



City of Rochester

Final Report

August 2018

AMS Planning & Research Corp.

Contents

| | |
|---|----|
| Objective & Process..... | 2 |
| Background..... | 2 |
| Data Analysis..... | 3 |
| Interview Feedback..... | 5 |
| Comparable Markets | 6 |
| Comparable Market Overview | 6 |
| Changes in Activity, Attendance, and Financial Performance | 8 |
| Collaboration, Support, and Implementation..... | 10 |
| Activity, Scaling, and Minimizing Dark Days | 12 |
| Funding Strategies | 14 |
| Appendices..... | 17 |
| Appendix A. Rochester Interviewees..... | 17 |
| Appendix B. Rochester Arts Organizations in Data Analysis | 17 |
| Appendix C. Rochester Arts Organizations Financial Analysis.... | 17 |
| Appendix D. Comparable Market Interviewees..... | 18 |
| Appendix E. Comparable Market Arts Organizations in Data Analysis..... | 19 |
| Appendix F. Comparable Market Financial Analysis | 20 |
| Appendix G. Cultural Funding Initiatives..... | 22 |

Objective & Process

In May 2018, AMS Planning & Research was engaged by the City of Rochester to research four key questions:

1. Is it possible to forecast direct positive or negative financial impact on other arts organizations?
2. How can the entertainment center support the diverse arts organizations that exist in all areas of Rochester?
3. What strategies have other entertainment centers used to minimize dark time and engage the surrounding community during the day and on nights that are not programmed?
4. What strategies or revenues have comparable cities used to build an arts endowment that helps all arts organizations?

To respond to these questions, AMS undertook a background review of the arts and cultural marketplace in Rochester; this included ten in-person stakeholder interviews, and an analysis of activity and financial performance at ten local arts organizations, identified in consultation with City staff and with the assistance of DLR Group/Westlake Reed Leskosky. AMS also identified and researched four comparable markets to understand how a new performing arts venue has impacted the cultural marketplace in other cities. The comparable research process included an analysis of financial, activity, and attendance data, as well as ten leadership interviews.

Background

In order to establish context for the proposed entertainment center project, AMS conducted a background review of the current arts environment in Rochester. This review consisted of an analysis of activity and financial performance of ten (10) arts organizations operating in the city of Rochester over the course of the past five years, as well as in-person interviews with leadership. The following organizations were selected for study in consensus between AMS, DLR Group/Westlake Reed Leskosky, and the City of Rochester:

- Blackfriars Theatre
- Downstairs Cabaret Theatre
- Eastman School of Music
- Garth Fagan Dance
- Geva Theatre
- Margaret Woodbury Strong National Museum of Play
- Memorial Art Gallery
- Rochester City Ballet
- Rochester Museum and Science Center
- Rochester Philharmonic Orchestra

Data Analysis

To address the first question: “Is it possible to forecast direct positive or negative financial impact on other arts organizations?” it is important to establish a baseline understanding of the status of the local arts system. To gain this understanding, AMS requested data from the ten aforementioned City-based arts organizations and received information from nine¹. AMS requested financial records, attendance reports and program information for 2011-2017². This allowed us to document recent performance of arts organizations and assess the relative health and trajectory of operating outcomes.

AMS conducted an analysis of historical financial data for each selected organizations, including contributed revenues, earned revenues, total revenues, and expenses for the period from 2011-2017.

From 2011-2017, while there was some fluctuation from year to year, the overall financial performance of organizations in Rochester saw modest but consistent growth in revenue and operating expenses with balanced budgets or slight surpluses during the period, suggesting that most organizations are performing well fiscally. Across the five-year period, the groups have seen growth, with increases in revenue exceeding growth of expenses as shown in aggregate in Tables 1 and 2.

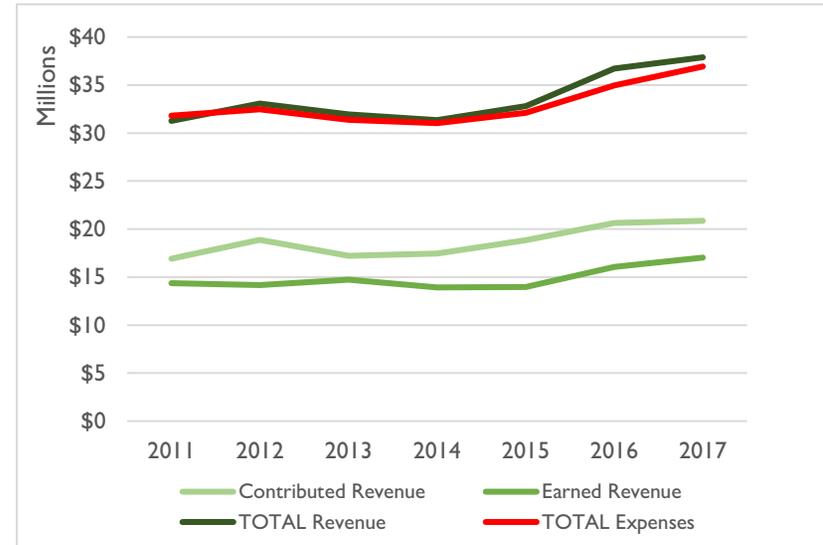


Table 1: Growth in revenue and expenses (aggregate)

¹ Of the 10 selected organizations, primary data was received from 9 of the organizations. The *Strong Museum* declined to provide historical organizational performance data; our aggregate analysis does not include the *Strong Museum's* data

² 2018 data generally not yet available

| YEAR | CHANGE IN TOTAL REVENUE | CHANGE IN TOTAL EXPENSES |
|-----------|-------------------------|--------------------------|
| FY12/FY11 | 5.7% | 2.1% |
| FY13/FY12 | (3.4%) | (3.4%) |
| FY14/FY13 | (1.8%) | (1.1%) |
| FY15/FY14 | 4.7% | 3.4% |
| FY16/FY15 | 11.8% | 8.9% |
| FY17/FY16 | 3.2% | 5.6% |

Table 2: Change in Revenue and Expenses (year over year)

The majority of individual organizations saw growth in overall revenue between FY11 and FY17, with total gains ranging between 21% and 68% growth. Further breakdown of revenues shows that the average reported contributed revenue has grown substantially (23%) from 2011-2017, and average earned revenues have grown by almost 19% in the same period. In all cases, this is real positive growth with increases exceeding inflation. The annual operating budgets of the majority of organizations have also grown, with growth in expenses ranging from 3% to 66% over FY11 budgets, and average growth over the period of 16%.

