Beaverton
OREGON

Beaverton Arts & Culture Center

Business Plan for Construction and Operations

PRELIMINARY
MARCH 2015

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Images are from University of Oregon School of Architecture Studio, Summer 2013

Introduction

This document provides the plan to finance, design, construct and operate a new Arts and Culture Center (ACC) in downtown Beaverton. There is great community support and vision for this project and it has been many years in the making, fueled by a growing population of artists and those who value the arts, and the recognition that the time has come for Beaverton to have cultural facilities of its own in a vibrant city center. A Beaverton Arts and Culture Center would serve the community as a venue, gallery, educational facility and gathering place. It is envisioned as a facility for use during daytime and evening hours with a variety of activities and experiences offered to a diverse group of users.

This Plan is made possible by the commitment, time, input and vision of many supporters. Thanks to them, this project now takes the next step towards turning a dream into reality.

Background

A great arts facility for a great community: that's the vision that Beaverton Mayor Denny Doyle, the Beaverton Arts and Culture Foundation and the Beaverton Arts Commission share for the City of Beaverton. It is supported by a growing group of advocates, artists, business leaders, and community members and was identified as desirable in the Beaverton Community Vision report. An arts facility is specifically mentioned in the Civic Plan as a catalyst project to develop a vibrant urban center that is accessible, sustainable, and livable.

With a population of nearly 91,000 and expectations of continued growth, Beaverton has come into its own as an urban center. No longer content to be recognized as a Portland bedroom community, Beaverton-based businesses contribute to the economy of the region and Washington County's economy is the fastest growing in the state. The Beaverton public school system is the third largest in Oregon. Beaverton residents value education, cultural diversity and the arts.

The attributes that contribute to the highest quality of life include the arts. One of the most visible symbols of a community's commitment to art is a state-of-the-art cultural facility. Just as the construction of the Beaverton City Library (acclaimed in one city publication as the crown jewel of the community) defined a community gathering place and established a new level of civic pride, so would a performing and visual arts center mark the next crucial step in the evolution of the City. In a 2009 City survey of Beaverton voters, 62% stated

they were very interested or somewhat interested in a performing arts center and 79% were interested in summer concerts and festivals.

The need exists: Beaverton has over a dozen professional and community performing arts organizations that have no place to call home. There are also touring companies that would visit Beaverton if there was an appropriate venue, including Portland companies such as the Portland Opera and Oregon Ballet Theatre as well as national and international touring companies of music, dance and theater. There are also few venues for workshops, classes, films, social events, conferences, or large gatherings in the City. Other cities such as Tempe, AZ; Walnut Creek, CA; & Manassas, VA that are close to major metropolitan areas have developed successful cultural facilities.

In 2011, writing about the opening of the Hylton Center in Manassas, VA, the Washington Post wrote:
If the 1970s saw an increase in performing arts organizations, the 1990s and 2000s have seen a notable increase in places built to house them… Here's what's striking about these new performing arts centers: They aren't in the city…these centers also reflect a shift in what people want from the performing arts: more hands-on participation, less formality, more availability and accessibility, less expense, more responsiveness to the needs of the community. As the gravitational pull of traditional forms of performing arts grows weaker, meaning that people are less eager to travel a distance to spend a few hundred dollars to see a concert or play, regional centers may be the wave of the future.[1]

Purpose

The purpose of this document is to provide a plan for building and operating a Arts and Culture Center in Beaverton. The working name of this facility is the Beaverton Arts and Culture Center (ACC). Naming rights for the Center's official name could be sold as a sponsorship benefit. The plan includes consideration of the requirements to construct a facility, the proposed governance and management structure, plans for artistic programming and models of usage, and pro forma financial projections for the first five years of operation.

This business plan will address the following questions:

- Why Beaverton needs an Arts and Culture Center
- What we are trying to build
- How we will build it
- How it will be operated, managed and funded

[1] Washington Post, 1/7/11

Situation Overview

Project history

An initial study was performed in 2004 by ECO Northwest and updated in 2011 with area demographics, possible sites, pro forma construction budgets based on a sample building program, and preliminary operating pro formas. In 2010, a Blue Ribbon Task Force, appointed by Mayor Doyle and chaired by business leader and philanthropist Mrs. Patricia Reser, further investigated the need for a performing arts center and made recommendations for moving forward. In 2013, a studio class of University of Oregon architecture students created architectural concepts based on two possible sites using a building program supplied through Blue Ribbon Task Force research. In 2014, a programming study and proforma budget was developed by Arts Consulting Group (ACG) and site studies peformed by ECONorthwest and ZGF Architects. There is philanthropic interest in a capital campaign for a facility as well as various options for public support under consideration.

Why Beaverton needs a Arts and Culture Center

There is no excellent performing space in Beaverton that is accessible for professional or community performing arts usage. Beaverton boasts over a dozen performing arts organizations, both professional and community-based, that currently have no place to call home. Just as importantly are the touring companies that would visit Beaverton if there was an appropriate venue, including Portland companies such as the Oregon Symphony, Portland Opera, and Oregon Ballet Theatre as well as national and international touring companies of music, dance and theater. With a population of 91,000, Beaverton is well suited to host touring companies. Other cities located close to major metropolitan areas have discovered through creating performance

venues that their residents become avid participants in arts activities when they're available close to home.

