

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 175

RECEIVED MAY 18 1992

Approving the Metropolitan Exposition-Recreation Commission Mission Statement for the Portland Center for the Performing Arts.

THE COMMISSION FINDS:

1. That the Metropolitan Service District appointed a committee last year to study regional facilities.
2. That one item reviewed by this Committee (The Public Policy Advisory Committee for Regional Convention, Trade Performing Arts and Spectator Facilities) was the mission statement for the Portland Center for the Performing Arts.
3. That the Committee recommended the Portland Center for the Performing Arts Advisory Committee adopt a new mission statement for the PCPA.
4. That the PCPA Advisory Committee did so in February, 1992.

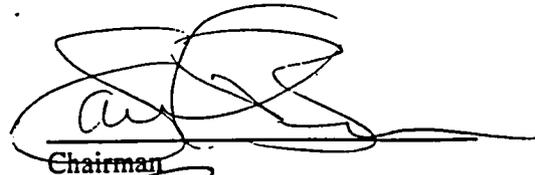
BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approve the following new Mission Statement for the Portland Center for the Performing Arts:

The Portland Center for the Performing Arts exists to foster an environment where artists and audiences gather to enrich the human spirit.

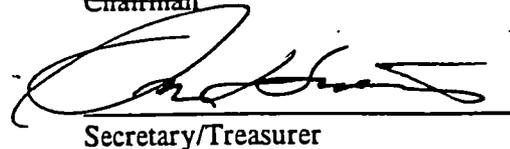
It shall:

- * stimulate, entertain, educate and challenge Portland metropolitan area audiences
- * encourage the development of a diverse range of performing arts events and audiences
- * assist and nurture existing, as well as developing, performing artists and organizations
- * provide and preserve superior, well maintained and managed performance spaces

Passed by the Commission on May 13, 1992.



Chairman



Secretary/Treasurer

APPROVED AS TO FORM:



Metro General Counsel



Portland Center for the Performing Arts

Robert A. Freedman, Director / Portland Civic Auditorium • Arlene Schnitzer Concert Hall • Intermediate Theatre • Dolores Winningstad Theatre

May 7, 1992

MEMORANDUM

TO: Metropolitan Exposition-Recreation Commission

FROM: Robert A. Freedman *(RAF)*
Director, Portland Center for the Performing Arts

SUBJECT: Portland Center for the Performing Arts Mission Statement

Background

The Metropolitan Service District appointed a committee last year to study regional facilities. The Committee, The Public Policy Advisory Committee for Regional Convention, Trade, Performing and Spectator Facilities, was chaired by Clifford Carlsen. A number of sub-committees were appointed to study specific projects and facilities. A sub-committee, chaired by Don Roth of the Oregon Symphony, took on the task of studying the Portland Center for the Performing Arts and making recommendations to the full committee. This sub-committee completed its work in April of 1991 and passed on its report to the full committee. In addition, the sub-committee submitted the report to the Portland Center for the Performing Arts Advisory Committee asking the Advisory Committee to consider several items in the report.

One item, as communicated in the memo of April 29, 1991, from Don Roth to Harriet Sherburne, requested that the Advisory Committee review and rewrite the mission statement for the Portland Center for the Performing Arts. The committee took on this assignment.

The Advisory Committee reviewed the Arts Plan 2000+ study, the sub-committees findings, and had meetings with consultants from Arts Plan 2000+ (Tom Wolf Associates). From this data, the committee spent several meetings re-writing the mission statement.

After a lengthy brain-storming session which brought forward many ideas about the appropriate role of the Portland Center for the Performing Arts in the community, studying mission statements of other similar organizations, and discussing the current statement and its perceived shortcomings, staff (primarily Tom Kruse) drafted a new Mission Statement for the committee to review. They did so and adopted the new Mission Statement in February, 1992.