AMS also reviewed the median percent change over time. While contributed revenue, earned revenue, and expenses all saw growth in the aggregate analysis, the median saw significant growth in earned revenue but slight losses in contributed revenues from 2011

to 2017. More detailed charts and graphs may be found in Appendix C.

Though attendance records³ are somewhat sporadic, more than half of individual organizations saw attendance figures stabilize or grow slightly over the period. The remaining organizations, including the Rochester Philharmonic Orchestra, Garth Fagan Dance, and Downstairs Cabaret Theatre saw their largest audiences in FY11, and since that time have seen audience figures shrink. As seen in Table 3 below, average program attendance across the ten Rochester organizations has seen fluctuation and a slight decline from 2011-2017, but the average data shows that organizations have experienced stabilizing audience figures which have grown slightly since 2014.

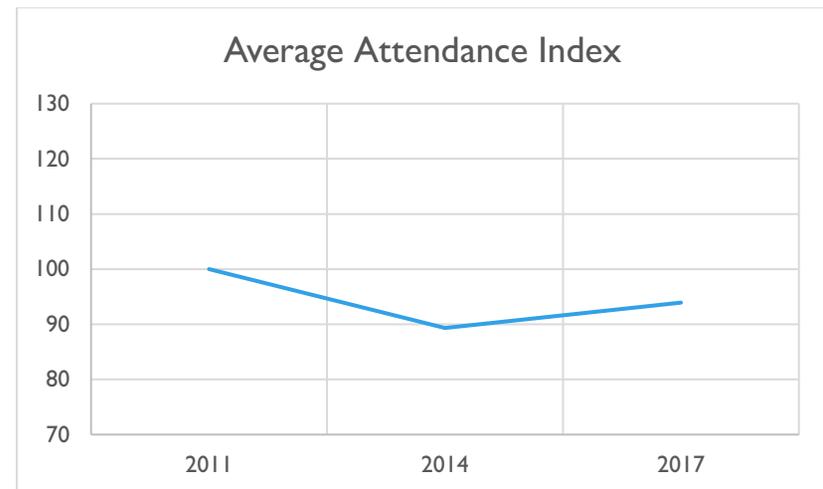


Table 3: Average Attendance Index

³ Not including *Strong Museum*

The majority of organizations saw consistent levels of public activity or performances and events from 2011-2017, with the exception of the Philharmonic, who has cut down to 92% of performances from 2011 activity levels.

Interview Feedback

AMS conducted in-person interviews with leadership at these key regional organizations, seeking to understand the level of awareness of the Parcel 5 project, perception of community arts context, and perceived impact of a new venue in downtown Rochester.

Building and Program

Local arts groups expressed that they would not be able to use, or likely afford to rent, a 3,000 seat venue on a regular basis. Contrary to the findings of the activity profile presented by RBTL, they generally expressed concern that there may not be sufficient demand for a venue of that size in the market.

The most common need expressed by arts groups was for an 800-1,200 seat performance space, which might provide space for a larger cross-section of local groups.

Groups located in Rochester's 'east loop', which includes such organizations as Blackfriars Theatre, Downstairs Cabaret Theater, and Memorial Art Gallery, expressed concerns about the fate of the nearby Auditorium Theatre, both due to the historic nature of the Theatre and the impact on foot traffic and business in the east loop district should the Auditorium Theatre be vacated. Interviewees suggested that the Auditorium Theatre might be renovated and used to accommodate the needs of these and other community groups including more 'urban' programming, but it is important to note that this option would invite competition with any potential

new 800-1,200 seat venue. The scope of this study did not involve investigating this option.

Competition

As would be expected, some interviewees expressed concerns about competition for both programming and philanthropic dollars in the Rochester market. The proposed 3,000 seat venue would bring an increase in programming volume and diversity, which may increase the perception of competition with other organizations, particularly for audience. Data from comparable markets suggest that this is not a likely outcome.

There was concern that competition for the pool of contributed funds available to organizations may also grow. Interviewees highlighted the number of concurrent capital projects underway in Rochester, and some voiced concerns about the challenges they would face in procuring contributed dollars. While an expanded program offering and competing projects can be reasons for concern in these areas, the data which follows from the comparable markets suggest otherwise.

Local arts groups are also concerned that a significant ongoing city subsidy will be required to sustain the 3,000 seat venue, which will take away from any potential for available public funding for their programs or for the arts in Rochester more broadly. This concern has been addressed by assurances from the city that a subsidy of any development on Parcel 5 is not anticipated.

Expectations

The RFP for Parcel 5 states in its objectives that any proposal should, "create an 'activity generator' for surrounding developments". Arts groups are concerned that a theater which is "locked up tight during the day" will not be of service to the

downtown community and that it will not serve to generate other activity in the neighborhood outside of the few hours surrounding a performance. There is no meaningful basis to project this outcome. 'Best practice' in contemporary performing arts center operation suggests that daytime activation through meeting, assembly and other uses is a major opportunity and, as in other markets, we would anticipate that management would undertake such an effort.

