



CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett

From: Carrie Hite, Deputy Director
Jennifer Schroder, Director

Date: October 7, 2010

Subject: Council presentation: Kirkland Performance Center

RECOMMENDATION:

For the City Council to receive a presentation on the Kirkland Performance Center operations by Executive Director, Dan Mayer.

BACKGROUND DISCUSSION:

Attached is the annual report from Dan Mayer, list of the Board of Directors, and the 2010 operating budget to date.

On 2008, the City renewed the 10 year lease with Kirkland Performance Center (KPC) for operations of the performance center. The City contributes to the operations of Kirkland Performance Center in several ways.

First, as the landlord of the facility, the City has certain obligations with respect to the infrastructure of the building. These obligations are primarily limited to maintaining the facility's HVAC system and freight elevator, as well as the testing and repair of the theater's fire suppression system. The City also incurs costs related to property insurance. At the present time, the total annual costs to the City as landlord are about \$20,000 per year plus a set aside (\$45K - \$65K) depending on specific capital projects. This year the city will spend approximately \$56,000 on capital (painting).

Secondly, the City returns to KPC all funds derived from the admission tax collected from KPC ticket sales. This was granted for the first five years of the new lease agreement. In 2007, the City returned almost \$40,000; in 2008, it totaled \$45,974.00; in 2009, the total was \$28,002. For 2010, the City is projecting to return \$32,000.

Thirdly, the City allocates one time funds each year to assist in the operations and maintenance costs. The City has a history of contributing one time funds of \$50,000 for the years 2004-2009. In 2010, this amount was reduced to \$34,000. KPC will be requesting financial support from City Council again this year.

The fourth way the City contributes is by providing the lease to KPC rent free. In the initial lease, the consideration of value of Kirkland Performance Center's contributions to the development of the performing arts, to maintain and operate the building, was value enough to waive any rent requirement. This was extended to the second ten year lease.

Attachment A is the annual report from Dan Mayer. Attachment B is a list of the Board of Directors. Attachment C is the 2010 operating budget to date.



October 7, 2010

Mayor Joan McBride and the Kirkland City Council
City of Kirkland
123 Fifth Ave.
Kirkland, WA 98033

Dear Mayor McBride and City Council Members:

On behalf of myself as Executive Director and our whole Board of Directors, thank you for the opportunity to present our annual update to you on Kirkland Performance Center. This has been a year of tremendous change for our theatre and organization. In February of 2010, I was proud to accept the position of Executive Director of KPC after serving as Interim Executive Director for just over a year. I am thrilled to lead this organization and work in service of its mission; the performing arts matter, now more than ever, and KPC has a track record of serving our community with innovation, collaboration, and inclusion.

The past two years have been challenging for non-profits and governments across the United States. Many arts organizations have not survived. Kirkland Performance Center, buoyed by the dedication of its Board of Directors, has weathered the storm, and, with continued support from the City of Kirkland, is ready to turn the corner and begin a bold new decade of performing arts programming. Attendance is up, expenses are down, and permanent leadership is in place.

Retrospective on our 2009-2010 Season

It has never been clearer to our organization that our community values the performing arts, even in tough economic times. Attendance at KPC's Presented Shows increased by 9% overall during our 2009-2010 Season, even though there were fewer performances. People are turning to the arts for edification, enlightenment, and entertainment, now more than ever. Although funding continues to be a challenge for KPC, this consistent and emphatic vote of confidence from our constituents gives us faith that this work is worth doing.

The recent 2009-2010 Season featured many highlights including:

- One of the world's top fingerstyle, steel-string guitarists, Grammy nominee Alex de Grassi
- *In The Mood* returned to KPC to present a retro 1940's musical featuring singers, dancers, and the sensational String of Pearls Big Band Orchestra.
- Kirkland native Jake Bergevin lead the Javatown Swing Orchestra through his latest work featuring moody jazz ballads and bossa novas.

