

CITY OF SARASOTA, FLORIDA
VAN WEZEL PERFORMING ARTS HALL

	Actual 2000-01	Budget 2001-02	Amended Budget 2001-02	Estimated 2001-02	Budget 2002-03
Available Fund Balance	\$ (526,306)	\$ -	\$ 390,304	\$ 390,304	\$ 390,304
<u>Revenues</u>					
Ticket sales net of refunds	4,941,949	5,600,000	5,600,000	5,377,864	5,530,000
Building rental	204,890	225,000	225,000	230,000	264,000
Technical service fees	207,721	175,000	175,000	100,000	25,000
Bar/food revenue	123,596	213,500	213,500	108,000	163,500
Grants, contributions & sponsorships	285,014	378,902	396,231	398,456	440,000
Postage & handling charges	113,633	105,000	105,000	115,377	134,000
Concessions	15,614	15,000	15,000	17,500	18,000
Miscellaneous	121,279	112,000	112,000	167,800	141,000
Investment income	56,161	-	-	60,000	65,000
Ticket surcharge - operations	-	270,000	270,000	204,340	235,000
General Fund sponsorship	1,893,196	642,024	642,024	642,024	642,024
Total Revenue	7,963,053	7,736,426	7,753,755	7,421,361	7,657,524
Estimated Funds Available	7,436,747	7,736,426	8,144,059	7,811,665	8,047,828
<u>Expenditures</u>					
Personnel	1,112,074	1,394,534	1,389,034	1,224,624	1,476,571
Operating expenses	2,317,208	2,551,006	2,573,338	2,616,486	2,589,064
Merchandise for resale	55,067	79,500	89,851	50,351	43,500
Performance fees	3,531,427	3,728,000	3,728,000	3,478,700	3,587,000
Capital	23,901	35,386	45,236	51,200	48,000
Total Expenditures	7,039,677	7,788,426	7,825,459	7,421,361	7,744,135
Projected Ending Balance	397,070	\$ (52,000)	\$ 318,600	\$ 390,304	\$ 303,693
Fund Balance Adjustment	(6,766)				
	<u>\$ 390,304</u>				

Note: The 2002-03 debt service for the Van Wezel Performing Arts Hall is \$1,599,826.
These bonds are paid by the Penny Sales Tax.

VAN WEZEL PERFORMING ARTS HALL

Mission Statement

To present a broad spectrum of the world's finest performing artists in order to meet the diverse cultural needs of all of Southwest Florida's residents and visitors; to bring its visiting artists into the community for meaningful educational outreach programs that help develop new arts audiences; and to provide a quality home for other local cultural organizations that present their programs here.

Description of Operations

The Van Wezel Performing Arts Hall (VWPAH) presents a broad spectrum of local, regional, national, and international performing artists in order to meet the diverse cultural needs of all of Southwest Florida's residents and to further Sarasota's national and international reputation as the cultural capital of Florida. The Van Wezel also supplements its presentation schedule with outreach activities that bring its visiting artists into the community for meaningful educational programs. In addition, the Van Wezel is made available to other community organizations for their programs. A few of the community organizations that use the Van Wezel on a regular basis are the Florida West Coast Symphony, Sarasota Ballet of Florida, Sarasota Opera, Ringling Town Hall Series, Sarasota Concert Association, Jazz Club of Sarasota, and the Sarasota Pops Orchestra.

The Van Wezel, in its thirty-two year history, has operated under minimal subsidy compared to similar venues inside and outside the State of Florida. If one is to look at the normal funding for an operation such as the Van Wezel in the state of Florida or around the nation, one would find that the comparative funding for a Performing Arts Hall would be between 40% and 60% unearned revenue to balance the budget. The current VWPAH budget reflects unearned revenue of approximately 15%.

