



**To:** Sally Bagshaw, Chair of Parks and Neighborhoods Committee  
**From:** Christopher Williams, Acting Superintendent  
**Re:** Funding Options for Arts-related Programs at Seattle Parks and Recreation  
*Response to SLI 81-1-A-1-149*

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### **Summary**

The 2012 Adopted Budget included a Statement of Legislative Intent (SLI) asking Seattle Parks and Recreation (Parks) to submit a plan that details future funding options for its three arts-related programs: Downtown Arts in Parks, Outdoor Neighborhood Parks, and Langston Hughes Performing Arts Center (LHPAC). The funding plan is to address Ordinance 123460 which authorized transfer of 25% of Admission Tax revenue from the Office of Arts and Cultural Affairs to Parks in 2011 and 2012 (approximately \$1 million per year). A list of the programs provided in 2011 by Parks three arts programs is provided in Appendix A.

Specifically, the SLI directed Parks to include in the funding plan:

- Expected General Fund support needed for the three programs in the 2013-2014 budget;
- The extent of any required program or staffing reductions to support the three programs beginning in January 2013; and
- Options that provide long-term financial support to maintain and operate LHPAC.

### **Background**

#### Downtown Arts in Parks (Center City Parks)

The Center City Parks program works to make downtown parks the lively, welcoming community-building attractions they should be to promote the social and economic health of the urban core. The effort was launched in 2006 after the Downtown Parks and Public Spaces Task Force called for action to address the fact that certain activities in downtown parks were detracting from the urban experience. This is how the Task Force described downtown parks at the time:

While some parks are gathering places for transients, predominantly men, others sit vacant on both weekdays and weekends... There is little public art and engaging amenities... The parks don't feel safe or welcoming and there are few reasons for people to visit them.

The Downtown Arts program focuses primarily on five parks: Westlake, Victor Steinbrueck, Occidental, Freeway, and Hing Hay, and includes others as the opportunity arises. Parks has learned that successful transformation of problematic Center City parks requires almost daily activity, for as soon as the efforts let up less than positive activities come back to the park. Activation occurs through:

- **Park concierges** who put out moveable furniture and oversize chess sets (hugely popular), support the lunchtime busker program and other events, and provide information and guidance to 10,000+ visitors every year.
- **Events** totaling more than 160 in 2011, and ranging from the larger ones such as Dancing til Dusk, First Thursdays Art in the Park, and the Salmon Bakes at Victor Steinbrueck, that bring 500-800+ participants each, to small events like the Dickens Christmas Carolers, attracting 50-75 people each. Staff estimate an average of 200 people per event, or a total of 32,000 people attending events in 2011.
- **Community-based activities and events** such as lunchtime buskers, chess tournaments, bocce, selling used books to benefit the Seattle Public Library, and street art by skilled chalk artists.
- **Temporary art** installations, through the ARTSparks program, in partnership with 4Culture's Site-Specific Arts, brings several months of evocative and whimsical, temporary art installations to parks.

Overall, the impact of the Center City Parks programs are improved general ambience of downtown parks, adding to the appeal of downtown for those attending an event or simply passing by on their way to work, shop or eat downtown.

#### Outdoor Neighborhood Parks

The Outdoor Neighborhood Parks Program, also called Parks Commons Programs, began with park neighbors wanting help replacing negative park activities with vibrant community activation. Commons programs have helped transform and engage neighbors at Othello Park, Genesee Playground, Cal Anderson Park and Little Brook Park. Programs include community gatherings, storytelling, movies and festivals. Appendix E provides a sampling of stories evoking the impact the Parks Commons Program has had on park neighbors.

The Parks Commons Program is assigned to parks that have experienced long-term public safety issues and where those issues would be improved by increased community use of the parks. The program is typically assigned to six or eight parks at a time, with each park generally receiving the program's services for two years (or two summer seasons). In the first year the coordinator meets with the community and assists to launch whatever events or activities the community decides will enrich their neighborhood. During the second year the coordinator assists the community to stabilize these events and activities to become annually sustainable recurring events.

