

HULT CENTER/CUTHBERT AMPHITHEATER

Service Description

The Cultural Services Division operates the two City-owned performing arts facilities, the Hult Center for the Performing Arts and the Cuthbert Amphitheater.

The Hult Center is a major multi-purpose, multi-venue performing arts facility, capable of accommodating national and international touring events in the region. Its two theaters, the 2,500-seat Silva Concert Hall and the 500-seat Soreng Theater, provide rehearsal and performance space for eight resident companies and a variety of other local arts and community activities. The center is home the Jacobs Gallery for the visual arts managed through a partnership between Lane Arts Council and the City of Eugene. In FY05, there were 732 events and 166,332 paid attendees at the Hult Center.

Cuthbert Amphitheater is a 4,500 seat outdoor venue located in Alton Barker Park, near the University of Oregon football stadium. The venue is open for operation from mid-June through mid-September. In FY05, there were seven events and 10,327 paid attendees at the Cuthbert Amphitheater.

Total FY06 budget for the Hult Center and Cuthbert Amphitheater is \$4,752,306. The service's mission is accomplished by 25.5 FTE.

Historic Perspective

- 1978 Eugeneans approve bond to construct a 2,500-seat multipurpose civic auditorium and a 500 seat community theater. City Council forms Performing Arts Commission.
- 1980 Commission adopts mission statement, operating policies and Patron User Fee of \$.50 per ticket to be dedicated to major equipment and systems repair and replacement.
- 1982 Facility opens as HULT CENTER FOR THE PERFORMING ARTS.
- 1986 Commission adopts "Residency Status Requirements."
- 1989 City Council approves Patron User Fee increase - \$1.00 per ticket (\$.50 for major equipment and systems repair and replacement).
- 1989 Lane County transfers ownership of Cuthbert Amphitheater to City of Eugene.
- 1992 Programming Diversity Policy adopted by Cultural Affairs Commission (formerly Performing Arts Commission).
- 1993 City Council sunsets most boards and commissions, including Cultural Affairs Commission.
- 1998 General fund support for Hult Center/Cuthbert Amphitheater is eliminated as a result of BM 47/50 passage; funding partially restored by dedicating all City Transient Room Tax funds to support facility operations. Loss of general fund support necessitates

reduction in staff and Hult programming. Rental rates significantly increased.

- 1998 Ad hoc Department Advisory Committee formed to study nonprofit status for the facilities. Department Advisory Committee report to City Council supports current management model.
- 1998 Patron User Fee increased to \$2.00 per ticket (\$.50 for major equipment and systems repair and replacement).
- 2000 Collaborative fund-raising campaign launched to upgrade Silva Concert Hall acoustics.
- 2001 Citizen Involvement Committee approved ongoing Advisory Board for Cultural Services Division.
- 2002 The Hult Center celebrated its 20th birthday.
- 2003 Hult Silva Concert Hall \$1.7 million acoustic project completed.
- 2005 City Council officially adopted the slogan "Eugene: World's Greatest City of the Arts & Outdoors."
- 2005 Begin two year, \$250,000 Cultural Services Comprehensive Plan process.

Cultural Services Comprehensive Plan

The City Council approved a maximum of \$250,000 (\$125,000 in FY06 and \$125,000 in FY07) for a Cultural Services Comprehensive Plan. A Request for Proposals (RFP) for consulting services will be released in the fall of 2005. This RFP will invite consultants to apply to guide the development of a 10-year comprehensive cultural plan that will define the role of the City of Eugene in supporting arts and culture. Due to the potential for significant changes resulting from this planning process, much of basic information in this Service Profile remains unchanged from the 2001 update.

Citizen Involvement

The Cultural Services Department Advisory Committee advises management at the policy level, establishes diverse community connections and builds community support for the mission of the organization. The Budget Committee and City Council provide formal overall citizen review of this service area.

Customer Input

Cultural Services staff obtains citizen input through the use of survey tools with promoters, resident company managers and board members, and guests. The Customer Satisfaction Team manages the collection of customer input to support continual service improvement strategies. Each year the team facilitates a survey process to ensure feedback from promoters, resident company management staff and attendees. Data is collected and analyzed for improvements to service delivery. Staff tracks and responds to each customer comment on show and non-show related issues. Staff meets

monthly with the volunteer organization (SHO) and with the Hult Center's Resident Company managers.

Mission

To enrich the cultural life of the region.

Outcomes

- Provide a broad selection of performances by local and non-local artists and companies.
- Ensure the community has reasonable access to Hult Center events.
- Encourage arts educational activities for children and adults.
- Actively seek new patrons and build future audiences.
- Use facilities in support of the visual arts.
- Make facilities available for expanded cultural opportunities, compatible community events and conference activities.
- Manage the Center in accordance with the highest industry standards and in a fiscally sound manner.