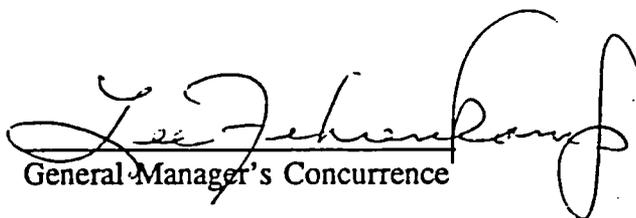
Enclosed for review are the April 29th memo to the Advisory Committee, the findings of the Portland Center for the Performing Arts sub-committee and the old mission statement.

Proposal

The Portland Center for the Performing Arts Advisory Committee is requesting that the new Mission Statement be reviewed by the Metropolitan Exposition-Recreation Commission and said statement be adopted. Once adopted, work can proceed on developing a solid business plan for the Portland Center for the Performing Arts which would include: marketing strategies, review of operations and setting future directions and programs.

Recommendation

It is recommended the Metropolitan Exposition-Recreation Commission adopt the new Mission Statement as attached.


General Manager's Concurrence



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

DATE: April 29, 1991

TO: Harriet Sherburne, Chair
PCPA Advisory Committee

FROM: Don Roth, Regional Facilities Committee
Chair, PCPA Subcommittee

SUBJECT: Promotion and Development of PCPA

As you know, the PCPA Subcommittee has been examining the need for financial support for the PCPA. During our discussion, issues arose regarding the need to promote, develop and gain public support for PCPA. We believe this is something very critical to PCPA's success and, therefore, wish that your committee would entertain a proposal to take on this critical role. If you are willing, we would like to hold a joint meeting where our two committees could share what we've learned.

Our proposal needs to be read in the context of our report, a copy of which is attached. Specifically, what we suggest is:

The PCPA Advisory Committee should develop a new mission statement and program designed to gain public ownership of PCPA, maximize revenue and hall usage, provide wide access to citizens, attract premier acts and entertainment and support arts/entertainment organizations.

Enhanced public awareness of the benefits of the PCPA in the region is an essential pre-condition for long-term financial success. If the public is to support the PCPA both in terms of attendance and in terms of financial support to maintain its operation, there must be widespread awareness of PCPA's contribution to the region's quality of life. The first task is to create a strong and clear sense of mission internally. In developing a new mission statement, the PCPA Advisory Committee may wish to consider the following as key elements:

- maintaining up-to-date arts and entertainment facilities.

- supporting the artistic growth and financial stability of regional arts organizations which use the facility, in particular major tenants.
- attracting premier international cultural and entertainment attractions to the region both independently and in cooperation with regional organizations.
- providing for wide access, both regionally and socio-economically, to arts and entertainment through education and outreach.
- operating in a highly cost-effective manner which requires striking a balance between enhancing revenues, broadening access and maintaining consistent high quality.

It would be advisable for the mission statement and program to be completed in concert with the regional arts planning effort (Arts Plan 2000 Plus) in such a manner that clear strategies to accomplish the mission are adopted and that PCPA's role is clearly defined.

During our committee meetings, there were many ideas regarding strategies that could help accomplish the mission. Many of them have cost implications which would necessitate budget amendments. We are listing them here for your consideration:

Suggestions for Gaining Public Support

- A strong effort is needed to develop a community-wide sense of ownership instead of a community-wide sense of economic burden. Citizens throughout the region should be provided information about the benefits of PCPA, about events, and about how to overcome barriers to attendance. The information should emphasize the importance of PCPA to economic development, quality of life and education of children.
- The community's leaders need to understand how the PCPA benefits the whole community. They should be aware of the PCPA's mission to support local arts and entertainment and to provide access to the broadest possible population. They should also understand the PCPA's economic impact in attracting new business to the region, on current businesses in the downtown area, and through payroll.
- Work with regional arts and entertainment organizations to develop low cost events to bring the public to PCPA.
- Investigate "lobby" activities which would make the New Theatre Building the "indoor living room" complementing Pioneer Courthouse Square. Such activities could be noon performances, store, etc.
- Develop educational programs which complement those already place for children, seniors and families.