Comparable Markets

Comparable Market Overview

To document actual results from the impact of a new performing arts center to a city's arts eco-system, AMS reviewed recent facility openings across the U.S. Based on our review of relevant⁴ U.S. markets, AMS selected the following four comparable markets:

| City, State | CBSA | Venue | Year |
|--------------|-----------|---|------|
| Dayton, OH | 800,749 | Schuster Center for the Performing Arts | 2003 |
| Durham, NC | 563,700 | Durham Performing Arts Center | 2008 |
| Omaha, NE | 938,497 | Holland Performing Arts Center | 2005 |
| St. Paul, MN | 3,573,772 | Ordway Center for the Arts | 2015 |

Table 4: Comparable Markets

The City of Rochester approved the market selection, and each of the venues agreed to assist in the study by providing financial and activity information like that which was collected locally.

⁴ These markets are generally similar to Rochester in population, and they have a recently opened venue which accommodates Broadway touring. St. Paul was included to illustrate a venue which expanded.

Dayton, OH



The Schuster Center for the Performing Arts opened in 2003, and serves as the home for the Dayton Opera, Dayton Philharmonic Orchestra, and Dayton Ballet. The center was initiated as a replacement to Dayton's old Memorial Hall, which lacked the acoustic quality required by its users. The Schuster Center is part of a larger mixed use development; the performing arts center comprises the Mead Theatre (2300 seats), Mathile Theatre (150 seats), and Citilites restaurant and bar. A block-long atrium joins the performing arts center with an office/condo tower, "Performance Place", which includes 7 floors of office space and 9 floors of condos. The Schuster Center is operated by the Victoria Theatre Association (VTA), which also operates 4 other venues in Dayton.

Durham, NC



The Durham Performing Arts Center (DPAC) opened in 2008. It features a 2700 seat theater, and is owned by the City of Durham and operated by Professional Facilities Management (PFM) with programming support from the Nederlander Organization. The center was built primarily for touring product; an agreement with the City of Durham requires that DPAC rent a certain number of dates to the American Dance Festival each year.

Omaha, NE



The Holland Performing Arts Center opened in 2005. It comprises a Kiewit Concert Hall (2000 seats) and Scott Recital Hall (350 seats). The Holland Center development freed up calendar dates for Broadway and other touring productions at Omaha’s historic Orpheum Theater (2600). As a venue with superior acoustics, the Holland became home for classical, jazz, and popular music, as well as a space for education and engagement activities. The venue is operated by Omaha Performing Arts (OPA), and is home to the Omaha Symphony. The Orpheum is home to Opera Omaha.

⁵ A complete list of participating arts organizations may be found in Appendix E.

St. Paul, MN



The Ordway Center for the Performing Arts includes a Music Theater (1900 seats) and Concert Hall (1100 seats). The Concert Hall opened in 2015 to replace the 300-seat McKnight Theatre, in an effort to accommodate resident organization scheduling. As a part of this effort, the Ordway, St. Paul Chamber Orchestra, Minnesota Opera, and Schubert Club formed the “Arts Partnership”, which operates, fundraises, programs, and markets the hall.

Changes in Activity, Attendance, and Financial Performance

In further addressing the first question, AMS gathered and analyzed data from similar arts organizations in each of the 4 comparable markets⁵. AMS gathered the top-level financial metrics including: total revenue, earned revenue, contributed revenue, program revenue, and total expenses.⁶ For each data point, our analysis measured changes from 3 years before the venue’s opening year, as well as changes from the opening year to 3 years after. AMS then

⁶ Source: National Center for Charitable Statistics Form 990 Archive

calculated the average percent change for each metric. The resulting analysis, as detailed below, demonstrates growth across all metrics except program revenue; positive figures indicate continued growth.

| | | Dayton | Durham | Omaha | St. Paul ⁷ | ALL |
|--------------------|----------------|--------|--------|-------|-----------------------|------------|
| Total | <i>Open -3</i> | 15% | 33% | 14% | 40% | 25% |
| Revenues | <i>Open +3</i> | 43% | 8% | 34% | 11% | 27% |
| Earned | <i>Open -3</i> | 39% | 0% | 30% | 57% | 32% |
| Revenues | <i>Open +3</i> | -5% | 29% | 4% | -21% | 5% |
| Contributed | <i>Open -3</i> | 60% | 62% | 8% | 43% | 43% |
| Revenues | <i>Open +3</i> | 148% | 12% | 102% | 28% | 83% |
| Program | <i>Open -3</i> | 46% | 11% | 36% | 17% | 29% |
| Revenues | <i>Open +3</i> | -24% | 18% | 7% | -15% | -2% |
| Total | <i>Open -3</i> | 35% | 18% | 16% | 7% | 20% |
| Expenses | <i>Open +3</i> | 7% | 12% | 0% | 2% | 6% |

Table 5: Change in financial variables

From three years prior to opening to three after opening, total revenues across the arts organizations grew more than 50%. Contributed revenues saw the biggest growth, suggesting either increased yield or a larger pool of donors and supporters.

⁷ Since the Ordway Concert Hall was built in 2015, AMS gathered 2018 budget projections from St. Paul arts organizations for the “Open +3” calculation; due to a 50% response rate from organizations, results may not fully reflect the market.

Earned revenues and program revenues increased in Durham and Omaha; total expenses also increased in Dayton, Durham, and Omaha.⁸

The chart below reflects the average change for each of the financial metrics across all markets. Using 3 years prior to opening as a baseline, the chart demonstrates continued upward growth.