The City of Sarasota, as owner and operator of the Van Wezel, has been very fortunate over the years to incur minimal subsidies during the first 28 years, the last 5 of those years experiencing a period where its income was derived from between 97% and 100% earned income through ticket sales and rental income. The City of Sarasota is very unique from the standpoint that it not only provides the physical plant and its facilities for community programming around the region initiated by the groups listed above, but it takes risks on the majority of the programming presented in the building in any given year. This will underscore the importance of the role of the Van Wezel and the City of Sarasota's involvement in establishing a multi-cultural and very diverse program for the people of the region.

During the second year of operations after the 18-month, \$20 million renovation, the Van Wezel presented a full schedule of Broadway touring productions; ethnic, ballet and modern dance companies; orchestras and classical music virtuosos; jazz, country and pop music stars; and affordable Family Fun and Saturday Morning for Kids Program. In total, more than 100 different productions were presented in the Van Wezel. And every night is "Opening Night" at the Van Wezel. The Van Wezel is the only Performing Arts Hall on this coast of Florida that presents world class orchestras and has presented 72 in the last 15 years. Due to the high cost of presenting orchestras in the current market today, the Hall may not be in a position to present as many orchestral programs as in previous years. Tampa Bay Performing Arts Center, for example, has presented none in the last 10 years. This is not only a great enhancement to the quality of life for those who live in the area, but it certainly has proven to be an enhancement in the area of tourism. All the more reason for the claim that Sarasota is the cultural capital of the State of Florida and the cultural mecca of the Southeastern United States. The Hall has the new Sculpture Garden, the initial focus of which is the Glenna Goodacre sculpture, Facts of Life. An additional gift of a sculpture, Sprite, was received this last year and is placed near the lobby entrance. The Van Wezel continues to be the home of the Fine Arts Society of Sarasota's collection of paintings by major Florida artists.

In addition to being the major presenter of programs in the area each year, the economic impact of the entire operation on the area has to be described. The annual 1200-plus visiting artists who come to work at the Van Wezel from all over the world stay in hotel rooms, eat at local restaurants and significantly enhance the retail economy within the City of Sarasota. Patrons who come to the Van Wezel often have a meal before or after the performance at one of the many City of Sarasota restaurants. Approximately 62% of the attendees at the Van Wezel are from outside the City of Sarasota, most of whom are from Sarasota and Manatee Counties, showing the breadth of the sphere of influence. According to the June 2000 Artsmarket Survey, the economic impact of

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the Van Wezel on the two county area is estimated to be \$12.3 million in spending, 174 jobs and \$3.3 million in local worker earnings. Fully 20% of the ticket sales for 2001-2002 were through the internet at www.vanwezel.org. Gulf Coast Review named the Van Wezel as one of the top 10 business websites in the region. Additionally, patrons surveyed feel the Van Wezel significantly contributes to the quality of their life and would contribute above the price of tickets to help keep the current level of programming. They bore out this statement by contributing in excess of \$20,000 to the Van Wezel Foundation through contributions made at the time of purchase of tickets for this year's season.

In the last two budget years, the percentage of unearned income has been approximately 15%. This figure is higher than in most years, due to numerous financial challenges. This statement should certainly underscore how successful the Van Wezel Performing Arts Hall is in this industry. Going back to the industry average of 40-60% unearned income, it is obvious why the Van Wezel has been applauded nationally and internationally for the efforts that have resulted in the successes of the last 32 years; with a high of 100% and a low of 85% of income being from earned sources. This has been reported in a number of well-distributed studies and the Van Wezel has been used nationally as a case study for success.

In other similar venues around the country that are either city-owned or subsidized by respective city governments, the subsidy numbers are as follows: Tampa, \$500,000 from the City; Ruth Eckerd, \$2 million from their foundation, \$412,000 from the City; in Denver, the City makes up the actual shortfall; Los Angeles, subsidy of \$3 million from the City; Tacoma, \$1 million from the City; Dallas, \$2.7 million from the City. The Cerritos Center in California is the most similar operation to the Van Wezel. It has an \$8.6 million annual operating budget, with \$3.8 million coming from the City in the form of a line item general fund subsidy. These performing arts halls have budgets from \$1.7 to \$17 million annually and none of comparable size or smaller have as few employees as the Van Wezel. The Van Wezel operates with only 18 full-time employees plus one contract employee, inclusive of janitorial and maintenance staff. In some venues around the country, the facility simply rents space and takes no risks itself on programming. Many cities the size of Sarasota or larger would jump at the chance to have had such a venue and its activity over the last 32 years with as little subsidy as has been required.