In addition, the Parks Commons Program staff has taken the leadership in creating and cultivating the LGBTQ youth community, creating new cultural programming for LGBTQ youth such as C.O.D – Creating Our Diversity and the Born This Way Kafé. Environments like the Born This Way Kafé are essential in nurturing healthy LGBTQ youth and paving the way for civic engagement with the greater community. As a result of this work in the field of cultural programming for the LGBTQ community, the program won the 2012 Spotlight Award for Program Excellence for Cultural Competency from the Washington Recreation and Park Association. Also, Parks Commons staff work on arts and cultural programs with Langston Hughes Performing Arts Center staff. Programs marked with an asterisk on Appendix A are those jointly produced by Commons and LHPAC staff.

### Langston Hughes Performing Arts Center

Langston Hughes Performing Arts Center was originally established in 1971 as the Yesler Neighborhood Center, a creative cultural arts center under the federally sponsored Model Cities, Urban Renewal program. Seattle's Model Cities Program bought the building, the former Chevra Bikur Cholim Synagogue, for \$300,000 and spent an additional \$360,000 refurbishing it. Through an agreement with Model Cities, the building was turned over to Parks to operate, and the facility opened in 1971 as the Yelser Neighborhood Center, soon to be renamed the Langston Hughes Cultural Center in honor of the African American writer. In 1982, the building was declared a landmark by the City's Landmark Preservation Board (Ord. 110354).

Initial programming was directed primarily at children, with the goal of introducing arts to children in the inner-city neighborhood and included arts, crafts and dance lessons, as well as multi-cultural programming such as a 1974 Japanese folklore class. A City-supported childcare facility was added, and through federal programs, free meals were served. Model Cities provided programmatic funding through 1974, when Parks took over. The heart of Langston Hughes is the 285-seat theater. During the 1980's the Black Arts West and Paul Robeson Theater companies produced plays at Langston Hughes.

The 2008 Parks and Green Spaces Levy provided \$2.5 million for seismic and structural upgrades at LHPAC. The facility closed in 2010 for this redevelopment, with many of the Center's programs produced off-site. After a two-year redevelopment period, the newly refurbished Center formally opened in May 2012.

### **Budget**

Parks art budget supported by the Admissions Tax in 2012 is \$1,144,294, divided between the three programs as shown in Table 1. The Admissions Tax covers approximately 90% of the total budget for all three programs.

|              | Langston Hughes Performing Arts Center | Downtown Arts in Parks | Outdoor Neighborhood Parks | TOTAL              |
|--------------|--|------------------------|----------------------------|--------------------|
| <b>TOTAL</b> | <b>\$645,907</b>                       | <b>\$365,361</b>       | <b>\$133,026</b>           | <b>\$1,144,294</b> |

As requested in the SLI, information for each of the three programs regarding 1) financial support, 2) program or staff reductions in 2013, and 3) public/private partnerships is provided below.

### Downtown Arts in Parks:

#### **1. Financial support**

The 2013 budget for the Downtown Arts in Parks program is \$382,301. For 2011 and 2012 all of the funding for the program has come from Admission Tax revenue. The program is staffed by one full time Strategic Advisor and one full time Recreation Program Coordinator. The budget is about evenly split between personnel costs and non-personnel costs which provide program support such as paying buskers and park concierges, event equipment and marketing. The 2013-2014 budget, to support the current staff and program, is expected to increase above the 2012 amount by approximately two percent for inflation.