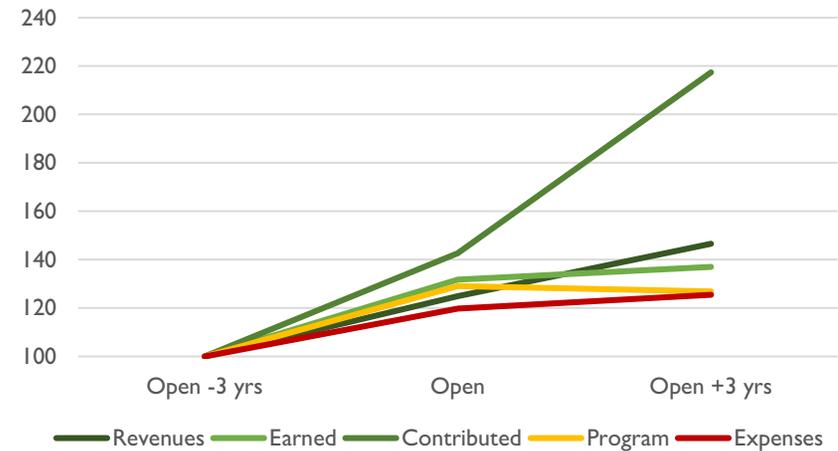


Table 6: Indexed change over time

AMS also reviewed the median percent change over time and the absolute dollar change over time. More detailed charts and graphs may be found in Appendix F. For both calculations, total revenues and contributed revenues continued to grow; unlike the average percent change calculation, arts organization aggregate earned

⁸ St. Paul arts organizations may have experienced lesser growth because the Ordway added a larger venue to an existing center, rather than building an entirely new center.

revenues and program revenues declined after the initial opening growth but remained higher than previously.

Due to gaps in historic activity and attendance records, AMS was only able to gather the total number of events and total number of attendees for 2017 from participating arts organizations and their respective state arts councils. Supplemented by qualitative interview feedback⁹, AMS found that arts organizations in most markets continued to experience increases in activity and attendance. For many, 2017 represented record attendance levels; in fact, stakeholders believe that increases in cultural activity subsequently drove increases in audience awareness and participation.

In Dayton and Durham, a small number of existing arts organizations either merged or closed due to decreased attendance and declining financials. Stakeholders attributed this in part to the 2008 financial crash, and in part to the added competition from venue presentations and high rental rates at the new state-of-the-art venues.

While mathematically forecasting financial changes for Rochester arts organizations is not possible, the trends of the comparable data suggest that “all boats rise with the tide.” Growth in total revenues more than offset growth in expenses, which allows for increased investment in mission-driven activity.

Collaboration, Support, and Implementation

In response to the 2nd and 3rd research questions, regarding diversity and activation, AMS explored strategies for collaboration in the

comparable markets to understand how a center can support existing arts organizations in its market.

It should be noted that the strategies to address these questions in comparable markets are not venue-specific. Each city employs various strategies which range from city-wide partnerships, such as “Arts Omaha” and St. Paul’s “Arts Partnership” to venue rental agreements and subsidies, and co-presentations.

Dayton, OH

The Schuster Center was built with and for resident companies; as such, its development was a collaborative effort. The orchestra and opera were involved throughout the planning process, and the resulting Mead Theatre has a design that supports the acoustic needs of both arts organizations. As the center was developed, a number of management structures were also discussed. At the time, Victoria Theater Association (VTA) was already running the Victoria Theatre and Metropolitan Arts Center in Dayton and was ultimately chosen as the operator as this model minimized duplication of efforts. In 2012, the Dayton Ballet, Opera, and Philharmonic merged into a single operating entity, the Dayton Performing Arts Alliance. The groups continue to be resident companies at the Schuster Center.

VTA always aims to attract new audiences. Recognizing that Schuster Center programs were not reaching African American audiences, it formed an alliance with an African American promoter in Cincinnati to bring new programs to the community. The alliance included a multi-use rate adjustment on the hall rental if the

⁹ A complete list of participating interviewees may be found in Appendix D.

promoter would do 3 or more shows per year; to date, the promoter has done 3-5 shows each year.

Another strategy leveraged the reality that, in the years immediately after opening, the Schuster Center's 3rd balcony was not selling tickets. The Center developed a program called "Cheap Seats", which offered \$10 3rd balcony tickets on a first-come, first-serve basis. In the first year, 17,000 people signed up for the "Cheap Seats" email list.

Durham, NC

DPAC is organized as a commercial presenter; it prioritizes touring productions and does not have resident companies. DPAC keeps its calendar as open as possible to accommodate large touring productions, but also recognizes the possibility of community rentals. Since its opening, it has rented to the American Dance Festival and Carolina Ballet on an annual basis but has declined further collaborative initiatives. Due to DPAC's addition of Broadway productions into the market through presenter SunTrust Broadway, two other preexisting local Broadway series¹⁰ needed to merge into a single 6-show series.

As a for-profit entity, community engagement falls secondary to financial success at DPAC. The primary strategy at DPAC is program diversity, and the venue prides itself in having something for everyone. Current attractions range from The Suntrust Broadway Series to dozens of single-night attractions that range from performances by the likes of Jo Koy (TV and Internet) to Sarah McLachlan (Grammy Award winning singer-songwriter), Bill Maher (comedy) and Bob Dylan (classic rock musician) to Distant

Worlds: Music from the Final Fantasy (video game) to Derek Hough Live! (dance).

Omaha, NE

After opening the Holland Center, OPA joined "Arts Omaha", comprised of ten large local arts organizations. This group meets regularly to discuss topics of mutual interest, particularly surrounding community opportunities or challenges. Together, its members successfully lobbied against an entertainment tax, and in the future, will consider collaborative programming.

In addition to traditional community engagement programs such as student matinees and masterclasses, OPA has four national partnerships with Jazz at Lincoln Center, Carnegie Hall, Disney Musicals in Schools, and Nebraska High School Theater Awards with the Broadway League. It also presents a community series called Jazz on the Green, which reaches an audience of 50-60,000 through six outdoor concerts.

St. Paul, MN

The [St. Paul] Arts Partnership is a unique model for collaboration. Born from competition for calendar dates at the Ordway Theater, the Arts Partnership formed to collaboratively develop a new Concert Hall at the Ordway complex. The hall opened up additional dates for the resident arts organizations, and the Arts Partnership agreement provided equal access so that the Ordway's presenting series did not take precedence over resident company needs. The Arts Partnership raised funds for the initial building and endowment and has co-presented two annual programs. The endowment

¹⁰ Preexisting Broadway series': North Carolina Theatre Broadway & Broadway Series South

subsidizes rental rates for Arts Partnership members and other community renters.