Based on this, the Van Wezel and its financial history as well as its program offerings should be celebrated. The celebration in its success can only be done in the context of factual information from other Performing Arts Centers in this state and this country relative to earned income. There is no question that the challenges ahead will be to maximize the earned and unearned income opportunities in the future, while at the same time minimizing the expense of the operation, while not compromising the artistic integrity or the educational programs which have been developed to date.

For the past seven years, the Van Wezel has expanded its scope of operations to include a very active Education program, which includes Schooltime performances, Arts Odyssey Programs (teacher workshops), and a host of Outreach Programs which take artists into the community outside the Van Wezel proper. In FY 2001/2002, the Education Department of the Van Wezel Performing Arts Hall hosted over 25,000 students attending a variety of programs (more than 90 in all) inside the hall. In addition to offering these programs to students at a \$6.00 ticket price (in some cases free admission), the Van Wezel has been able, through the efforts of the Van Wezel Foundation and other funding partners, to have the busing for these events underwritten. The Arts Odyssey workshops, which bring teachers into professional development situations at the Van Wezel, allow those teachers who attend to go back to their respective schools to share their experiences with their students and teach them what they have learned through this program. The Education program was given an additional honor this year when chosen by the Kennedy Center as one of only 4 programs in the country to participate in an educational assessment project.

How can we deal with the business of the Van Wezel Performing Arts Hall relative to programming, income versus expense, and the philosophy of what types of programs will be presented both by the Van Wezel and the renters of the Hall?

The Van Wezel must generate more revenue next fiscal year and in the coming fiscal years from a number of

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sources. The most important one, of course, is ticket revenue. The goal is to significantly increase the percentage of the houses sold, which means that more marketing effort needs to be conducted than we have done in the past.

In terms of earned income, program selection will be the key to increasing income levels. Presenting more popular entertainment with mass appeal will lead us to increased sales but there will remain a need to present shows that are artistically challenging (planned to not reach capacity) and to further develop our Education and Outreach program.

Unearned income increased modestly this fiscal year but plans are in motion to further increase unearned income in the coming years. They will be accomplished by continuing an active campaign to increase individual and corporate sponsorship, multi-level public support from grants and subsidies and a continued effective working relationship with the Van Wezel Foundation.

Philosophically, policy decisions need to be made relative to the time available for Van Wezel-initiated and renter-initiated programming. Over the years, rental use has greatly increased, allowing the Van Wezel (especially in season) fewer opportunities to present performances and therefore allowing far fewer earned income opportunities. For example, this season (2001/2002), the Florida West Coast Symphony and the Sarasota Ballet rented the Hall a total of 52 days between November and March. In contrast, the Sarasota Ballet rented the Hall 25 days during the above period when only 7 years ago they rented the Hall for only 4 days. The Florida West Coast Symphony has increased their use of the Hall to 33 days over the same period. These days combined have decreased the number of occasions that the Van Wezel can present programs to potentially earn more income than the basic rental income.

Two of the three new positions funded last year have been filled and have helped to distribute some of the workload. The events coordinator has been very effective in the role of dealing with renters, contracts, artists and agents. The maintenance person has brought us to the level prior to the renovation. The Assistant to the Marketing Manager position remains funded but unfilled. A Deputy Director is funded to allow the Executive Director to become more actively involved in program development and in the fundraising element which is, and will be, more demanding now and in the coming years. The Administrative Assistant position in the Education Department is a regular full-time position, rather than an hourly one.