Blue Ribbon Task Force findings support need

- The Blue Ribbon Task Force assessed the inventory of performance venues as part of its work in 2010. Was there a great venue that had somehow been overlooked? Was there capacity within existing organizations to take on a full menu of programming? The schools were the first place to look: arts already play a major role in Beaverton schools. Thanks to far-sighted and generous citizen support, every Beaverton high school has an auditorium. Beaverton's Arts & Communications Magnet Academy, serving grades 6-12, is a national model for arts education, with a bond-funded, purpose-built teaching and performance venue, but every Beaverton public school offers an arts-infused curriculum. But, what's good news for Beaverton students was bad news for the task force: because of this deep involvement, the theaters and auditoriums in Beaverton schools are in use nearly every day of the school year. Their facilities are only available for public use during the summer months. None would serve as a flagship venue for a Beaverton Arts and Culture Center. In addition, although there is an event center at PCC's Rock Creek campus, there is no auditorium and there is interest on the part of PCC in expanding its arts curriculum in Beaverton.
- The task force also researched corporate venues, finding that while Nike's Tiger Woods Center and Intel's JFCC Auditorium (Hillsboro) occasionally host arts events, there is no opportunity to program there consistently and these facilities are private, not easily accessed, and not designed for performing arts.

Besides the schools and corporate facilities, a list of available performance venues in the city is listed on the Beaverton Arts Commission website. The list includes the Valley Theatre, a second-run movie theatre; two churches; two recreation centers (Garden Home and the Elsie Stuhr Senior center); and the Beaverton Public Library's basement auditorium, which seats 150 and is the current home of Beaverton Civic Theatre. In nearly every case, the venue manager describes his or her space as "not ideal," "no backstage," or "does not provide excellent acoustics." The list can be accessed at: http://www.beavertonoregon.gov/index.aspx?NID=195.

The arts are at the heart of lifelong learning

- Arts education improves performance in all academic areas, on the sports field, and in the boardroom. A lifelong appreciation for the arts is one of the values that arts education imparts to students. As young people graduate from Beaverton high schools, they should expect their

community to continue to support their desire to see and participate in performances – and to pass these values to their own children. As a community, our support of a performing arts center recognizes the importance of the lifelong significance of the arts and the value system we've imparted through a Beaverton education.

Performing arts mirror our diverse cultural heritage

"There is a genuine interest in creating a city that is more inclusive and reflects the diversity of the city." -- Kayse Jama, Center for Intercultural Organizing

- Beaverton is home to a vibrant, myriad mix of cultures and heritages. Over 90 languages are spoken here; the first International Celebration in 2011 drew over 2,000 attendees; and 52 delegates from 6 countries participated in the 2011 Sister City exchange. The cultural heritages of many residents include performing arts. Our ability to provide a venue for artistic and cultural expression and exchange through performance – and to celebrate the art forms of our citizens – is limited by lack of performance space.
- A 2015 Joint Study by the City of Beaverton, Tualitin Parks and Recreation District and the Beaverton School District will assess the multicultural arts community's needs and goals.

The arts are good for business

- Beaverton businesses rely on a skilled and qualified labor force, and the city delivers – over 30% of Beaverton residents have a college degree, and 90% are high school graduates. But attracting and keeping skilled labor takes more than good jobs – it takes great schools and a livable community. Arts and cultural facilities can make the difference in attracting and keeping leading-edge talent. Plus, a study performed by the Regional Arts & Culture Council and NW Business for Culture and the Arts shows that the arts are an economic engine: the average audience member spends between $20 and $40 at every arts event above and beyond the cost of the ticket.
- Economic impact studies demonstrate that cultural facilities can help revitalize urban centers and catalyze investment.
- A professional study by experts in land use economics to analyze the economic impacts associated with both construction and ongoing operations of the ACC is underway. The study will be available in Spring 2015.