Operating Principles

- Resident company status confers benefits that are meaningful and of mutual benefit.
- A Hult Center presenting series is integral to ensuring that a "broad selection" of events are available to the community.
- A presenting series should achieve and maintain financial breakeven status on an annual basis.
- Collaborative programs and community partnerships must support the Hult Center mission.
- Rental rates should increase overall net revenue, be simple to administer, provide special consideration for educational performances, allow for rate adjustment and favor resident companies and local performing arts groups over commercial events.
- Staff will explore new ideas and ways of doing business, set internal fees to cover costs and minimize financial risk to the Hult Center, and develop internal managerial budgets to evaluate performance and analyze cost efficiency.
- TRT and other tax revenues derived from activity at the venues should be used to benefit them.
- Increase activity and exposure through the development of a long range plan and new revenue through major sponsorship development without directly competing with resident companies for outside funds except for in-kind media and capital projects.
- Foster a safe and respectful working environment that encourages innovation, risk-taking, creativity, diversity of thought, culture and ethnicity.

Current Operating Environment

External Trends

Resources

The Cultural Services Subfund is financed by Transient Room Taxes (approximately 1/3 of total revenue) and earned revenue from facility rents, patron user fees, and equipment and services charges. The subfund is dependent on the health of the hospitality industry and vulnerable to the highly volatile nature of the national entertainment industry. The economic downturn combined with the insecurity resulting from the terrorist attacks had a significant negative impact on local visitor and convention business and resulted in a disruption of the touring entertainment industry. The combined effect had economic consequences for the Division the past three fiscal years.

Programming

The Division strives to meet the community's desire for economically accessible, culturally diverse programs and performances. A variety of factors, including scheduling conflicts with commercial and resident company users and increased artists fees and production costs, limit the division's ability to provide a broad range of events. Recognizing that the arts contribute greatly to children's capacity to learn, think, and create, a significant share of Hult Center's presenting activity focuses on youth and family presentations.

Demographics

The Region's population expanded significantly between 1990-2004: Eugene (27% growth); Springfield (23%); Florence (48%); Corvallis (13%); and Cottage Grove (17%). Additionally, the area has become increasingly diverse. Hult Center programming must reflect the community's growing ethnic diversity through performances featuring Hispanic, Asian and other cultures. Regular survey systems will measure the effectiveness of programming policies and general service levels.

Competitive Environment

Competition in the area of leisure and cultural activities continues to increase. Free outdoor concerts in surrounding communities have made audience development and retention at Cuthbert Amphitheater more challenging. Gambling casinos have added concerts by well known artists as an amenity to their offerings and have become a major competitor in the talent-buying marketplace. Because casinos do not rely on ticket sales to cover the cost of the talent, they can pay top dollar artist fees, which has the effect of driving up costs and reducing artist availability.

Industry Consolidation

The industry continues to experience consolidation of entertainment and ticket distribution-oriented businesses (i.e., Clear Channel Communication, Ticket Master). Impacts have emerged in the area of touring routes and price and sales strategies. Smaller market venues have had to expend additional money and effort on marketing their institutions to the conglomerates to assure continued commercial activity.

Technology

The use of new technologies, including the internet, for marketing, information, and sales has increased dramatically as patrons perceive the value and convenience of electronic commerce. The current ticket software will be obsolete within the year, requiring the purchase of a new system and hardware.

Ticketing technology and supplier consolidations are rapidly changing the options for delivery of service. Usage of these technologies is expected to continue to serve a growing number of customers. The use of e-commerce is consistent with and supported by the City's e-government vision.

Internal Conditions

Financial Stability

Approximately 67% of the service area's operating costs are outside the control of Cultural Services management staff (e.g., labor rates, internal City rates for health insurance, risk management, facilities management, information service support). Most of the remaining 33% of operating costs are based on activity/event levels (e.g., advertising, printing, postage, concessions inventory, bank fees). Historically, costs have been increasing at a faster rate than revenue. In 1998, General Fund support for the service was replaced by the City's Transient Room Tax Receipts; these monies are approximately one-third of Cultural Services' revenue stream. Long term financial stability can be maintained only through development of revenue strategies which directly address cost increases. (See also "External Trends - Resources.")

Department Advisory Committee (DAC)

With the approval of the Citizen Involvement Committee, staff will continue to work with a Department Advisory Committee that serves to:

- Act as an advocate for the Center's mission and guiding principles.
- Influence the ongoing operating policies, practices and vision which constitute the business plan.
- Advance community relationships and widen the sphere of citizens who understand the performing arts business.

A combination of City Council direction and studies done by the 1998-2001 Department Advisory Committee calls for the center to initiate new projects that build community partnerships, sustain established relationships and look for new sources of revenue that will financially support center activities. The new Department Advisory Committee will provide community input to staff as it undertakes a more aggressive role in generating the required revenue to provide services to the broadest community.

Facility Use

While facility use fluctuates from year to year (total usage was down approximately 12% in FY01 compared to FY00), overall use remains high in comparison to similar venues. In FY05, there were 739 events, including rehearsals, receptions, performances, etc. in the facilities of the Cultural Services Division, including Cuthbert Amphitheater.