The Ordway Center operates one of the largest education programs in the country; it serves 65,000 children per year. It has also presented the Flint Hills Family Festival for 20 years. In collaboration with the Arts Partnership, it has annual presentations of the Sphinx Virtuosi (a chamber orchestra composed of top Black and Latino classical soloists), and a family arts blast.

Each market area has a unique demographic composition, so no one community engagement strategy fits all. Over time, comparable venues have reviewed their audience reach and implemented new programmatic initiatives to broaden their audiences and to better reflect their communities.

In all markets, local stakeholders expressed positive perceptions of the new venue and strong relationships with venue management. Even in Durham, which accepts few opportunities for collaboration and is most similar to the building type proposed for Rochester in its prioritization of touring product, the community outcome is largely positive.

Activity, Scaling, and Minimizing Dark Days

In addition to community engagement efforts, AMS also examined strategies to minimize “dark time” and activate the venue.

Generally, calendars remain relatively filled through a mix of presented, resident company, and rental activity. Most centers have experimented with presentation types and running times to understand how to best fill the venue while increasing audience

reach. National benchmarks collected by AMS would suggest that approximately 220 use-days is ‘effective utilization.’

Across all markets, the key to active venue utilization is complementary programming. Venues experienced greatest success when presented activity complemented existing cultural activity and infused new content into the market. Collaboration with other producing companies (including companies that may be “resident” in the facility) and community renters may be a starting point, followed by testing the market for which programs attract audiences and drive revenue.

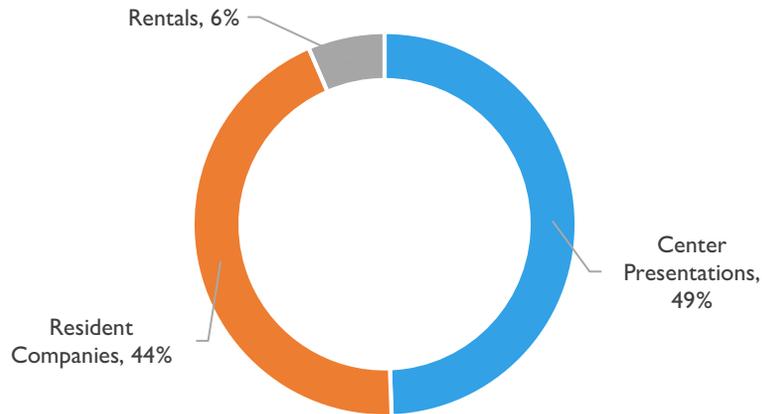
Dayton, OH

When the Schuster Center opened, it had about 200 use days including the Philharmonic, Opera, 3 weeks of Nutcracker from the Ballet, and 2 weeks of Broadway presentations. As activity began to wane in years 3-4, VTA shifted programming based on audience preferences. Broadway decreased from 2 weeks to 1 due to economic realities. Touring offshoots from live TV shows, such as Price is Right and Myth Busters, have increased with high levels of popularity. VTA has also presented culturally-specific programming and a speaker series to continue attracting new audiences.

The Schuster’s activity mix is about half Center Presentations and half Resident Companies, with a relatively small portion of rentals.¹¹

¹¹ Activity data derived from the 2017 PACStats Benchmarking Survey.

Schuster Center Activity Mix



Durham, NC

From the start, DPAC had about 220 use days. Activity included the American Dance Festival, Broadway presentations, and other venue rentals. Calendar dates have remained competitive over time, and DPAC now has less than 50 dark days per year. The center hosts the American Dance Festival and Carolina Ballet annually and also attracts kids dance competitions rentals; otherwise, it maintains relatively high rental rates to preserve dates for large touring productions.

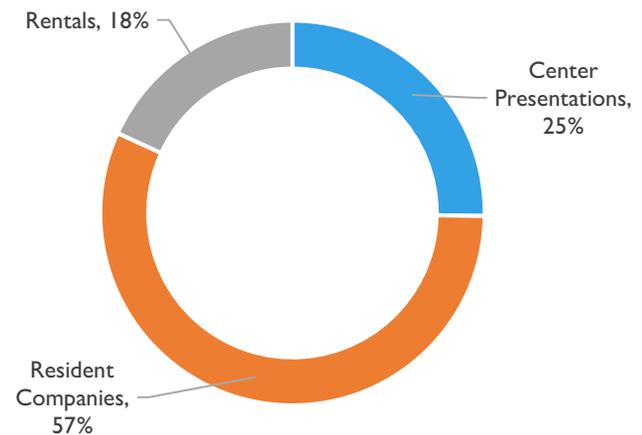
Specific activity data is not available from DPAC.

Omaha, NE

The Holland Center prioritized resident company activity in its first few years. Once OPA had a better sense of opportunities in the marketplace, it ramped up its own presentations. With time, OPA learned how to supplement resident company activity rather than duplicate. For example, OPA discontinued its classical series since the symphony represented classical music, and focused on dance, jazz, popular, and Broadway which weren't already present in the market. After 2-3 years, OPA began to achieve a balance in presentations and resident company activity, and its calendar has consistently been filled.

The Holland Center Kiewit Concert Hall's activity mix is majority resident company (the Omaha Symphony), with 25% center presentations and 18% rentals.

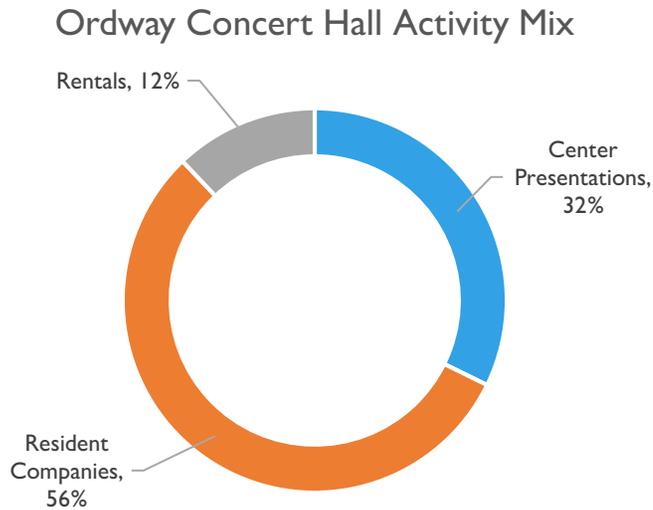
Holland Center Kiewit Concert Hall Activity Mix



St. Paul, MN

The Ordway has historically presented world music and dance, education, and family programs. In the years since the new Concert Hall opened, the Ordway began to present a commercial artist-based concert series. The series comprises one-night touring or commercial performances to fill dark days, attract new audiences, and generate revenue. These presentations complement the Ordway’s three resident companies, which have equal access to the calendar through the Arts Partnership.