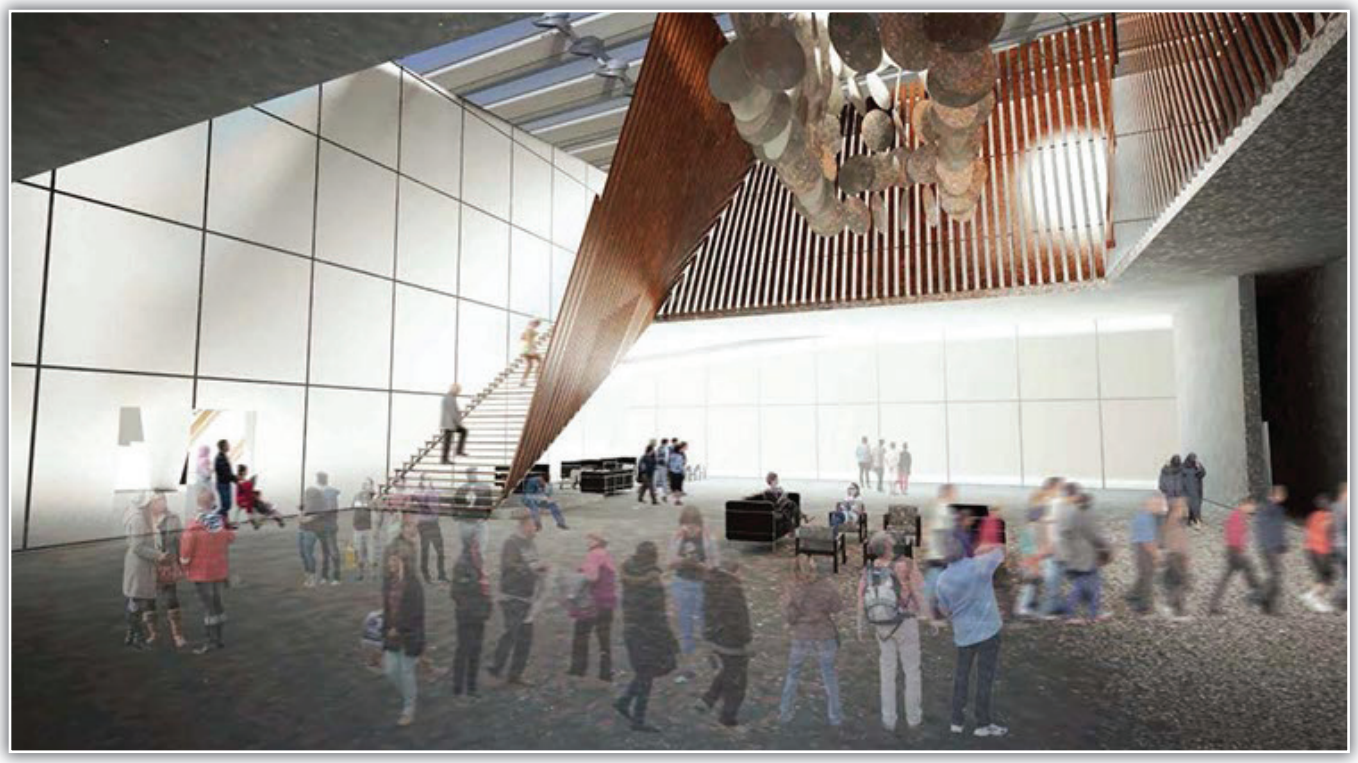
The arts feed our souls

- It's hard to imagine life without the arts. Yet today, apart from the opportunities afforded through the schools, a full menu of performing arts is missing from Beaverton. We're doing without something that's as integral as breathing and as much a part of world culture as our culinary traditions, languages, and heritage.

Market Analysis

Beaverton's population is over 91,000 and is expected to grow by nearly 36% by 2030. Beaverton-based businesses are the technology engine of Oregon. Its public school system is the third largest in the state and recently approved a multi-million dollar bond measure for facilities improvements. Beaverton is the most diverse, fastest growing and has the youngest population of any city in Oregon. Education and income levels are the highest predictors of arts participation, and Beaverton's per capita and household income levels exceed the state and US averages. Over 90% of Beaverton adults have a high school diploma and nearly 30% have a college diploma.

In a 2009 survey of Beaverton voters, 62% stated they were interested in a performing arts center and 79% were interested in summer concerts and festivals. More in-depth polling is planned for spring 2015. Additional demographic information about Beaverton is available on the City's website.



Review of Comparable Projects Regionally & Nationally

There are many centers around the country for comparison. Those listed below represent some that have helped inform this plan and provided various configurations for consideration.

City, State	Center Name/Website	Facility info and square footage	Theater(s) Seating Capacity	Total Cost	Public Capital Support	Governance Model
Burlington, VT	Flynn Center www.flynncenter.org	Built 1930 as a vaudeville house	1,411 180	renovated in stages; about $10 million	none	Private non-profit
Eugene, OR	Hult Center for the Performing Arts www.hultcenter.org	120,000	2,448 498	$20 million (1982)	$18.5 million City bond measure	City of Eugene owned & operated
Hillsboro, OR	Glenn & Viola Walters Cultural Arts Center www.hillsboro-oregon.gov	54,648 includes Center, land & house	200 in a multi-purpose room	$2.4 million	$1.4 million	City of Hillsboro owned & operated
Lake Oswego, OR	Lakewood Center for the Arts www.lakewood-center.org	former Lakewood School	220	$4+ million over several campaigns	none	Owned and operated by Lakewood Theatre Company
Manassas, VA	Hylton Performing Arts Center www.hyltoncenter.org	85,000	1,123 240	$46 million	George Mason Univ. 30%, Prince William County 60%, City 10% up to $36 million. GMU donated the land	George Mason University owned & operated
Newberg, OR	Chehalem Cultural Center www.chehalemculturalcenter.org	40,000 Built 1935, currently houses classrooms & meeting space	250 (future)	approx. $2.5 million		Building owned by Parks and Rec, operated by non-profit Chehalem Cultural Center
Newport, OR	Newport Performing Arts Center www.newport.gov	23,000 4.5 acre site	398 80	$1.7 million	OCCA $600K, balance City	City of Newport owns facility & contracts with Oregon Coast Council for the Arts to operate the Center
Olympia, WA	Washington Center for the Performing Arts www.washingtoncenter.org	Built 1924, several renovations	987 125			City of Olympia owns facility & contracts with WCPA to operate the Center
Savannah, GA	Cultural Arts Center www.savannah.gov	42,000	500 125	not yet confirmed. Public support + private philanthropy	$17 million, county local option sales tax	City of Savannah constructed, owned & operated
Sherwood, OR	Cultural Arts Community Center www.sherwoodOrego.gov	18,000	~300	$7 million	$7 million (Urban Renewal funds)	City of Sherwood owned & operated. Earned revenue in part from retail leases.
Tempe, AZ	Tempe Center for the Arts www.tempe.gov	88,000	600 200	$65 million	Dedicated .01 city sales tax approved by voters	City of Tempe owned & operated
Walnut Creek, CA	Lesher Center for the Arts www.lesherartscenter.org		785 297	$21 million (1990)		City of Walnut Creek owned & operated

Needs Analysis and Facility Recommendation

What we are trying to build

The facility plan has been informed by Blue Ribbon Task Force Research, a study led by Arts Consulting Group, design studies by University of Oregon architecture students and extensive interviews with prospective users.

An outline of the recommended building program is designed to address the following needs and issues:

- Auditoriums, stages, and backstage/technical/support spaces that are designed and sized to be responsive to the needs of area professional and community users
- Theaters and lobby that are designed to feel busy and well-filled from the outset; not designed to be something the community will "grow into"
- Theaters with technical capabilities that anticipate increased use of technology (such as projections) as scenic elements, but also provide the capability to produce technically challenging and exciting productions
- Acoustical excellence for live music and recording
- A facility that can quickly ramp up to a financially viable usage level
- A lobby that feels vibrant and dynamic, augmented by multipurpose space when several simultaneous activities are occurring
- Also, a lobby that is "sticky" – a place where people gather to meet, have coffee, and visit
- Classrooms and flexible spaces for diverse uses including art and dance classes
- Gallery to exhibit artwork
- Outdoor space that can be used for sculpture, plein air art and performances
- Transit accessible and accessible by foot and bicycle
- Constructed to meet high standards for energy efficiency and sustainability
- Rehearsal spaces and scene shop are not planned as part of the facility

At this point, it is expected that the venue will comprise approximately 40,000sf and include the following:

- Mainstage (400-500 seat capacity)
- Second stage (150 seat capacity)
- Theatrical lighting and sound equip. in each theater
- Lobby/gallery (400 capacity)
- Multipurpose space (to extend lobby capacity or for separate gatherings)
- Classroom (with sprung dance floor)
- Classroom (art/wet space)
- Catering kitchen
- Café (1,000-1,500sf)
- Restrooms
- Box office with ticketing system
- Staff offices (3 shared offices)
- Meeting/conference room
- Dressing rooms – AEA compliant
- Maintenance shop
- Lighting/sound shop
- Backstage
- Storage areas

Facility programming: A programming consultant should be hired to work with the community and the project architect to further refine the specific details of the building program and facility configuration. This will streamline communications with the architect throughout the process and ensure that the facility meets artistic and community needs. The programming phase will further refine the details of the facility and plan and specify all of the technical capabilities of the facility.

Architecture: An architecture firm will be hired through an RFP process led by the Architecture and Design Committee (details follow) in collaboration with City staff. The design work will occur in several phases. A conceptual design based on the programming work described above will be developed for use in public education and fundraising. Funds are available for this work in part through a grant from the National Endowment for the Arts. Matching funds are being raised through private gifts, in-kind support and a public match. When the project is 66% funded the architecture firm will begin a more detailed design phase leading to the production of construction plans. The committee will determine if LEED certification is a significant value.

Theater design and equipment: If required, a theater design specialist will be brought in to help design the auditoriums, stages and backstage facilities including recommendations for booth configurations, electrics, lighting grid and light and sound equipment, acoustics and HVAC systems. Other project consultants may help identify box office systems, catering kitchen layout, etc.

Building Ownership

The most frequently encountered models of ownership through extensive research are: municipal owned and operated; municipal-owned and non-profit operated, or non-profit owned and operated. Some of the comparable facilities that this proposed project has the most in common with are the Savannah, GA Cultural Arts Center (under construction); the Lesher Center in Walnut Creek, CA, and the Tempe Center for the Arts in Tempe, AZ. These facilities all have publicly-serving missions, a commitment to accessibility, and are available to many organizations through a variety of means (resident companies, non-profit rentals, touring performances, education and outreach). All three were constructed and are owned and operated by their municipalities. For the Beaverton Arts and Culture Center, the options are:

- City of Beaverton constructs, owns and operates (the preferred model)
- City of Beaverton constructs and owns, and contracts with a non-profit to operate
- A non-profit constructs, owns and operates

Site acquisition

After lengthy review of alternatives, the site that creates the greatest excitement is the Westgate property, jointly owned by the City of Beaverton and Metro. Metro's interest is in bringing a federally-funded Transit Oriented Development (TOD) project to the site. If use of the site does not comply with TOD requirements, the City may be required to buy out Metro's interest. The use of the site will be determined by the Mayor and City Council, following the Creekside development solicitation process, which should result in the selection of a developer to enter into exclusive negotiation with the city by summer of 2015. The ACC is listed as an option in the Request for Qualifications for development services. This study is being performed by ECONW and ZGF.

Parking

The Arts and Culture Center will be required to provide parking for the visitors, employees, and guests of the facility. Depending upon the ultimate facility location and design, parking may be provided within a structure.A primary goal will be to locate the center near transit so that visitors and employees can arrive to the center via MAX, bus, bike, or by foot. In addition, the center will explore options for shared parking opportunities with adjacent uses. For the purposes of this preliminary plan, parking is assumed to be located within a structure and constructed in conjunction with the overall facility; however, the subject of parking will need to be analyzed in greater detail upon site selection and design.

Key Questions

- **Site selection**
- **Architectural programming**
- **Responsible party(ies) for facility construction, ownership and operations**

Capital Campaign

How we will build it

A capital campaign will be required to build the new facility. The campaign budget includes soft costs for architecture, engineering, permits, fundraising, and campaign expenses that may include a public education campaign for a bond measure, marketing, and public relations. Hard costs will include construction, site acquisition and/or site preparation, landscaping and FFE (furnishings, fixtures and equipment, including theatrical equipment and seats for both theaters). The draft campaign budget includes a $2.5 million endowment to support operations.

Leadership & Staffing

A volunteer Council of Champions has been formed, chaired by Mrs. Pat Reser and comprised of civic, business, and arts leaders who bring passion, resources and fundraising experience. The committee will be responsible for campaign oversight, personal contributions, and seeking support. Subcommittees should include the following:

- Executive committee
- Leadership giving
- Architecture and design
- Programming and artist/company relations
- Finance and management

Beginning in fy2016, a professional paid campaign manager should be hired. The campaign manager should be with the campaign at least until fundraising for the capital portion of the project is complete.

Architecture, design and construction should be managed by a committee including volunteer members and City staff.

Project Management

This project is being led by a cross-departmental City team comprised of staff members from the Community Development Department (CDD), Arts Culture & Events, facilities, legal, finance, and public relations. The project has been incorporated into the plan for the Creekside District redevelopment which was approved by the City Council in November, 2014. Stakeholders in the Creekside District identified the ACC as an early catalytic project that has potential to activate the district and spur investment. Economic impact analysis is underway.

The cross departmental team is responsible for project planning, due diligence, site studies, financial planning and implementation.

Campaign Governance

In 2015 a new non-profit, the **Friends of the Beaverton Arts and Culture Center**, should be formed with its own 501 c 3 designation and a new board. This new entity will be responsible for the capital campaign and ultimately will be the fiscal sponsor for fundraising for the new facility. The charter and scope will be determined in subsequent documents.