- Provide financial incentives to regional arts and entertainment organizations to provide inexpensive tickets to events.
- Improve the visibility and utilization of the PCPA Box Office at the Theatre Building.
- Consider providing umbrella marketing and public relations services for organizations using the facility, to better fill the houses.
- Improved signage/more meaningful names for the particular theatres.

Suggestions for Funding:

Other possibilities for increased revenue or funding that we suggest considering are:

- a presenting program developed by PCPA that does not compete with present users, but makes use of down time.
- children's programming.
- tie in with POVA to better promote events and link with tourism.
- strengthen the box office and phone room as revenue centers.
- work with concessionaires to make sure that operating policies provide for optimum revenues.
- create a Broadway District, a neighborhood which is arts and entertainment driven.
- development of a membership program, like those at the Zoo and the museums, as a source of contributed income which is relatively noncompetitive with tenants.
- a major campaign for private support which could result in donations to complete the shell space and sponsorship for naming facilities.
- advertising inside the facilities.
- establishment of an endowment.
- establish goals and attach incentives for staff to increase attendance and gain greater hall usage.

The most important aspect of this proposal is to gain public support and a sense of public ownership for PCPA. We believe that development of a mission statement is a first step in this process. Measures designed to enhance revenue and contain costs are very important, but they will not resolve the deficit problem. Therefore, a focus on public support is needed first.

SUMMARY OF PCPA RECOMMENDATIONS

The Portland Center for the Performing Arts is the centerpiece of Portland's cultural life. The PCPA's four theatres provide many benefits to the citizens of the region, including:

- PCPA audiences bring millions of dollars to the region. The total annual economic impact of PCPA on the region is estimated at over \$55,000,000. Performances have grown from 677 in 1987-88 to 831 in 1990-91. Recently, Les Miserables grossed \$1,641,846 in ticket sales in a two-week period.
- Its contribution to Portland's quality of life helps to attract new businesses to the region. This is particularly applicable to the suburban areas where "high tech" firms typically locate.
- Conventions are attracted to Portland's amenities. The City's vibrant nightlife revolves around events at PCPA's four theatres.
- The addition of three theatres in the past decade with attendant growth in local arts and entertainment organizations has provided a breadth and depth of cultural experiences unavailable just ten years ago. For example, the fact that our opera and ballet companies have been able to grow and gain national stature has made it possible for them to secure contracts with world class performers such as Baryshnikov and Pavarotti, whose performances might not have previously been available to the region's citizens.
- The youth of the region now have the opportunity to experience a variety of cultural experiences as part of their education. A few examples are school performances by the Oregon Shakespeare Theatre, Oregon Ballet Theatre, Oregon Symphony, the Portland Youth Philharmonic, and the Oregon Children's Theatre Company which serve over 200,000 students annually.

Performing arts facilities traditionally have been built and operated by the public. No like facility in the country makes a profit; all receive some type of support. In our region approximately \$1 million of public investment is needed annually so that the region can continue to return the economic benefit of more than 50 times that investment. Currently, in order to maintain the public financial support for the PCPA, most capital improvements have been deferred and non-profit rental rates have been kept much higher than in similar facilities. The annual deficit has been covered by excess revenues from the Coliseum, but these are dwindling. By 1993, without a new source of funds to replace the Coliseum revenues, we will be facing a cultural and financial emergency and the potential loss of PCPA opportunities and attendant benefits. In this context our Subcommittee submits the following recommendations:

Recommendations:

1. All possible efforts should be made to reduce the annual public support needed by the PCPA. The PCPA staff should work with the PCPA Advisory Committee to identify and implement deficit reduction measures which include increased revenue generation and cost containment (see attached memo to PCPA Advisory Committee).
2. A dedicated source of public funds should be obtained to fund and support ongoing operations of PCPA. The source should be sufficient to allow for:
 - capital improvements necessary to maintain first-class facilities.¹
 - reasonable rental rates and user fees, including non-profit discounts; in other communities such discounts help keep ticket prices low and arts groups accessible.