In recent years, events produced by the Resident Companies and other locally based organizations account for approximately three-quarters of the overall use of the facilities. The number of national touring events, which historically have generated more than 50% of earned revenue, fluctuates from year to year depending on conditions in the national performing arts marketplace. Local events, particularly those of the Hult Center's resident companies, are scheduled well in advance, sometimes as much as two years. National touring events are typically scheduled nine months or less prior to the event. This creates a scheduling challenge for the staff and a potential conflict between the needs of the local producing companies and the scheduling requirements of national touring events.

The Cultural Services Department Advisory Committee recommended that the staff attempt to maintain a 50/50 balance between local and non-local use.

Maturing Facility

The Hult Center celebrated its 20th birthday in September 2002. Some major building systems, including the single membrane roof, HVAC systems, and theatre sound and lighting control systems, as well as the loading gallery and stage floors, are reaching the end of their life expectancy. Fifty cents of the \$2.00 Patron User Fee levied on each paid admission generates revenue dedicated to replacement and upgrades of the theatrical and other major equipment and systems in the building, but resources will have to be identified to meet future general capital facility needs.

Performance Measures

Core Processes

Serve Ticket Buyers and Event Attendees

- Number of tickets purchased (based on Patron User Fee)
- Number of total attendees (at staffed public events)

Provide Facilities and Services to Local and Non-Local Promoters and Artists; and Ensure a Broad Selection of Cultural and Community Activities

- Number of events that are Hult Presents, commercial, resident company, local arts or community non-performance activities, by facility

Total System Measures

Effectiveness

- Number of events that are Hult Presents, commercial, resident company, local arts or community non-performance activities, by facility

Efficiency

- Operating cost per attendee

Financial

- Percentage of operating costs covered by earned revenue

Customer Satisfaction

- Percent of promoters rating services satisfactory or above
- Percent of event attendees indicating satisfaction by venue

Strategy 1: Increase and maintain reserve funds for long-term operational needs.

Objective: Establish and maintain four months of operating reserve.

Work Activities:

- Develop strategies to manage increased costs.
- Identify and develop opportunities for on-going funding in addition to TRT.

Strategy 2: Establish and maintain venue management agreement for operations at Cuthbert Amphitheater.

Objectives: Increase summer event activity at Cuthbert Amphitheater.

Work Activities:

- Establish annual review with management organization to ensure objectives are met.
- Survey ticket buyers to ensure audience satisfaction levels are maintained.

Strategy 3: Ensure a mix of local and commercial events.

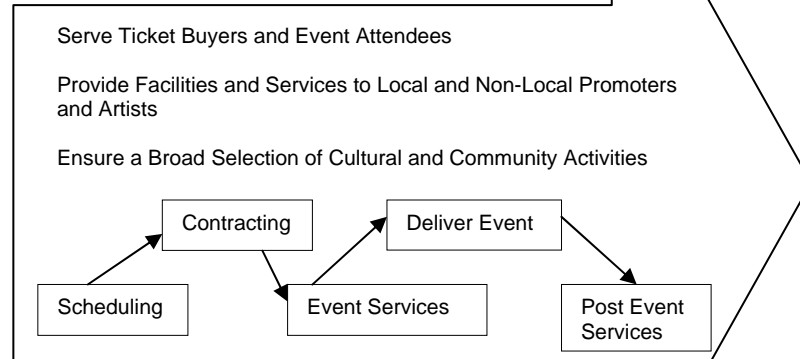
Objective: Maintain commercial promotion activity level at 40 events per year.

Work Activities:

- Continue to develop networks with successful regional promoters to encourage ongoing commercial activity at the Hult and Cuthbert.
- Continue and expand Hult presenting and community involvement programs.

System Map Hult Center/Cuthbert Amphitheater

Core Processes:



SUPPLIERS:

Promoters
Resident companies
Performing arts groups

Food and beverage vendors

Tax/fee payers
Ticket buyers

Contractors
Other City departments

Material, supply, equipment
and service vendors

Labor pool
SHO

Media
Event sponsors

INPUTS:

Art
Entertainment

Food
Beverages

\$/TRT/fees/ticket
revenues

Facilities/capital
improvement

Materials and supplies
Services
Equipment

Time
Professional experience/
labor
Volunteer labor

Ad space
Advertising
Event sponsorship

Serve Ticket Buyers and Event Attendees

Provide Facilities and Services to Local and Non-Local Promoters and Artists

Ensure a Broad Selection of Cultural and Community Activities

SUPPORTING PROCESSES:

Budgeting
Building maintenance and capital improvements
Purchasing
Hiring
Training
Community relations
Employee relations
Management information reporting
Market development
Payroll
Division financial management
Maintaining relationships
Human resource management
Technical services
Concession services management

OUTPUTS:

Tickets to performances

House services
Concessions

Venue
Tech services
Marketing support
Ticket services

DIRECT CUSTOMERS:

Event attendees
Ticket buyers

Patrons
Promoters
Resident companies
Local performing arts groups
Community event users, e.g., graduations

STAKEHOLDERS:

City Council, City Manager, Advisory committees/
boards
Executive Management Team
Lane Arts Council
Media
Performers/artists
Visual Arts Consortium
City Parks
DEI
Other City departments

Citizens/voters
Resident companies
University of Oregon
Parking
Event sponsors
SHO