Fundraising Overview

The campaign has secured an anonymous lead gift for 1/3 of the total project cost assuming a 1:1 match by the City. The remaining third will be sought from private philanthropy including individuals and foundations. The following sections detail planning for each phase of the campaign. The schedule for fundraising will be as follows:

- 0 to 33% funded – Lead Gift (**committed**)
- 34-66% funded – Public Support
- 66-90% funded – Individual and foundation gifts (large naming opportunities)
- 91-100% funded – public campaign (bricks, theater seats, small naming opportunities)

Campaign Execution

- **Public Support:** The campaign will raise the second third of the project budget from public funds. This may include a donation of land. In order to fund the construction of the facility, money from a combination of the following sources will be considered: City bonds; local tax; multi-year allocation from the general fund; block grant or URA funds, federal 63-20 program and/or other means. These options will be explored in detail with City staff and a specific funding plan developed and implemented by the cross-departmental team in 2015. Should public support include a bond measure, a Political Action Committee (PAC) will be formed and staffed to lead the effort.
- **Private Philanthropy:** When the campaign is 66% funded, potential major donors and foundations will be approached to bring the campaign to within 10% of the goal. These include regional corporations as well as foundations (Meyer Memorial Trust and M.J. Murdock Charitable Trust, among others) and individual philanthropists. A list of prospects will be developed in collaboration with the campaign committee. The leadership gifts subcommittee will work with campaign counsel to cultivate this support. A public campaign comprised of small gifts from many community members will supply the final 10%. The timing for this portion of the campaign is dependent on the public support phase, and will take approx. 18 months to 2 years.

Sources and Uses of Funds

This sample sources/uses of funds statement is based on a preliminary construction budget developed in March 2015 by Gerding Edlen Development. It will be refined and confirmed at several stages in the process. It is presented here for initial consideration.

Sources of Revenue	
Individuals	$17,500,000
Public Support	$14,000,000
Foundation support	$1,500,000
Corporate support	$500,000
Support for parking structure	$12,350,000
In-kind support	$500,000
Project Total	$46,450,000
Uses of Revenue	
Site	$1,322,000
Construction	$21,400,000
Soft Costs*	$4,321,000
Construction contingency	$3,057,000
Campaign Costs	$1,500,000
Endowment	$2,500,000
Pro rata share of parking structure**	$12,350,000
Project Total	$46,450,000

*Architecture, engineering, permits, LEED documentation & other
**Based on an estimated 325 spaces in a structured parking facility

Fundraising for Operations

The campaign budget includes a $2.5 million endowment to provide an annual operating subsidy.

Timeline

The timeline will be refined will be refined as part of the next steps of determining sources of support and project management.

Key Questions

- Public support opportunities, plan & timing
- Campaign management & governance
- Design & construction management
- Campaign staffing

Business Plan for Operations

How it will be managed, operated and funded

Governance Structure

The model most frequently employed by other major community or city performing arts facilities suggests that the City of Beaverton own and operate the Arts and Culture Center with an Advisory Board (separate from the Friends of ACC). The ACC Advisory Board will be responsible for developing the organizational mission; guidelines for programming; board size, composition and meeting schedules; committee structure; and other pertinent factors. Standing committees should include at a minimum Executive and Finance. Standing or ad hoc committees may include Development, Governance, Board Recruitment, Programming, Facility Management, Communications and others.

The non-profit organization Friends of ACC would continue to be active with responsibility for fundraising for the ACC. This would include generating support for the Annual Fund and for increasing the endowment. The Communications/ Development Manager would be responsible for supporting the efforts of this volunteer organization and part of his/her job description.

Operating Models

There are several potential operating models and ACC can choose to grow and change over time as a positive, sustainable financial picture and the growth of the mission allow. It is suggested at the outset that a simple model be employed to test the waters and ensure financial sustainability before a more proactive approach to artistic management is adopted. Under the suggested scenario, ACC would upon opening primarily operate as a rental house. This model relies upon a small staff focused on operations of the facility; a number of primary renters (community users who could also be thought of as tenants or Resident Companies) who present most or all of their work in the Center and, in turn, have a preferential renter relationship with ACC; and other renters who use the center intermittently and have no preferential relationship with ACC. Under this operating model, ACC could develop some of the educational programming itself and has the option of developing summer educational programming or leasing space to another organization to provide it. As the model evolves over time, more artistic staff can be hired who take on additional presenting and programming work to meet the organization's mission and goals. For example, after a number of years of operation, an Artistic Director may be hired to increase the number of ACC-presented events such as touring artists, concerts and dance performances. This operating model requires that ACC assume the financial risk for the work it presents, earning income from box office revenue to offset the risk. It requires sources of up-front funding to secure and promote the artistic product.

Programming

There will be three basic types of artistic offerings at the Center: 1) performances in the theaters, 2) visual art exhibitions, and 3) educational programming including lectures, classes, workshops, and youth summer arts programs. A sample schedule for one of the early years of operations is attached as **Addenum A**.

All programs offered at ACC would comply with ACC's mission and programming guidelines and all relevant restrictions and regulations as described in the ACC space rental documents. Classes of users include the following and would apply to uses of all rentable spaces including theaters, classrooms, lobby and outdoor areas.

Performances

- Resident companies are those that receive preferential access to the schedule and negotiated rates for high volume use. Resident Companies would rent space for extended use periods including load-in, technical rehearsals, previews and three to five week runs. During this time, it may be possible to have other activities on stage (such as lectures or films) but scenery and lighting would remain in place. Companies that have expressed interest in becoming Resident Companies include Beaverton Civic Theatre, Bag and Baggage Productions, the Jayanthi Raman Dance Company, and Pixie Dust Productions. It is anticipated that approximately 50% of Center capacity would be filled by Resident Company users. There are questions among prospective users about rental rates and their ability to increase financial capacity for higher space rental expenses. Discussions are underway and will continue.
- Non-profit users including community groups, schools and touring performers who receive subsidized rates. Most of these would be one-time or short-run users. We anticipate that approximately 38% of use be in this category. These users might include a dance school recital, a three-week run of Nutcracker performances, a weekend film festival, TED talks, a Beaverton Community Band weekend of concerts, ISing choral performances, and many others. A list of area companies that have expressed interest in renting a space for their productions is attached as Addendum C.
- For-profit users including touring performers, businesses and individual renters who pay full rental rates. These would include using the space for conferences, business presentations or sales meetings; weddings and anniversary parties, or for-profit touring performers.