Similar to Omaha, the Ordway Concert Hall has a majority of resident company activities, in addition to center presentations and a small amount of rental activity. The Ordway’s Main Hall complements Concert Hall activity, with 81% center presentations, 18% resident companies, and 1% rentals.

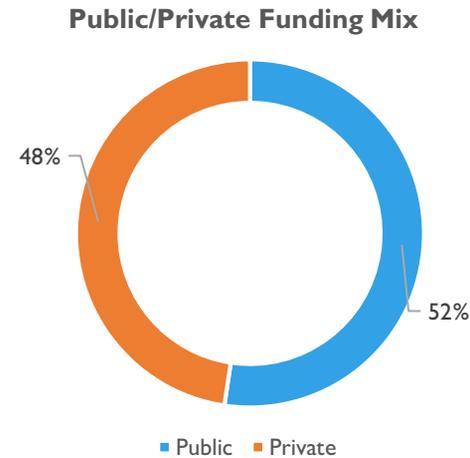


Funding Strategies

To respond to the 4th question regarding funding strategies, AMS undertook a national review of recently opened performing arts centers and their capital financing strategies. In addition to the four comparable venues described above, AMS researched the following venues:

- Eccles Theater – Salt Lake City, UT – opened 2016
- Tobin Center – San Antonio, TX – opened 2014
- Smith Center – Las Vegas, NV – opened 2012

For all venues, the predominance of funding was a public/private partnership. The value ranges from 15% - 73% public, and the average mix is 52% public and 48% private.



Public contributions include direct financial contributions, construction bonds, property taxes, car rental fees, and Certificates of Participation (COPs) from city, county, and state entities. In terms of private support, many centers had a significant leading

contribution which accounted for 7% - 33% of the total project cost. These included naming contributions from individuals and family foundations. Many of the centers also received support from large corporations or institutions, such as AT&T in San Antonio, Delta in Salt Lake City, and Duke University in Durham.

A significant portion of funds covered immediate construction costs; remaining funds were allocated to endowments and set aside for early operational support. Performing arts centers continue to institute planned giving campaigns and facility fees for sustained operating and capital support.

Dayton, OH

The Schuster Center had a total project budget of \$121M. Over \$40M of this was provided by contributions community and corporate leaders, including an \$8M naming gift from Dr. Benjamin and Marian Schuster. Initial public support was received from Montgomery County, Miami Valley RTA, and the City of Dayton, and was later joined by the Ohio Arts and Sports Facilities Commission. VTA continues a planned giving campaign to support ongoing capital expenditures and endowment growth.

Durham, NC

DPAC had a lean construction budget, relative to other recent performing arts initiatives of its size. The \$46M project was 73% publicly funded, through Certificates of Participation (COP) borrowed by the City of Durham. The remaining 27% included a \$7.5M contribution from Duke University, as well as naming rights, an operator loan, and other sources. Currently, a facility fee of \$1.75/ticket and a portion of net operating profits go into a dedicated fund for capital improvements.

Omaha, NE

The Holland Center was a \$97M project; 15% of the project was publicly funded, and 85% of funding was received from private entities. Richard and Mary Holland provided the leading gift which named the center. Capital financing did not include sufficient startup funding; as a result, the Holland experienced shortfalls for the first few years, after which it has consistently balanced its budget.

St. Paul, MN

The Ordway Concert Hall required less capital funding since it was an addition to an existing performing arts center. The Arts Partnership raised a total of \$83M, \$42M of which went to the building project and \$41M of which was set aside as an endowment. Public support included \$3M from the City of St. Paul and \$16M of state bonding; private support included \$14M from Sally Ordway Irvine and \$5M from an anonymous donor. The \$41M set aside in an endowment currently provides rental subsidies for resident companies and other community organizations.

Salt Lake City, UT

The Eccles Theater's \$131M budget included \$95M of public support, 70% of which came from property taxes generated as part of a redevelopment area. The remaining \$36M came from private funding, including a \$15M naming gift from the Eccles Foundation. Other private contributions totaled \$21M.

San Antonio, TX

The Tobin Center was a \$203M project. Public support included a \$41M building donation from the City of San Antonio, \$100M in construction bonds from Bexar County, and \$8M for a Veteran's memorial walk portal. Private funding included \$15M from the

Tobin Endowment, which served as both a naming contribution and a matching challenge. The challenge was successfully met with \$15M in additional donations, along with a \$5M contribution from AT&T and \$23M in other corporate, foundation, and individual support.

Las Vegas, NV

A total of \$470M funded the Smith Center project. Public support included a \$105M car rental fee bond from the City of Las Vegas, Clark County, and State Legislature. The City of Las Vegas also provided land, infrastructure, environmental clean-up, and parking for a total of \$170M in public funding. The Reynolds Foundation provided a \$50M and a \$100M gift totaling \$150M in support. With its initial contribution, the Foundation named the center in honor of their chairman and his wife, Fred and Mary Smith. 55 “Founders” donated \$1M+ for an additional \$80M in private support, and corporations, foundations, and other individual donors provided the remaining \$70M.

As seen in these examples and other projects, funding ranges from almost entirely public (Durham, Salt Lake, San Antonio), to mostly private (Omaha), depending on the nature of the project.