| <b>Table 2: Downtown Arts in the Parks Detailed Budget</b> |                        |                           |            |
|--|------------------------|---------------------------|------------|
|  | <b>2012<br/>Budget</b> | <b>2013<br/>Estimated</b> | <b>FTE</b> |
| <b><u>Revenues</u></b>                                     |                        |                           |            |
| Ad Tax/General Fund  | \$365,361              | \$382,310                 | 2          |
| Donations  | \$15,296               | \$17,784                  |            |
| <b>Total Revenues</b>                                      | <b>\$381,287</b>       | <b>\$400,094</b>          |            |
| <b><u>Expenses</u></b>                                     |                        |                           |            |
| Personnel Costs:   |                        |                           |            |
| Strategic Advisor 1  | \$108,423              | \$116,563                 | 1          |
| Recreation Program Coordinator                             | \$93,386               | \$100,427                 | 1          |
| Operating Costs:   |                        |                           |            |
| Professional Services                                      | \$164,019              | \$167,299                 |            |
| Supplies   | \$15,495               | \$15,805                  |            |
| <b>Total Expenses</b>                                      | <b>\$381,287</b>       | <b>\$400,094</b>          | 2          |

**2. Program or staff reductions in 2013**

The source of the funds for the 2013 Downtown Art in Parks budget is being developed for inclusion in the Mayor’s proposed budget. Funding will be either from the General Fund, continuation of Admissions Tax funding, contributions from non-City partners, or a combination of these sources. Reductions in the program will be weighed against other department program priorities during final budget preparation.

**3. Public/private partnerships**

Center City staff work with a broad array of partners to generate events and programs in downtown parks in two ways. First, Center City staff provide support as a partner through staffing, equipment, funding, promotion and/or fee waivers to community organizations or individuals wanting to produce cultural or arts events, such as Lunar New Year or First Thursday Art in the Park. The community investment that results from these efforts is sizeable. The second way staff work with partners is in developing and implementing Parks programs, such as ARTSparks, Center City Cinema and Dancing til Dusk, often with some financial support from community partners. For example, in 2011 4Culture’s Site Specific program provided \$14,000 to support ARTSparks, and the Freeway Park Neighborhood Association held five Dancing til Dusk events at a cost of approximately \$7,000. A list of 2011 partners is shown on Appendix B. In 2011, these two approaches together resulted in a significant investment from the community for programs and activities in downtown parks with the bulk of the funds spent directly by the community on artists, services and outreach.

A key partner in creating and promoting events in downtown parks is the Downtown Seattle Association (DSA) which produces its signature programs, the summer Out to Lunch concert series and the Holiday Carousel. DSA and the Metropolitan Improvement District (MID) funds these programs at a direct cost of \$605,577 and a total cost of \$1,028,276 when volunteer and in-kind contributions are added.

Center City art programs differ from events produced by DSA and most other downtown community organizations in one key element: as noted, Parks has learned that successful

transformation of problem parks requires almost daily activity. Center City programs therefore focus on relatively small-scale activities to enliven multiple downtown parks on a regular, ongoing basis. DSA on the other hand generally focuses on large-scale, destination events. The recent hopeful sign that the retail sector may be strengthening, with the 2011 retail holiday season outperforming projections, may mean more support from DSA and its member businesses to sponsor Center City programs in future years.

Outdoor Neighborhood Parks:

**1. Financial Support**

One Recreation Program Coordinator manages the Outdoor Neighborhood Parks program with a total 2013 budget of \$138,639; personnel costs account for the majority of the funding, with some funds going for event support. For 2011 and 2012 all of the funding for the program budget has come from the City's Admission Tax revenue. The 2013-2014 budget, to support the current staff and program, is expected to increase over the 2012 amount by approximately two percent for inflation.

| <b>Table 3: Outdoor Neighborhood Parks Detailed Budget</b> |                    |                       |            |
|--|--------------------|-----------------------|------------|
|  | <b>2012 Budget</b> | <b>2013 Estimated</b> | <b>FTE</b> |
| <b><u>Revenues</u></b>                                     |                    |                       |            |
| Ad Tax/General Fund  | \$133,026          | \$138,639             | 1          |
| Donations  | \$941              |                       |            |
| Total Revenues   | \$133,026          | \$138,639             |            |
| <b><u>Expenses</u></b>                                     |                    |                       |            |
| Personnel Costs:   |                    |                       |            |
| Recreation Program Coordinator                             | \$122,535          | \$127,103             | 1          |
| Operating Costs:   |                    |                       |            |
| Rental Expense   | \$4,827            | \$4,831               |            |
| Supplies   | \$4,055            | \$4,129               |            |
| Communications   | \$1,170            | \$1,193               |            |
| Maintenance  | \$1,114            | \$1,114               |            |
| Misc.  | \$266              | \$269                 |            |
| <b>Total Expenses</b>                                      | <b>\$133,967</b>   | <b>\$138,639</b>      | <b>1</b>   |