Classes and Workshops

The Center is envisioned as a 14-hour venue, meaning it will potentially be in use from 8 am to 10 pm. During the day, there could be exercise, dance or art classes in the classrooms; lectures or films in either theater; sales meetings or conferences; children's after-school theater classes and visitors enjoying coffee and an afternoon pre-show theater talk in the lobby. One or more summer programs for youth are also anticipated. These uses would be a mix of rentals or ACC-developed educational programming.

Visual Arts

The art gallery will be available for lease by the Beaverton Arts Commission, the Washington County Cultural Coalition, Print Arts NW, school groups, or other groups. It is possible that sales that occur in the gallery could produce a commission to ACC (*not included in the pro forma*).

Personnel

The City of Beaverton would hire at a minimum the following positions for the early years of operations. They are represented in the financial pro forma:

- General Manager
- Technical Director
- Finance Manager
- Customer Service Director
- Marketing and Development Manager
- Office Manager/Administrative Assistant
- Part time employees for box office, technical support and front of house including concessions

Brief job descriptions for management-level personnel are as follows:

The **General Manager** will report to the Senior Program Manager, Arts, Culture and Events. The GM will be responsible for hiring, training and managing staff; staffing Board meetings; interacting with City maintenance and other staff; contracting with renters, managing Resident Company relationships and fiscal management.

The **Technical Director** will be responsible for all of the facility's systems including theater lighting, sound, booth, audio visual, HVAC, phone and computers. The TD will be responsible for inventorying and maintaining theater-owned equipment and ensuring that each renter is supported technically to meet their artistic needs at no risk to Center-owned equipment and to ensure safety of renters and audience members. The TD will authorize and supervise the installation and use of equipment rented by users for specific productions. The **Customer Services Director** will be responsible for hiring and training house managers, concessionaires, ushers, maintaining OLCC compliance, maintaining seating charts, managing the box office,

comp ticket requests, compliance with Americans with Disabilities Act requirements and day of performance needs. **The Finance Manager** will handle contracts, invoices, AR, AP, taxes, insurance, prepare monthly financial statements for Board meetings and interact with City finance staff. The **Marketing and Development Manager** will be responsible for all ACC marketing to attract renters, media relations, website, collateral, social media, maintaining the monthly events calendar, corporate sponsorships, special events, and fundraising for the ACC Annual Fund.

Systems & Services

- **Maintenance, janitorial & landscaping**: Facility maintenance and janitorial service is budgeted and would be managed by City staff and contract personnel as a City-owned facility.
- **Box Office**: A web-based box office ticketing system will be licensed and the appropriate computer system purchased as part of the capital campaign. The annual software license fee is included in the pro forma operating budget.
- **Lighting and sound**: Each auditorium will be outfitted with a lighting and sound package that is appropriate to the venue and meets the needs of most renters. Some users will desire to augment this package with outside rentals especially for special effects, musical theater and other specialized applications. AV equipment (projectors, screens, mics and podiums) will also be available for rent for business renters, film series, classes, lectures etc. These purchases are included in the FFE line of the capital campaign and upgrades/ replacements (light bulbs, gels, replacement equipment) included in the operating pro forma.
- **IT & phone**: Office equipment and copier lease are included in the operating budget. The phone and computer systems would be part of the City's system.

Finances

Like libraries, parks and community centers, municipal performing arts centers are community benefits that serve a diverse audience and are designed to be accessible to many people regardless of income levels. Because most of their frequent users are themselves non-profit organizations, municipal performing arts centers usually offer a rental fee structure that requires an annual subsidy and their own ticket prices are often kept deliberately low. The financial goal, therefore, is sustainability – creating an income and expense model that is predictable over the long term, avoiding unnecessary risk while ensuring that the facility is well utilized, maintained, and serves the public.

The model presented in this plan is the one developed by Arts Consulting Group requiring the least annual subsidy. It is suggested that the Beaverton Arts and Culture Center adopt this model for the first several years of operations.

Earned Revenue

There are six sources of earned revenue for the Beaverton Arts and Culture Center, discussed in detail below:

- Space rentals
  - Rental fees
  - Additional services
- Service Fees
  - Facility fees
  - Box office fees
- Café space rental
- Concessions
- Overhead fees
- Presenting income (tickets and tuition)

Space Rentals

Multiple spaces within the Art Center will be available for rent, including the large theater, small theater, lobby, gallery, multipurpose room, classrooms, and outside patio. A sample rate chart (2014 rates) developed to be comparable with similar rates at other facilities, developed by ACG, is attached as **Addendum C**.

Renters may also avail themselves of additional services to augment their rental. These may include rental of other equipment that the ACC owns, such as a podium, extra lights, tables and chairs or a piano; or staff support such as a lighting or sound technician.

Service Fees & Box Office Charges

Ticket sales revenue will go directly to the presenting organization, but there are two ticket surcharges that the ACC will earn: a Facility Fee of $2 per Large Hall ticket and $1 per Small Hall ticket and a Box Office Fee of $2.50 per Large Hall ticket and $1.50 per Small Hall ticket. Thus a $25 base ticket fee for a Large Hall performance would cost the patron $29.50 with services fees. The detailed model for this projection could use a sliding scale such that larger fees apply to higher ticket prices and less expensive tickets have lower fees.

Café & Concessions

ACC will lease a 1,000 to 1,500 square foot space within the facility to a café operator to serve coffee and pastries in the morning, light fare for lunch, and perhaps boxed salads and sandwiches for pre-show dinners. It will be accessible to visitors and those working in the neighborhood, increasing the available dining options and helping to create daytime activity. Based on $500/month rent, the Café will generate income of $6,000 per year for the Center. The ACC's contract with the café operator may specify that ACC receives a percentage of the café's revenue after a certain income level is attained.