¹ The dedicated source should not fund the New Theatre Shell Space as this is an appropriate opportunity for special private, corporate or other public funding.

- programs (e.g. education and marketing) that implement the PCPA mission and ultimately increase attendance and revenues.

If possible, the source should be logically connected to arts and entertainment such as hotel/motel tax, food and beverage tax or an entertainment tax. (The annual need for support will be approximately \$1.3 million in 1993.)

3. It is essential that PCPA undertake a strong effort to shift the region's image of PCPA from an emphasis on costs to an emphasis on its benefits. The PCPA staff, the Advisory Committee and MERC should all work to gain public ownership of PCPA. An effort to gain recognition of PCPA's benefits should be directed to the public at large as well as elected officials within the region. As a part of this process, the PCPA staff should work with the PCPA Advisory Committee to develop a new mission statement (see attached memo to PCPA Advisory Committee).

PCPA - VISION FOR THE FUTURE
REPORT OF THE PCPA SUBCOMMITTEE

On a recent Wednesday evening in downtown Portland, commuters from throughout the region, visitors and downtown residents alike were seen:

- meeting over dinner in area restaurants, lounges and hotels.
- taking advantage of the retail core's later hours for convenient shopping.
- winding down at Portland Art Museum's weekly "Jazz After Hours".
- filling the 2,776-seat Schnitzer Concert Hall to hear a well known author speak at Portland Arts and Lectures Series.
- enjoying a contemporary play by the Tony Award-winning Oregon Shakespeare Festival in the Intermediate Theatre of the Portland Center for the Performing Arts.
- experiencing a close-up and personal Shakespeare tragedy by Tygres Heart Shakespeare Company in the Dolores Winningstad Theatre.
- joining 2,999 other opera enthusiasts for a dramatic Portland Opera production at Portland Civic Auditorium.

This scene is not typical weeknight fare in most mid-sized urban settings. And it was not the case in Portland before citizens invested in the four-theatre Portland Center for the Performing Arts. This complex is the centerpiece of the Portland region's cultural life.

BENEFITS

A. Successful Economic Development

The investment in the PCPA has had numerous economic benefits including:

1. Direct economic impact on business in the downtown area. The annual attendance of 850,000 people brings a total estimated impact of \$55.8 million. Of that total, \$17 million is spent directly on businesses outside the PCPA facilities.
2. The PCPA's contribution to the region's quality of life helps attract new businesses. This is particularly applicable to the suburban areas where "high tech" firms typically locate.
3. Conventions are attracted to Portland's amenities. The City's vibrant and diverse nightlife revolves around events at PCPA's four theatres.
4. PCPA's existence is at least partially responsible for the redevelopment of the South Park Blocks, renovation of the Heathman Hotel, siting of several restaurants and shops in the area, and has undoubtedly aided the Oregon Historical Society and Oregon Art Center in their development. The small theatres and lobby spaces at the Center have also been heavily utilized during the business day for meetings and functions by corporate and other business entities creating closer ties between the arts and economic communities.