Other Funding Initiatives

While some of these facilities opened with endowments, an endowment is not typically part of the construction budget. As such, various cities have implemented additional funding strategies to provide ongoing operating support for local cultural institutions.¹²

The City of St. Louis implemented the first known strategy with its Zoo Museum District (ZMD) in 1972. Based on a county and city vote, St. Louis distributes 4 to 8 cents in property tax to five significant cultural institutions, retaining 5% for the ZMD’s administration. In 2017, the ZMD provided over \$80M to these institutions.

Similar funds invest in cultural organizations through a sales tax. In 1989, the City of Denver began its Scientific & Cultural Facilities District (SCFD), which distributes 1/10 of 1% sales and use tax to regional cultural facilities. It invests approximately \$50M annually across a seven-county region. Allegheny County’s Regional Asset District (RAD) also collects a 1% sales and use tax, distributing ½ of funds to Pittsburgh area libraries, parks, sports, and cultural assets. The City of Mesa instituted its own tax scheme in 1998, when a ½ cent “Quality of Life” sales tax supported the development of the Mesa Arts Center.

In addition to property and sales taxes, some municipalities institute a ‘vice tax’. In Cuyahoga County, a \$.015 tax is collected on cigarette purchases. These funds are allocated to Cleveland area arts and culture organizations.

¹² A list of initiatives may be found in Appendix G.

Appendices

Appendix A. Rochester Interviewees

| Name | Organization |
|--|-------------------------------------|
| Jonathan Binstock, Jamie Dinolfo | Memorial Art Gallery |
| Bill Ferguson, II, Susanna Kreilick | Garth Fagan Dance |
| Chris Kowalsky | Downstairs Cabaret Theatre |
| Danny Hoskins, Megan Colombo | Blackfriars Theatre |
| Curtis Long | Rochester Philharmonic Orchestra |
| Jamal Rossi | Eastman School of Music |
| Nichole Gantshar | Rochester City Ballet |
| Kate Bennett | Rochester Museum and Science Center |
| Steve Dubnik | Strong Museum |
| Mark Cuddy, Christopher Mannelli | Geva Theatre |

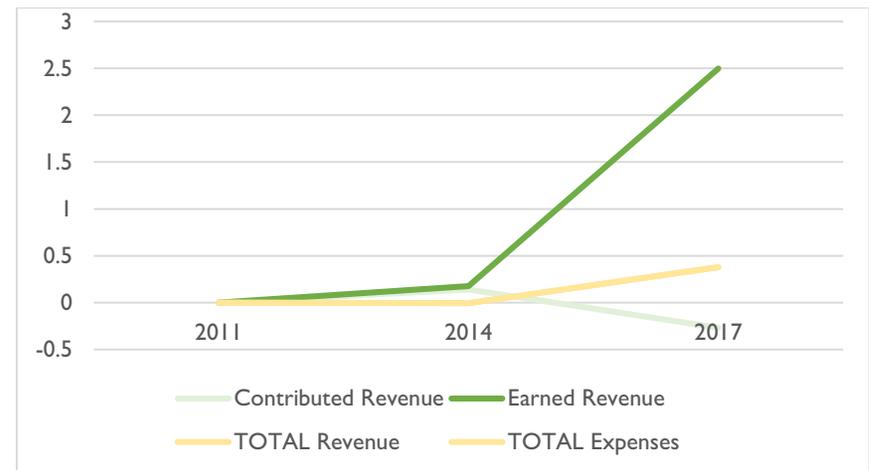
Appendix B. Rochester Arts Organizations in Data Analysis

Rochester

- Blackfriars Theatre
- Downstairs Cabaret Theatre
- Eastman School of Music
- Garth Fagan Dance
- Geva Theatre
- Margaret Woodbury Strong National Museum of Play
- Memorial Art Gallery
- Rochester City Ballet
- Rochester Museum and Science Center
- Rochester Philharmonic Orchestra

Appendix C. Rochester Arts Organizations Financial Analysis

Median % Change



Appendix D. Comparable Market Interviewees

| Name | Organization |
|-------------------|---------------------------------------|
| Bob Klaus | Durham Performing Arts Center |
| Rebecca Newton | Carolina Theatre |
| Jodee Nimerichter | American Dance Festival |
| Joan Squires | Omaha Performing Arts |
| David Hyslop | Omaha Symphony |
| Ken Neufeld | Victoria Theatre Association |
| Paul Helfrich | Dayton Performing Arts Alliance |
| Jamie Grant | Ordway Center for the Performing Arts |
| Jon Limbacher | St. Paul Chamber Orchestra |
| Ryan Taylor | Minnesota Opera |

Appendix E. Comparable Market Arts Organizations in Data Analysis

Dayton

- Dayton Ballet
- Dayton Opera
- Dayton Philharmonic
- Muse Machine
- Dayton Playhouse
- Dayton Visual Arts Center
- South Dayton Dance Theatre
- Dayton Contemporary Dance Guild

Durham

- Carolina Theatre
- Durham Arts Council
- American Dance Festival
- Durham Art Guild
- Durham Symphony
- Choral Society of Durham
- Historic Preservation Society of Durham

Omaha

- Omaha Theater Company
- Omaha Symphony
- Opera Omaha
- Omaha Symphonic Chorus
- Stages of Omaha
- Omaha Community Playhouse
- Omaha Children's Museum
- Omaha Summer Arts Festival