Additionally, the ACC will operate its own concessions before shows and during intermissions for projected income (based on industry figures) of $1 per patron.

In addition to the café, the Center will house a small catering kitchen for event catering. Many cultural organizations with catering facilities have developed a revenue source by identifying authorized catering firms that have an "exclusive" at the facility. This practice allows ACC to control the quality of the food service at events and work with a limited number of vendors who have been identified as capable and honest. The caterer pays for this designation. For example the typical financial arrangement might call for the caterer to pay the facility 10% of the catering bill *(not included in the current pro forma)*.

Overhead Fees

In addition to base rental fees, renters will be charged overhead fees to cover cleaning, security, credit card charges, and crew charges based on a calculated percentage of overhead rate.

Contributed Revenue

Investment Income

An endowment of $2.5 million raised as part of the capital campaign will generate approximately $90,000 per year at a conservative 4.5% rate. This can be increased via an endowment campaign at a later date. The endowment will be managed by Friends of ACC.

Annual Operating Support

The requirement for annual operating support to balance the budget will be $600K and $750K depending on the staffing and operating model adopted by ACC. This need can be addressed through a combination of:

- Endowment interest: described above.
- Public support.
- Annual fund campaign including corporate sponsorships, foundation grants, government grants, special events and individual philanthropic support.

Annual fundraising will be the responsibility of the Communications/ Development manager supported by a standing or ad hoc Fundraising committee of the ACC Advisory Board.

Expenses

Salaries and benefits

This is the single largest expense category, with salaries and benefits for benefit-eligible staff representing over 60% of the annual operating budget. The financial pro forma for personnel expenses has been developed by City HR staff.

Administration

This includes insurance, copier rental, postage, supplies, training, professional fees, computer software licenses and other business expenses.

Facility

Facility costs include allowances for utilities, building operations, HVAC contract, landscaping, building maintenance, janitorial services, and security. We estimate facility expenses to be within range of other similar facilities.

Education and Outreach Programs

Classes, workshops, lectures and camps may be brought on as rentals and/or created by ACC. If produced by ACC, they will be close to revenue-neutral with much of the cost of the programming offset by tuition fees and sponsorships.

Five –Year Pro Forma Financial Projections for Operations

Five Year Pro forma Financial Projections. (see Note 1)	Year 1	Year 2	Year 3	Year 4	Year 5
EXPENSE					
Salaries & benefits (see note 2 & 3)	$716,748	$788,423	$867,265	$990,628	$1,040,160
Administration	$120,000	$126,000	$132,300	$138,915	$145,861
Marketing (see note 4)	$20,000	$21,000	$22,050	$53,153	$55,810
Box Office	$45,000	$47,250	$49,613	$52,093	$54,698
Facilities & Operations	$190,000	$199,500	$209,475	$219,949	$230,946
Education outreach/add'l programming (see note 5)	$0	$0	$0	$25,000	$26,000
Education summer program (see note 5)	$0	$0	$0	$26,000	$27,040
Presenting expenses (see note 5)	$0	$0	$0	$133,000	$138,320
TOTAL EXPENSES	**$1,091,748**	**$1,182,173**	**$1,280,703**	**$1,505,738**	**$1,580,515**
INCOME (Earned)					
Resident companies	$94,750	$104,225	$114,648	$126,112	$138,723
Non profit rentals	$71,250	$78,375	$86,213	$94,834	$104,317
Commercial rentals	$21,500	$23,650	$26,015	$28,617	$31,478
Concessions (see note 6)	$56,100	$61,710	$64,796	$68,035	$71,437
Ticketing fees (see note 7)	$184,350	$202,785	$223,064	$265,370	$291,907
Overhead use charges	$51,000	$56,100	$61,710	$67,881	$74,669
Educational programming ticket sales	$0	$0	$0	$28,000	$30,800
Educational summer program	$0	$0	$0	$35,000	$38,500
Presenting income	$0	$0	$0	$157,500	$173,250
TOTAL REVENUE	**$478,950**	**$526,845**	**$579,530**	**$871,349**	**$955,082**
INCOME (Contributed)					
Annual Support Required	$612,798	$655,328	$701,173	$634,389	$625,433
-Annual fund	$75,000	$100,000	$150,000	$200,000	$225,000
- Interest income on $2.5M endowment	$112,500	$118,125	$124,031	$130,233	$136,744
-Public support	$425,298	$437,203	$427,142	$304,156	$263,688
TOTAL INCOME	**$1,091,748**	**$1,182,173**	**$1,280,703**	**$1,505,738**	**$1,580,515**
Earned Income %	**44%**	**45%**	**45%**	**58%**	**60%**

Notes:

1. *Pro forma is based on current industry averages & will be adjusted for actual opening date.*
2. *Salaries & benefits increase by 10% per year until year 4, when an additional artistic staff member is hired*
3. *Benefits and taxes are calculated at City of Beaverton rates of 60% for higher paid employees and 70% for lower paid*
4. *Marketing expense increases by 10% per year until year 4, then increase by $30K as presenting functions increase*
5. *Artistic staff develops/presents add'l programming*
6. *Includes café rental and concessions*
7. *Ticketing fees increase by $20,000 with increase in presenting activity*