**2. Program or staff reductions for 2013**

The source of the funds for the 2013 Outdoor Neighborhood Parks budget is being developed for inclusion in the Mayor's proposed budget. Funding will be either from the General Fund, continuation of Admissions Tax funding, contributions from non-City partners, or a combination of these sources. Reductions in the program will be weighed against other department program priorities during final budget preparation.

**3. Public/private partnerships**

Partnerships have been a supporting element for the Outdoor Neighborhood Parks program. In 2011 the community contributed \$31,800 in cash to support these programs plus \$25,370 in in-kind donations, for a total of \$57,170.

Langston Hughes Performing Arts Center:

**1. Financial Support**

The amount of 2012 Admissions Tax support for Langston Hughes Performing Arts Center is \$645,907. The estimated amount of support needed in 2013 is \$620,000. The 2013 estimated budget is \$719,683, slightly higher than 2012 due to projected inflation. While the facility has been closed for redevelopment, LHPAC programs have been produced off-site by four staff; an additional four positions were held vacant during the closure. The current staffing model is shown in Table 2. The facility is estimated to generate approximately \$100,000 in revenues for 2013. The two funding sources include program fees and rentals.

| <b>Table 4: 2012 Langston Hughes Performing Arts Center Budget</b>  |  |   |                       |             |
|---|--|---|-----------------------|-------------|
|   | <b>2012 Actuals<br/>(assumes 9<br/>mos of<br/>operations<br/>due to<br/>closure)</b> | <b>2012 Budget<br/>(assumes 12<br/>mos of<br/>operations)</b> | <b>2013 Estimated</b> | <b>FTE</b>  |
| <b>Revenues</b>   |  |   |                       |             |
| Ad Tax/General Fund   |  | \$ 645,907  | \$618,803             |             |
| Program fees and rentals  |  | \$ 70,880   | \$100,880             |             |
| <b>Total Revenues</b>   |  | <b>\$ 716,787</b>   | <b>\$719,683</b>      |             |
| <b>Expenses</b>   |  |   |                       |             |
| Personnel Costs:  |  |   |                       |             |
| Manager 2   | \$130,523  | \$130,523   | \$144,928             | 1.00        |
| Public/Cultural Programs Specialist, Sr.  | \$99,654   | \$ 99,654   | \$96,680              | 1.00        |
| Public/Cultural Programs Specialist   | \$ 84,529  | \$84,529  | \$82,093              | 1.00        |
| Administrative Staff Assistant  | \$ 88,794  | \$88,794  | \$86,199              | 1.00        |
| Stage Technician, Lead*   | \$45,062   | \$85,062  | \$82,618              | 1.00        |
| Maintenance Laborer*  | \$51,022   | \$68,670  | \$66,814              | 1.00        |
| Recreation Attendant*   | \$43,717   | \$37,741  | \$40,339              | 0.59        |
| Recreation Attendant*   | \$3,836  | \$33,905  | \$33,673              | 0.50        |
| Operating Costs:  |  |   |                       |             |
| Supplies  | \$22,194**   | \$22,194  | \$22,626              |             |
| Professional services   | \$24,123**   | \$24,123  | \$24,605              |             |
| Communications  | \$15,476**   | \$15,476  | \$15,520              |             |
| Utilities   | \$12,998**   | \$12,998  | \$13,258              |             |
| Other charges   | \$6,093**  | \$6,093   | \$9,540               |             |
| Rental Expense  | \$5,707**  | \$5,707   | \$5,707               |             |
| Misc.   | \$1,318**  | \$1,318   | \$1,343               |             |
| <b>Total Expenses</b>   | <b>\$638,096</b>   | <b>\$ 716,787</b>   | <b>\$725,946***</b>   | <b>7.09</b> |
| * The four starred positions were vacant while the facility was closed for redevelopment.   |  |   |                       |             |
| **2012 Actuals for non-personnel costs will not be available until year-end. Many costs will be the same as budget because programs were being produced off-site. |  |   |                       |             |
| ***Expenses and Revenue don't match due to personnel budget system anomalies: vacancy rate charges, changes to the retirement system and top step accounting.     |  |   |                       |             |

