sale SEL licence**.
- The fee for this licence is \$10.
- You can apply online using the [AGLC Special Event Liquor Licence online application](#).

For information on your responsibilities during your event, see the [Special Event Liquor Licence Pamphlet](#).

If liquor will be sold to guests...

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Types of **Private** Events

Depending on the type of private event, you will need a specific special event licence.

If liquor will be sold to guests

If your event is open to invited guests or members only, and guests will be paying for either admission or liquor service:

- You will need a **private resale SEL licence**.
- The fee for this licence is \$25.
- If you are an individual, not-for-profit group or municipality, you can apply online using the [AGLC Special Event Liquor Licence online application](#).
- Companies must contact AGLC to apply for a licence

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Types of **Private** Events

Depending on the type of private event, you will need a specific special event licence.

Private resale: annual

If your non-profit organization will be applying for a list of specific dates, such as for regular meetings:

- You will need a **private resale annual licence**.
- Apply using the Private Resale Annual licence application.

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Make it easier for your renters to get a licence by providing:

- **Floor Plan** showing entrances and exits
- Alternatively / in addition, provide an **Occupancy Load Certificate**
- Make your space readily available for the **required inspections** by police, fire, and AGLC staff

LEGISLATION

Alberta Gaming, Liquor and Cannabis



Reducing Risk with Liquor Licences

- Keep up to date with new AGLC requirements by visiting their website.
- Ask the following on your rental agreement:
 - Enough time to get a license?
 - ProServe / intoxication plan?
 - ProTect / security plan?
 - Non-profit or organization?
 - Public or private? Advertising of event?
 - Minors?
 - Cannabis?

LEGISLATION

SOCAN



SOCAN provides a music license that gives you the freedom to play music – regulated by the Canadian Copyright act.

- If the promoter of the event does not obtain a license, the venue can be held responsible by SOCAN.
- Know about exempt events.
- Reduce your liability by applying for a license for your venue or for your renter's events.

LEGISLATION SOCAN



LICENSE FINDER



BUSINESS TYPES:

Businesses & Establishments



BUSINESS SUB-TYPES:

Sports Events & Recreational Facilities

SUBMIT

RESET

TARIFFS

Live Music	TARIFF 3A	©	☎	FORM
Physical Exercises and Dance instruction	TARIFF 19	©	☎	FORM
Popular Music Concerts (Annual Licence)	TARIFF 4A2	©	☎	FORM
Popular Music Concerts (Per Event Licence)	TARIFF 4A1	©	☎	FORM
Receptions, Conventions, Assemblies, Fashion Shows (eg. in a banquet hall or hotel)	TARIFF 8	©	☎	FORM
Recorded Music Accompanying Live Entertainment	TARIFF 3B	©	☎	FORM
Recorded Music for Dancing	TARIFF 18	©	☎	FORM
Recreational Facilities Operated by a Municipality, School, college, University, Agricultural Society, or Similar Community Organizations	TARIFF 21	©	☎	FORM
Skating Rinks	TARIFF 7	©	☎	FORM
Sports Events	TARIFF 9	©	☎	FORM

TARIFFS

LEGISLATION

SOCAN



Some events are **exempt** from needing a license:

- Music performed without remuneration during a religious service
- School concert or talent show staged by the students
- Background music at a holiday dinner served at a soup kitchen for the purpose of the relief or amelioration of poverty
- Unremunerated performances to educate or raise public awareness of the performing arts

LEGISLATION

Accessibility

Relevant Legislation

New! Accessible Canada Act 2019

Impact on Space Rentals

The case for accessibility

LEGISLATION

Accessibility

Provincial and local accessibility resources

Your renters (ask them)

GOA Barrier Free Design Guide (via Safety Codes Alberta)

Universal Access (organizational focus)

RK Access (architects)

Relaxations (e.g. heritage building)

Grants

LEGISLATION

Equity, Diversity and Inclusion

- **Equity** is the quality of being fair and reasonable in a way that gives equal treatment to everyone. Creating a virtuous cycle. Fairness.
- **Diversity** encompasses acceptance and respect. It means understanding that each individual is unique and recognizing our individual differences. One size fits one. Variety.
- **Inclusion** is the act of making a person part of a group. Nothing about us without us. Belonging.

LEGISLATION

Liability Insurance



INSURANCE



What types of liability insurance should you consider?

- Ask your insurance agent!

CONTRACTS & AGREEMENTS



	Agreement	Contract
Definition	An arrangement (usually informal) between two or more parties that is not enforceable by law	A formal arrangement between two or more parties that, by its terms and elements is enforceable by law
Validity based on	Mutual acceptance by both (or all) parties involved	Mutual acceptance by both (or all) parties involved
Does it need to be in writing?	No	Yes, except for some specific kinds of contracts
Consideration required?	No	Yes
Legal effect	An agreement that lacks any of the required elements of a contract has no legal effect	A contract is legally binding and its terms may be enforceable in a court of law

CONTRACTS & AGREEMENTS



Important considerations when creating your rental contracts include specifications on the use of space and other legalities.

Use of space:

- . Permitted use/zoning
- . Permitted hours/bylaw
- . Common areas of access
- . Signs
- . Hours of operation
- .

CONTRACTS & AGREEMENTS



Sample documents to help you reduce liability with renting out your spaces

- Rental Contract
- Caterer Checklist
- renter Pre-Event Checklist
- Event Reporting Checklist
- Venue Supervisor Checklist
- Invoice

GROUP DISCUSSION



In your handouts, read over the real scenario about an arts venue's experience with a problematic renter.

Brainstorm how this organization could have managed their level of risk.

What legislative and contractual considerations can you think of?

SHAMELESS SPACEFINDER PLUG



SpaceFinder Alberta
BY FRACTURED ATLAS

www.spacefinderalberta.org

SpaceFinder is a FREE searchable database of spaces and venues available for rent.

Artists and the general public can use SpaceFinder to find spaces for rehearsals, performances, meetings, launches, and events.

SPACEFINDER ALBERTA

Community Sourced Tool



QUESTIONS



Join us for two other workshops:

- Space Rentals for Beginners
- Marketing Your Space for Rental

Contact

spaces@calgaryartsdevelopment.com

to find out when these workshops are offered

We and ArtsBuild Ontario
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Canada 



**calgaryarts
development**

Keep in touch!
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