Rental rates for all users of the Hall will be increased approximately 5% in the next fiscal year, helping to ease the loss of some renters who can no longer afford to use the Van Wezel. The net effect of the increase will be approximately \$10,000. The service charge for phone-in tickets will be raised to \$2 per ticket, with a maximum of \$12 per order, up from the current level of \$1.50 per ticket with a maximum of \$6 per order. This increase will generate more than \$12,000 in additional revenue for handling. Mail-in order processing fees will stay at \$7.50 per order, the same as last year. The Broadway and Mainstage brochures will both offer the opportunity to make a contribution to the Van Wezel Foundation for the benefit of the Van Wezel Performing Arts Hall. All tickets sold will continue to include a \$2 surcharge - \$1 for the Capital Improvement Fund (CIF) and \$1 for the operating surcharge fund.

The food and beverage operation has seen a dramatic turnaround this year. Last year's operation resulted in a loss of approximately \$3,000. At the present time, a swing of \$30,000 has occurred resulting in an operating profit in excess of \$27,000. All pricing was reviewed and changed providing higher margins on all products sold. Charges for private parties were increased to be more in line with the current market. The full-time position in the bar operation is not filled so only minimal benefit costs are being charged to the operation. The responsibility for the bar is handled by a temporary full-time employee. Payroll costs have been cut to a minimum and purchasing and operations are being handled in a more entrepreneurial manner. Snacks and candies, a much broader wine and beer selection, and bottled water have significantly increased the profit to the operation. This is a service that patrons appreciate having. There is a separate dessert service in the grand foyer. The Van Wezel receives 15% of the gross receipts from this operation.

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Goal - Economically Vital Community

To increase operating revenues and decrease expenses to minimize the subsidy required from the City.

Objectives

Increase the rental rates for all outside users of the hall. Add charges for services not previously billed.

Raise ticket prices for all events.

Increase the number of shows, both hall sponsored events and rentals to outside organizations.

Increase the number of schooltime tickets sold and the number of participating schools.

Work in tandem with the Van Wezel Foundation to create additional income.

Create fund-raising special events with the Van Wezel Foundation and outside organizations to increase unearned revenue.

Actively pursue grants that have not been received previously.

Develop corporate sponsorships as a new revenue source.

Evaluate all costs in all departments to maximize profit without sacrificing artistic integrity.

Negotiate contracts to reduce performance fees and other performance related expenses.

Search for new vendors, renegotiate contracts for services in all departments to get goods and services in a more economical way.

Rearrange work schedules in the box office to minimize wait times and maximize ticket sales.

Goal - Economically Vital Community

To offer many different kinds of programs at the Van Wezel and to continually increase both the numbers and the diversity in the audience.

Objectives

To present a diverse, balanced season that appeals to the cultural and entertainment interests of all of Southwest Florida's residents and visitors.

To make ticket prices affordable to the widest possible range of patrons.

To offer a wide range of affordable educational outreach experiences to students, teachers and lifelong learners.

To initiate a more aggressive marketing and public relations effort that informs the public of the Van Wezel's many offerings.

Performance Measures

Description	Unit	FY2000	FY2001	FY2002	FY2003
Output Measure					
Tickets sold	Number	n/a	135,000	143,000	150,000
Hall use by renters	Number	n/a	65	75	90
Surcharge (operating) on tickets	Dollars	n/a	\$0	\$205,000	\$235,000
Educational program tickets sold	Number	n/a	25,000	26,000	26,500
Effectiveness Measure					
Grant revenue as a % of budget	Percent	5	5	5	5
Annual donors	Number	0	0	250	325
Corporate sponsorships	Number	3	5	10	15
Schools involved in programs	Number	0	24	26	30
Patron complaints	Number	n/a	250	150	100
Efficiency Measure					
Operating subsidy (millions)	Dollars	n/a	\$1.8	\$.7	\$.86