## **2. Program or staff reductions for 2013**

The source of the funds for the 2013 Langston Hughes budget is being developed for inclusion in the Mayor's proposed budget. Funding will be either from the General Fund, Admissions Tax funding, contributions from non-City partners, or a combination of these sources. More information on options for 2013 is provided in the discussion of the options for LHPAC long-term financial support.

## **3. Public/private partnerships**

During the two-year closure of Langston Hughes, staff were active seeking grants to increase the construction budget. Appendix D shows grants received for Langston Hughes renovation.

### **Options for Long-term Financial Support for Langston Hughes Performing Arts Center**

#### The State of Theater in Seattle

In order to best evaluate the feasibility of the options for Langston Hughes included in the SLI, Parks staff researched the state of Seattle's theater industry. The recent demise of the Intiman Theater (a 2006 Tony award winner for regional theater excellence and not that long ago fully subscribed) speaks to the difficulty of sustaining a theater during difficult economic times. In fact, the Intiman operated with a business model similar to that of Langston Hughes: it produced its own plays *and* rented the facility as much as possible for weddings, lectures and non-Intiman plays during times it was not needed for its own productions. Unlike Langston Hughes, Intiman had a Board of Directors dedicated to raising funds.

Fundraising plays a tremendous role in theater financing. A successful company generally must rely on raising 35-50% of its annual budget from fundraising, leading companies to create fundraising-focused boards. An example is Seattle Repertory Theater which has a 54-person Board of Directors, 15 Trustees Emeriti and 18 Advisory Council members, constituting an 87-person fundraising arm.

Langston Hughes will be forming a Friends of LHPAC group after the redeveloped facility opens, with fundraising part of the group's mission. The question that can't be answered at this point is how much of the LHPAC budget can be offset with fundraising. Based on staff interviews and discussions with people involved in the arts community, there is a concern that the arts community would not be able to support through contributions a new entity to take over the Playhouse Theater, Intiman's home. A collaboration that included a strong anchor tenant with other viable companies is considered economically sound because each entity would bring to the partnership its ongoing private support. Langston Hughes, with its African American focus may draw on a different fundraising base within the community, but would still be seeking money from the major art-funding foundations.

#### SLI Options

The SLI directed Parks to explore options that provide long-term financial support to maintain and operate Langston Hughes, including:

- A. Whether expanding the use of the facility to additional arts or cultural organizations would result in greater financial stability for the facility;
- B. Whether the City should contract with a non-city organization to operate the facility;
- C. Whether the facility should be sold, leased or transferred to a group or organization to benefit arts or cultural organizations; or
- D. Other options that provide long-term financial stability to continue operation of the facility.