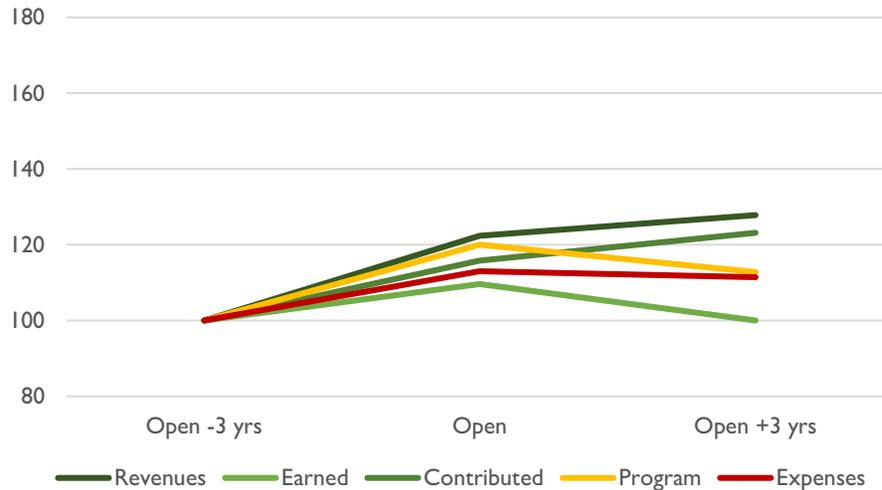
St. Paul

- Park Square Theatre
- St. Paul Chamber Orchestra
- Schubert Club
- Minnesota Opera
- Minnesota Historical Society
- Minnesota Children's Museum
- Fitzgerald Theater Company

Appendix F. Comparable Market Financial Analysis

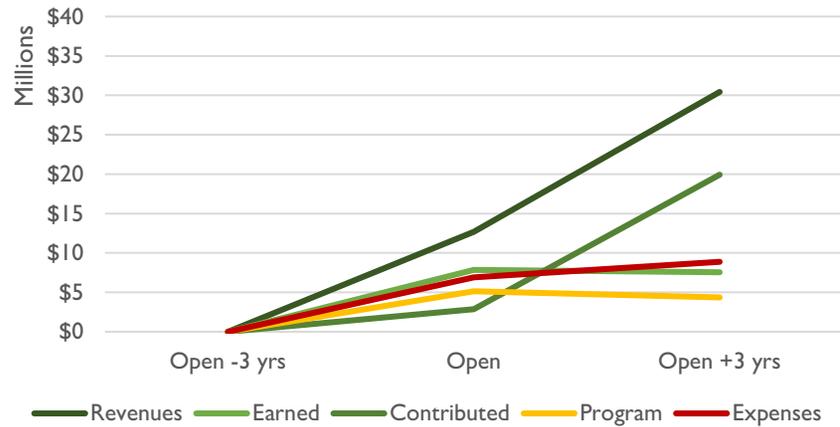
Median % Change

| | | Dayton | Durham | Omaha | St. Paul | ALL |
|--------------------|----------------|--------|--------|-------|----------|-------------|
| Total | <i>Open -3</i> | 23% | 26% | -2% | 22% | 22% |
| Revenues | <i>Open +3</i> | 6% | 11% | 5% | 2% | 5% |
| Earned | <i>Open -3</i> | 2% | 10% | 27% | 10% | 10% |
| Revenues | <i>Open +3</i> | 7% | -11% | -11% | -21% | -10% |
| Contributed | <i>Open -3</i> | 32% | 12% | -9% | 15% | 16% |
| Revenues | <i>Open +3</i> | -8% | 48% | 31% | 7% | 7% |
| Program | <i>Open -3</i> | 3% | 19% | 22% | 30% | 20% |
| Revenues | <i>Open +3</i> | 15% | -9% | -24% | -15% | -7% |
| Total | <i>Open -3</i> | 28% | 18% | 42% | 9% | 13% |
| Expenses | <i>Open +3</i> | -1% | 1% | -3% | -5% | -2% |



Absolute \$ Change

| | | Dayton | Durham | Omaha | St. Paul | ALL |
|--------------------|----------------|-------------|--------------|-------------|-------------|---------------------|
| Total | <i>Open -3</i> | \$1,940,170 | \$2,574,740 | \$1,672,817 | \$6,514,149 | \$12,701,876 |
| Revenues | <i>Open +3</i> | \$863,792 | \$13,063,620 | \$2,750,015 | \$1,057,004 | \$17,734,431 |
| Earned | <i>Open -3</i> | \$645,503 | \$1,953,797 | \$1,880,921 | \$3,372,441 | \$7,852,662 |
| Revenues | <i>Open +3</i> | \$777,238 | -\$241,194 | \$66,364 | -\$890,858 | -\$288,450 |
| Contributed | <i>Open -3</i> | \$1,294,667 | \$620,943 | -\$208,104 | \$1,145,670 | \$2,853,176 |
| Revenues | <i>Open +3</i> | \$86,554 | \$13,304,814 | \$2,683,651 | \$1,004,738 | \$17,079,757 |
| Program | <i>Open -3</i> | \$392,410 | \$1,940,126 | \$1,727,087 | \$1,083,038 | \$5,142,661 |
| Revenues | <i>Open +3</i> | \$778,859 | -\$185,381 | -\$799,299 | -\$566,119 | -\$771,940 |
| Total | <i>Open -3</i> | \$1,451,034 | \$2,929,285 | \$2,323,138 | \$190,624 | \$6,894,081 |
| Expenses | <i>Open +3</i> | \$791,091 | \$1,167,424 | \$506,311 | -\$480,997 | \$1,983,829 |



Appendix G. Cultural Funding Initiatives

| City, State | Funding Initiative | Website |
|----------------|--|---|
| Pittsburgh, PA | Regional Asset District (RAD) | https://www.radworkshere.org/ |
| Mesa, AZ | “Quality of Life” sales tax | http://www.city-data.com/us-cities/The-West/Mesa-Economy.html |
| St. Louis, MO | Zoo Museum District (ZMD) | https://mzdstl.org/Welcome.html |
| Denver, CO | Scientific & Cultural Facilities District (SCFD) | http://scfd.org/ |
| Cleveland, OH | Cuyahoga Arts & Culture | http://www.cacgrants.org/ |
| Nebraska | Nebraska Cultural Endowment | http://nebraskaculturalendowment.org/ |
| St. Paul, MN | Cultural STAR | https://www.stpaul.gov/departments/planning-economic-development/economic-development/cultural-star |