VAN WEZEL PERFORMING ARTS HALL

Department Expenditures by Cost Center

		FY 2001 Actual	FY 2002 Budget	FY 2003 Continuation	FY 2003 Issues	FY 2003 Totals
121000	VAN WEZEL PERFORMING ARTS HALL	6,588,162	7,171,632	7,087,702	73,810	7,161,512
121076	VAN WEZEL MARKETING DIVISION	324,519	438,952	475,500	0	475,500
	Totals	\$6,912,681	\$7,610,584	\$7,563,202	\$73,810	\$7,637,012

Department Expenditures By Category

	FY 2001 Actual	FY 2002 Budget	FY 2003 Continuation	FY 2003 Issues	FY 2003 Totals
Personal Expenditures	1,047,846	1,303,042	1,345,138	73,810	1,418,948
Non Personal Expenditures	5,643,645	6,069,474	5,963,278	0	5,963,278
Capital Expenditures	23,900	32,886	45,500	0	45,500
Transfer Expenditures	197,290	205,182	209,286	0	209,286
Totals	\$6,912,681	\$7,610,584	\$7,563,202	\$73,810	\$7,637,012

Personnel Summary

Actual Positions	19.00	20.00	1.00	21.00
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Revenue Summary

	Total
INTERGOVERNMENTAL	365,000
CHARGES FOR SERVICES	6,285,000
INTEREST	65,000
OTHER MISCELLANEOUS REVENUES	212,000
TRANSFERS	642,024
	\$7,569,024

VAN WEZEL BAR OPERATIONS

Mission Statement

To provide beverage services for the patrons of the Performing arts Hall. It exists solely for the purpose of enhancing the pleasure of the theatre patrons experience.

Description of Operations

The Van Wezel Bar Operations provides a first class bar service to the patrons of the Van Wezel Performing Arts Hall. The department manages all in-house and outside events held in the Van Wezel. It also manages events such as city-wide department head meetings, commission events, mediation luncheons, education department functions, and staff functions at the Van Wezel. Customers are offered a full array of beverage products from top-drawer to well brands including liquor, beer, wine, soft drinks, waters, coffee and tea. Catering is also arranged when needed for internal affairs or those booked by outside sponsors. A new kitchen was installed in FY 2002 and is being used by outside caterers.

Goal - Economically Vital Community

Operate the food and beverage department at a profit.

Objectives

Increase the number of private parties held at the Van Wezel in FY 2003.

Increase profitability of events held at the Van Wezel by mandating cost-plus pricing.

Increase customer satisfaction with bar service and provide additional products not served in prior years.

Performance Measures

Description	Unit	FY2000	FY 2001	FY 2002	FY 2003
Output Measure					
Private parties booked	Number	n/a	15	20	25
Effectiveness Measure					
Complaints from customers	Number	n/a	n/a	8	5
Profit from operations	Dollars	n/a	(\$3,000)	\$27,000	\$15,000

Cost Center Expenditures By Category

	FY 2001 Actual	FY 2002 Budget	FY 2003 Continuation	FY 2003 Issues	FY 2003 Totals
Personal Expenditures	70,390	91,492	57,623	0	57,623
Non Personal Expenditures	56,603	83,850	47,000	0	47,000
Capital Expenditures	0	2,500	2,500	0	2,500
Transfer Expenditures	0	0	0	0	0
Totals	\$126,993	\$177,842	\$107,123	\$0	\$107,123

Personnel Summary

Actual Positions	1.00	1.00	0.00	1.00
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Revenue Summary

	Total
CHARGES FOR SERVICES	163,500
	\$163,500

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Deputy Director

A Deputy Director is funded to assist the Executive Director in the day to day operations of programming and fundraising. Fundraising will become more important in the coming years and more time will be required to work with the community, donors, the Foundation, Advisory Board, political entities and others to generate new sources of revenue.

Cost of Issue

Personal Services	73,810
Non Personal	0
Capital	0
Transfers	0
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Total	\$73,810