Table 5 shows estimated potential changes in the financial picture for Langston Hughes with the four options; a narrative describing the options follows.

| <b>TABLE 5: Financial Options for Langston Hughes Performing Arts Center</b>                                    |                    |                           |                                  |                                |
|---|--------------------|---------------------------|----------------------------------|--------------------------------|
| <i>in 2013 dollars</i>  |                    |                           |                                  |                                |
| <b>Options</b>  | <b>Total Costs</b> | <b>Estimated GF Costs</b> | <b>Estimated Revenue Impacts</b> | <b>Total Estimated Savings</b> |
| <b>2012 Model (Annualized)</b>  | <b>\$ 726,000</b>  | <b>\$ 646,000</b>         | <b>\$ 71,000</b>                 | <b>\$ -</b>                    |
| <b>Option A (1)</b> : Status Quo (assumes expanded use under current model based on a newly renovated facility) | <b>\$ 720,000</b>  | \$620,000                 | \$ 100,000                       | <b>\$ 29,000</b>               |
| <b>Option A (2)</b> : Expand use and enhance fundraising efforts under current model                            | <b>\$ 720,000</b>  | \$600,000                 | \$ 120,000                       | <b>\$ 49,000</b>               |
| <b>Option B</b> : Contract with operating/booking agency  | <b>\$ 250,000</b>  | \$ 250,000                | -                                | <b>\$ 396,000</b>              |
|   | <b>\$ 450,000</b>  | \$ 450,000                | -                                | <b>\$ 196,000</b>              |
| <b>Option C(1)</b> : Sale*  | -                  | -                         | -                                | <b>\$ 646,000</b>              |
| <b>Option C(2)</b> : Long-term lease  | -                  | -                         | -                                | <b>\$ 646,000</b>              |
| <b>Option D</b> : Eliminate city-produced programs  | <b>\$ 338,000</b>  | \$ 218,000                | \$120,000                        | <b>\$ 379,000</b>              |

\*This option is not likely based on Initiative 42 restrictions on the sale of park lands and facilities.

Option A: Expanding use to additional arts or cultural organizations

**1: Expanding use within current funding model**

The effort to expand use at Langston Hughes to additional arts and cultural organizations is ongoing. While the mission statement for the facility is focused on African American performing arts and culture, recent programs have showcased an ethnic and cultural mix. Appendix A shows the diversity of programming and users of the off-site Langston Hughes programs in 2011 while the facility was closed for redevelopment. Classes ranged from salsa to hip-hop to beginning violin. After re-opening in spring of 2012, the diversity of use by a range of cultural organizations continues, as is shown on Appendix C.

The operating model with Option A retains City management which includes staff-produced performances as well as an aggressive marketing /rental campaign to bring in additional arts and culture organizations. Expanding rentals could provide more financial support for Langston Hughes as the facility stays in City management, with rental income coming back to the City. Rental space includes the now state-of-the- art 285-seat theater, classrooms, and a multi-purpose room with a commercial kitchen that can host weddings and other functions, as well as provide rehearsal space with a specially built sprung floor suitable for dance. Parks staff have been aggressively marketing these venues; however, the uncertainty of the actual 2012 opening date, unknown until February due to construction delays, limited 2012 bookings. Marketing for 2013 is underway and will be the first test for the extent to which expanding use to additional arts or cultural organizations can improve Langston Hughes bottom line.

The fate of the Intiman Theater and the general difficulty in financially sustaining arts organizations lends a cautionary note to the premise that Option A, expanding use to additional arts and cultural



organizations, will provide long-term financial support that would significantly reduce the current level of City support. ACT Theater more successfully operates with the model of producing its own plays and renting space to other organizations. Perhaps a key to ACT's relative success is the fact that in 2010 ACT covered 59% of its operating budget with fundraising income. In spite of this support, ACT lost money in 2010, raising "substantial doubt about the theater's ability to continue as a going concern." (Audit of A Contemporary Theater, Inc. and Affiliates by Moss Adams) It should be noted that self-produced plays are a significantly bigger piece of the Intiman and ACT business model than has been the focus at Langston Hughes with both non-City theaters employing many more staff than LHPAC.

## **2. Expanding use with reduced reliance on the City Funding**

Expanding use and fundraising could increase revenue such that reliance on City funding can be initially reduced and perhaps ultimately eliminated. A five year plan could be developed to maximize use of the theater and expand fundraising with a dedicated board. The first step in the move to eliminate General Fund support will take place in 2012 with the establishment of a board/friends of group with a focus on fundraising, and with the goal of ultimately raising 35% of the theater budget in five years.