B. Growth in Arts and Entertainment

The addition of three theatres in the past decade with attendant growth in local arts and entertainment organizations have provided a breadth and depth of cultural experiences unavailable just ten years ago. Examples of successes are:

1. The Oregon Symphony moved from the Civic Auditorium to the Schnitzer Concert Hall where it can rehearse on stage. It has received increased critical acclaim for its artistry, has produced three compact disc recordings and was asked to produce the theme music for television's *Cosby Show*.
2. In 1988, the Oregon Shakespeare Festival created a second company to reside in the Intermediate Theatre. It has been a critical, artistic, economic and public relations success for the company as well as the community.
3. The city's two local ballet companies have merged to create the Oregon Ballet Theatre, a major company whose performances at Civic Auditorium have drawn critical acclaim and a large public following.
4. Performances in the four theatres have grown from 677 in the 1987-88 season to a projected 831 in 1990-91, a 23% increase. With careful scheduling and the flexibility allowed by two large houses, nearly all of the one and two-night concerts that used to bypass Portland for lack of available dates now can be enjoyed by our audiences. This past February, the Broadway road show Les Miserables grossed \$1,641,846 in ticket sales from its two-week run in Portland. That's the highest gross the company has experienced in its past two years on the road!

C. Education

The Oregon Symphony and Portland Youth Philharmonic were the only companies providing performances for school children prior to the new facilities being completed. Now school performances are regularly programmed by the Oregon Shakespeare Festival, Oregon Ballet Theatre, Portland Community Concerts, National Children's Theatre Company and Chamber Theatre Presentations. In addition, Oregon Children's Theatre Company produces two productions each season at Civic Auditorium, serving approximately 90,000 school children each year.

Clearly, the Portland Center for the Performing Arts has given the region both a sense of pride and cultural identity and a substantial economic boost.

COSTS

Performing arts facilities have traditionally been built and operated by the public. No like facility in the country makes a profit; all receive some type of support to supplement earned income. In a comparison of facilities in 18 communities, all 18 received such support from some source. The sources were varied: 7 had support from a government general fund, 8 had multiple sources (donations, grants, gener

fund, hotel/motel tax), 2 were privately subsidized and one was supported solely by a hotel/motel tax. Finally, any new facility--such as PCPA's New Theatre Building--needs time to operate before it can reach full capacity and maximize revenue, even though limited seating capacity in the small theatres will not allow for generation of revenues sufficient to cover operating expenses.

In fiscal year 1990-91, the PCPA was budgeted to end the year with a shortfall of \$897,507. For the 1991-92 fiscal year, the shortfall is estimated to be \$867,310. Within the MERC operation, excess revenue from the Memorial Coliseum is used to cover the deficits in other facilities (Civic Stadium, Coliseum exhibit space, PCPA). The funds are being exhausted at a rate that will mean a new source is needed by 1993.

In attempting to project the appropriate amount of support needed for optimum operation in the public interest there are several issues in need of examination. On one hand, some things should be done which will increase the annual support needed. Capital improvements must not be deferred continually so that these facilities are allowed to deteriorate; rental rates for non-profit organizations--among the very highest in the region--need to be reduced in order to ameliorate the weight of rental costs on these organizations' already fragile finances. On the other hand, there clearly are opportunities to enhance revenue and achieve efficiencies.

A. Capital Improvement

The buildings need to be maintained in good condition with state-of-the-art equipment. As with all buildings, things wear out and must be replaced. Carpets must be replaced about every 10 years. Lighting systems and sound systems reach the point where replacement is cheaper than constant maintenance. Due to limited funds, many needed improvements have been deferred. If this continues, it will reach the point where neither promoters nor audiences will use the facilities. The concern for capital improvement needs to be built into the budget. A list of capital improvements needed is attached in Table 1. In addition, the New Theatre Building has an unfinished shell space that if finished would provide additional meeting and performance capability as well as additional revenue. We recommend finding special funds in addition to regular annual support to finance the completion of this space.

B. Support for Arts and Entertainment

The purpose of government assistance is to bring arts and entertainment to the whole community. Without it, arts and entertainment might only be available to the elite or not available at all. Government assistance is a key factor in other communities in helping arts organizations to keep their ticket prices lower and to offer occasional free or below-cost performances. Support also provides a base of financial stability. This is particularly important at this point in time because local support from direct grants--already among the lowest in any similarly-sized metropolitan area in the West--is declining due to Measure 5.