Key Questions

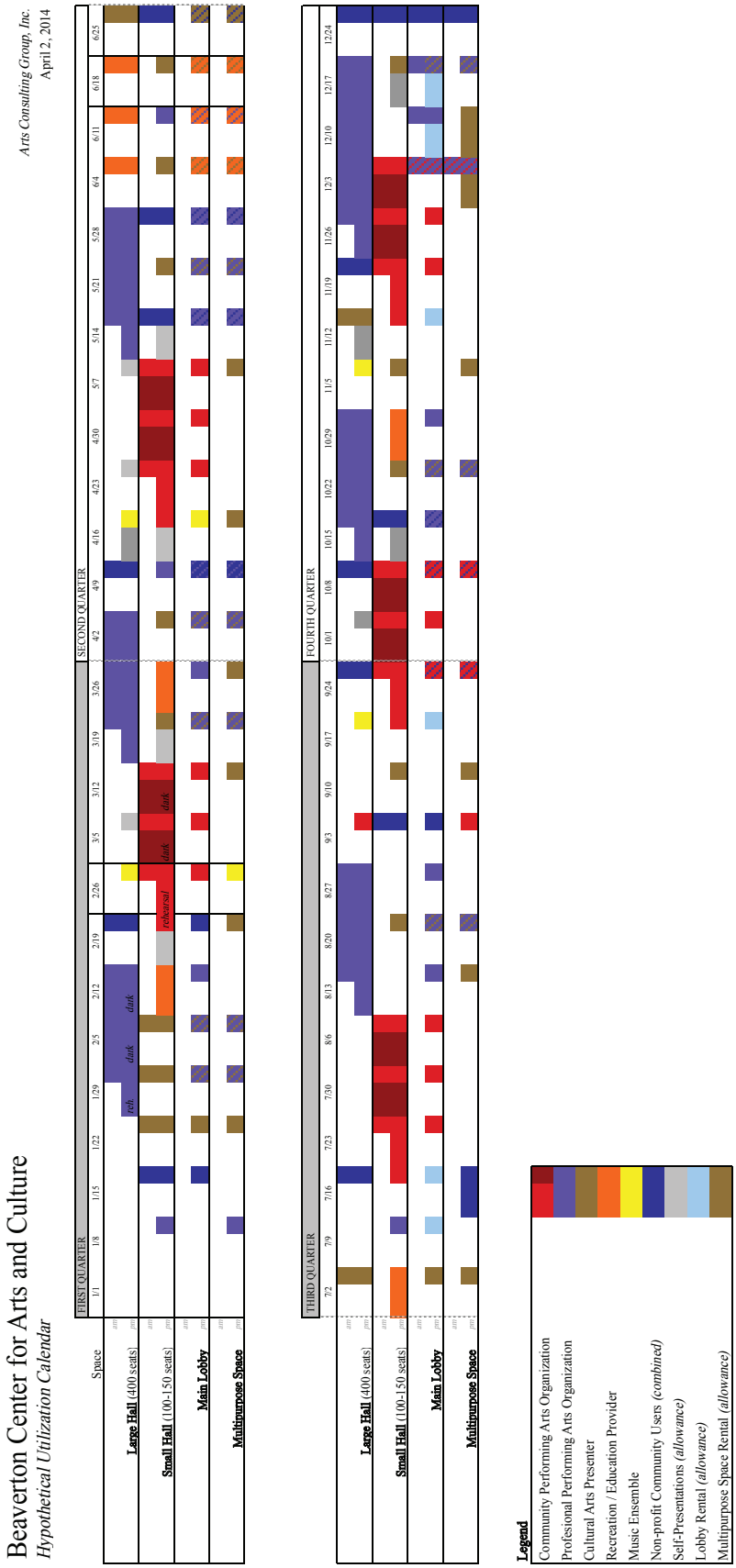
• Ownership & operating model • Governance & oversight
• Staffing • Sources for annual operating support

Recommendations & Next Steps

The timing is favorable for this project. The Creekside District master plan is approved and it focusses attention on creating a vibrant city center. A new arts and culture facility has the potential to anchor the district and provide positive economic impact as a catalyst project. The school district's recent successful bond measure demonstrates the community's commitment to education. Project champion Mrs. Patricia Reser has worked tirelessly to gain support and her efforts are gaining ground at the City and in the community. The National Endowment for the Arts has approved funding that will enhance the project to move forward with a design study and preliminary site planning.

There is more to learn as the project progresses but there is good reason to be optimistic. The work to date is based on sound research, conservative projections, and the project is attracting a team of supporters who bring perspective and experience.

Addendum A Sample Annual Performance Schedule



Addendum B Beaverton & Regional Performing Arts Organizations

The following organizations have participated in the Blue Ribbon Task Force, community meetings, interviews, and/or have expressed interest in performing in a new Beaverton Center for Arts and Culture.

Bag & Baggage Theatre
Beaverton Civic Theatre
Beaverton Community Band
Beaverton Symphony
BodyVox
Broadway Rose Theatre
Classical Indian Dance
Hula Aloha
ISing
Jayanthi Raman Dance Co. & Natya Dance Academy
Jiao Ying Chinese Culture & Art School
Kalakendra
Masque Alfresco
Metropolitan Youth Symphony
Murray School of Irish Dance
Music in Small Spaces
MVP Dance Elite
Oregon Children's Theatre
Pacific Talent
Painted Sky/Northstar
Pixie Dust Productions
Portland Baroque Orchestra
Portland Chamber Orchestra
Portland Festival Ballet
Portland Irish Dance Academy
Portland Youth Ballet
South West Music School
Stumptown Stages
Tatyana's Ballroom
Ten Tiny Dances
The Portland Ballet
Tipsy Tappers

Addendum C Rental Rate Chart (2014-15 rates)

RENTAL RATES							
	Resident/Primary User			Non-profit User		Commercial User	
Space	*perf.*	*reh.*	*per week*	*perf.*	*reh.*	*perf.*	*reh*
Small Hall	$400	$200	$1,600	$550	$275	$1,250	$625
Large Hall	$600	$300	$2,750	$800	$400	$2,000	$1,000
Lobby	$350			$500	$250	$1,000	
Multipurpose Space	$250			$300		$500	
Classrooms	$100			$125		$150	
Outdoor Space	$500			$750		$1,000	

Note: Rates are based on national comparable rates and the Winningstadt Theater (PCPA) and the Soreng Theater (Holt Center)