The state-of-the-art new facility supports the premise of option A 2 that rental revenue will increase; the new commercial kitchen supporting the multi-purpose room, sprung floor for dance and state-of-the-art theater should lead to more use and more revenue. However, the difficult situation for theater in Seattle, as noted previously, cautions against assuming successful weaning from the General Fund in five years.

### Option B: Whether the City should contract with a non-city organization to operate the facility

Contracting with a non-city organization to operate Langston Hughes could be in the form of a contract with an operating agency to fill the space. While Parks has not explored this option with any specific organizations, it has been suggested that an organization such as One Reel, which produces Bumbershoot, or Seattle Theater Group, which manages the Moore, Paramount, and Neptune Theaters, or an entrepreneurial enterprise such as manages the Broadway Performance Hall, might be the type of organization interested in contracting to run the facility. An advantage of contracting operations to an outside organization is that it would provide financial certainty to the City with payment to the operating agency established for the life on the contract. A disadvantage would be the loss of control over programming.

There are many ways to structure a contracting agreement: there could be a requirement to focus rentals on the Langston Hughes mission; there could be requirements for public benefits, such as free or low cost use by neighborhood organizations; and there are various ways to handle rental revenue, from all of it returning to the City, requiring more up-front payment to the operating agency, to some form of split that would require less up-front payment. Assuming that an operating agency would, at a minimum, need to cover their expenses, the City obligation could be in the range of \$250,000 to \$450,000, assuming no rental income goes back to the operating agency.

In interviews and discussions staff has had with representatives of the arts community, concerns have been expressed that a theater without an anchor tenant loses its soul; and perhaps more on the practical side, people have noted that rental-only facilities are not maintained as well as facilities with an anchor tenant.

A policy issue to address regarding contracting with a non-city organization to operate Langston Hughes is the loss to the community of an African American focused theater. Since its inception in the early 1970's Langston Hughes has served as a focal point for its Central Area neighborhood and for Seattle's African American community.

## Option C: Whether the facility should be sold, leased or transferred to a group or organization to benefit arts or cultural organizations

### **1. Selling Langston Hughes to a group or organization to benefit arts or cultural organizations**

The applicability of Initiative 42, adopted by Ordinance 118477 in 1997, is one issue to address regarding the possibility of selling Langston Hughes. The ordinance requires the City with any sale of park land or facility to “receive in exchange land or a facility of equivalent or better size, value, location and usefulness in the vicinity, serving the same community and the same park purposes.” In addition to the applicability of Initiative 42, selling Langston Hughes would raise considerable concerns in the City’s African American community, unless perhaps the sale was to an organization with the same mission.

### **2. Leasing or transferring Langston Hughes to a group or organization to benefit arts or cultural organizations**

In contrast to Option B where a leasing agency takes over management of Langston Hughes, Option C 2 assumes a long-term lease to an arts organization or a collective of several arts organizations. In assessing the possibility of leasing or transferring Langston Hughes, comparisons with the operation of other Parks arts facilities is germane. Parks-owned cultural facilities that are leased to non-City organizations to operate include Pratt Fine Arts Center, Seward Park Clay Studio, Madrona Dance Studio and the Bathhouse Theater. Parks long-term policy has been to maintain public access to these arts facilities, ensure affordable programs and keep the buildings open. Therefore, the leases allow rental offsets in exchange for public benefits. A market rate rental price is established through the evaluation of comparable facilities; from the market rate, lessees are able to deduct rent in exchange for meeting Parks specified public benefit offsets. For each of the facilities, Pratt, Seward Park Clay, Madrona Dance and the Bathhouse, the operator provides scholarships, free or reduced priced performances or classes, or public use of the facility to reduce annual rent payments to near nothing. Parks retains responsibility for major maintenance, with the lessees responsible for routine operations and maintenance costs.