Rental rates for users of PCPA--especially non-profits--are very high. Most communities' arts facilities provide much greater support than does PCPA through rent reductions to non-profits. A review of facilities in 18 other cities revealed that 14 offered reduced rates to non-profits. In many cases, the reduction was substantial i.e. over 40%. For example, Seattle offers a 40% reduction, Denver a 43% reduction. We recommend that PCPA provide a 25% reduction in rental rates and user fees to non-profits, which will decrease projected revenues by 6% but which will result in a stronger cultural life and more activity for the public.

C. Opportunities to Enhance Revenue/Achieve Efficiencies

While not enough earned revenue can be raised to pay all necessary expenses, opportunities do exist to increase revenue. A study done for Metro by the Wolf Organization reveals that there is interest in greater attendance at PCPA events. This was particularly the case for people outside the city of Portland. Examples of barriers to greater attendance were lack of information, perceived lack of parking and high ticket prices. We recommend greater PCPA and MERC attention to overcoming these barriers.

Consolidation of PCPA under MERC was expected to create efficiencies in operation. There should be a thorough analysis of services being provided to PCPA by MERC and Metro to determine if these are the most cost efficient means of providing necessary services. This is important since Metro/MERC overhead and charges are equal to about one-third of the current operating deficit.

A stronger PCPA role in promotion of events could also increase audience. Current philosophy puts the PCPA manager in a landlord role, leaving the promotion function exclusively to the facility users. While this avoids additional staff costs, given the users fee structure the gains in income could be worth the expense. This is a particular problem for out-of-town presenters who may not be able to do the best job of promoting.

The PCPA manager must have the tools to assess cost effectiveness. This is a first step to identifying areas where efficiencies can be achieved and revenue enhanced. Basic data on hall occupancy, rates, or facility cost by event, time and day of week are not available. The manager of the PCPA, although part of the MERC organizational structure, should be given greater flexibility and latitude in the areas of ticketing, concessions, marketing, and even rents, so he can act to take advantage of revenue opportunities.

Other methods to reduce the need for public support also should be explored. Ideas such as a membership program like that at the Zoo, a program to raise money through "naming and advertising opportunities", and a PCPA-sponsored presentation program need to be considered. The PCPA Advisory Committee could play a key role in generating and examining new ideas and strategies.

PUBLIC SUPPORT FOR PCPA

Public discussion of PCPA has focused on its costs not its benefits. Both the public and elected officials throughout the region need to recognize PCPA's importance to economic development, quality of life and education of children.

A sense of public ownership of PCPA is needed throughout the region before support for a subsidy can be expected. It is also important that all citizens have access to PCPA to ensure that it is truly a public facility. Measures designed to gain public support need to be implemented. While the PCPA Advisory Committee could play a major role, MERC needs to consider the benefits of making appropriate investments in changing the public image of these buildings.

Recommendations

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2. A dedicated source of public funds should be obtained to fund and support ongoing operations of PCPA. The source should be sufficient to allow for:
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 - reasonable rental rates and user fees, including non-profit discounts; in other communities such discounts help keep ticket prices low and arts groups accessible.
 - programs (e.g. education and marketing) that implement the PCPA mission and ultimately increase attendance and revenues.

If possible, the source should be logically connected to arts and entertainment such as hotel/motel tax, food and beverage tax or an entertainment tax. (The annual need for support will be approximately \$1.3 million in 1993.)

3. It is essential that PCPA undertake a strong effort to shift the region's image of PCPA from an emphasis on costs to an emphasis on its benefits. The PCPA staff, the Advisory Committee and MERC should all work to gain public ownership of PCPA. An effort to gain recognition of PCPA's benefits should be directed to the public at large as well as elected officials within the region. As a part of this process, the PCPA staff should work with the PCPA Advisory Committee to develop a new mission statement (see attached memo to PCPA Advisory Committee).

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