Parks model is slightly different from the Seattle Center’s leases for its theaters: the Center significantly discounts rents below market rate, but rents cannot be fully offset by providing public benefits. The inability of the Intiman Theater to pay its rent to the Center is a key factor in the Center’s decision to issue a Request for Proposals (RFP) this spring to find a new tenant for the Playhouse Theater.

The benefit to the City from a long-term lease is the elimination of the annual City support, a savings of \$645,907. Depending on how the lease is structured, there may be some opportunity for the City to earn rental revenue. The responses to the Playhouse RFP will provide timely insight into the strength of Seattle’s theater community and the feasibility of finding an organization, or perhaps a consortium of organizations, to lease Langston Hughes and the possibility of the City earning rental revenue with this model.

The policy issue raised in the discussion of Option B, the loss to the community of an African American focused theater, applies with this option as well.

Option D: Other options that provide long-term financial stability to continue operation of the facility

**Discontinue City staff-produced programming/Operate as a rental-only facility**

Current Langston Hughes staff includes two Public/Cultural Program Specialist positions whose primary job has been to produce plays and other arts programs at Langston Hughes and sometimes at other facilities. One example of the work of these staff is the annual summer musical which has provided theater experience for at-risk youth while creating vibrant cultural performances.

Taking Parks out of the business of producing programs at Langston Hughes and relying on non-City arts organizations to bring their work to the facility is one avenue to reduce City support. Eliminating the two production-related positions would cut the Langston Hughes 2013 budget by \$178,773. Also related to in-house productions is the Stage Technician position. In order to ensure safe use of the theater's backstage components, City-trained stage technician services would be required in a rental only facility; however, this position could be filled on an as-needed, temporary basis, supported by rental revenue. In this scenario, a pool of trained, pre-qualified technicians would be on call to support rental productions. With the Manger 2 position serving solely as a rental agent, the Administrative Staff Assistant position is eliminated, and the Maintenance Laborer position is reduced to half time. Together, eliminating Parks produced programs results in a savings of \$378,778, as shown in Table 6.

| <b>Current Staffing</b>                  | <b>FTE</b>  | <b>Proposed Change</b>                                  | <b>FTE Change</b> | <b>Savings</b>   |
|--|-------------|---|-------------------|------------------|
| Manager 2                                | 1.00        | No change   | -                 | -                |
| Public/Cultural Programs Specialist, Sr. | 1.00        | Eliminate position                                      | (1.00)            | (96,680)         |
| Public/Cultural Programs Specialist      | 1.00        | Eliminate position                                      | (1.00)            | (82,093)         |
| Administrative Staff Assistant           | 1.00        | Eliminate position                                      | (1.00)            | (86,199)         |
| Stage Technician, Lead                   | 1.00        | Eliminate positions/fund temp. services through revenue | (1.00)            | (82,618)         |
| Maintenance Laborer                      | 1.00        | Eliminate and fund half-time temporary position         | (1.00)            | (31,188)         |
| Recreation Attendant                     | 0.59        | No change   | -                 | -                |
| Recreation Attendant                     | 0.50        | No change   | -                 | -                |
| <b>Totals</b>                            | <b>6.59</b> |   | <b>(5.0)</b>      | <b>(378,778)</b> |

**Note: The total 2013 personnel budget is \$627,310. This option would reduce the total budget to approximately \$340,905.**

Policy questions to consider regarding possible elimination of Parks productions are:

- Is producing ongoing 'commercial grade' performing arts a core business of Parks?
- What is lost to the community by eliminating Parks-produced programs and what are the trade-offs with other parks and recreation programs?
- Do or can outside organizations replicate the benefits of Parks-produced programs?

### Appendices

Appendix A – 2011 Arts Programs, Classes and Events funded by Admissions Tax

Appendix B – Center City Parks 2011 Partners

Appendix C – 2012 Draft Langston Hughes Schedule

Appendix D – 2010-2011 Langston Hughes Grants Received

Appendix E – Stories

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