- Kronos Quartet, who have single-handedly redefined chamber music and led the field with over 600 new compositions and collaborations internationally
- Grammy Award winning singer/songwriter/pianist Marc Cohn
- Former members of King Crimson Trey Gunn and Pat Mastelotto
- And, a Musical Conversation with Philip Glass, one of the most influential composers and musicians of the 20th Century

Our Upcoming 2010 - 2011 Season

KPC has been working in our community to provide amazing performances for over ten years, and we know we've accomplished a lot, but what's so exciting about being here is that we still have so many possibilities in front of us. During our 2010 – 2011 Season, you can expect a fresh focus on music. KPC's acoustics are like none other in the Northwest. That's why this year we're bringing more music than ever before while still maintaining the diversity of programming that has been our hallmark since 1998.

The upcoming 2010 – 2011 Season features many highlights including:

- Globally recognized trumpeter and *The Tonight Show's* bandleader for thirty years, Doc Severinsen & El Ritmo de la Vida
- African composer and performer Alpha Yaya Diallo
- Oregon artists Hanz Araki & The Celtic Conspiracy will perform a non-traditional holiday performance celebrating the Winter Solstice
- Harmonica master Lee Oskar and his band will blow the roof off our theatre with their artistic styling and musical innovation.
- American Idol contestant Melinda Doolittle singing classic rhythm and blues.
- The spectacular feats of athleticism and jaw-dropping tricks of Chinese Acrobats of Hebei
- And, the eccentric and mysterious blues legend Leon Redbone.

Partnerships with Local Arts Organizations

One of the tenets of KPC's mission is to provide a home for other Eastside and regional arts organizations. We have also continued to maintain strong relationships with the local and regional arts community by providing a high quality venue and professional support services, allowing a dozen producing partner companies to present their work in our theatre. Partners appearing over the past year include:

- Seattle International Film Festival (SIFF)
- Kirkland-based Studio East's StoryBook Theater
- Seattle Repertory Jazz Orchestra
- Jim French's Imagination Theatre
- Lyric Light Opera
- Master Chorus Eastside
- Washington Wind Symphony

Our partnership with SIFF is growing in size and depth with each successive Season. New aspects to this past Season included a SIFF Eastside Opening Night, partnership with the Russian Community Support Group around Russian-language films, and 35-mm projection which increased the range of films presented. Attendance this past June was up over 2009 and we have a tentative commitment that SIFF will be back for June 2011.

Our partnership with Kirkland Arts Center was particularly successful in identifying shared efficiencies and collaborative programming opportunities. In addition to sharing a Marketing / PR staffer for the duration of the 2009-2010 Season, we also team up with visual art classes that accompanied two of our featured artists: Caribbean Garifuna singers and musicians *Umalali* and multi-media guitarist Trey Gunn.

Charitable Partnerships

Every year since our founding, KPC has provided free marketing, box office services, web-based ticketing, theatre equipment and technical expertise to non-profits who use our facilities. These services are highly professionalized and will likely be unavailable to our partner charities if eliminated.

To date in 2010, KPC has provided professional assistance to: Holy Family Academy, Evergreen Healthcare, City of Kirkland Teen Union, Srimanira, Russian Community Support Group, Northwest Chopin Society, A.G. Bell Elementary, Northwest Aerials Gymnastics and Dance, Sankara Eye Foundation, Christ Church Academy of Kirkland, Beni Hassan Shriners, Pacific Islamic Community Center, and many more. As demonstrated by this list, KPC's presence in the community is leveraged to create important public benefit for a diverse spectrum of stakeholders. Direct support of KPC is also indirect support of all our partner charities with services that are not available elsewhere.

Education Programs

As part of its organizational mission, Kirkland Performance Center provides discounted matinee tickets for Eastside school children, with even greater discounts for those on free and reduced lunch programs. Subsidized by KPC's "Field Trip Fund" and operating cash, these performances by national and international presented artists fill a true educational gap in our community; there is no equivalent professional program in the Kirkland area. During our 2010-2011 Season, KPC will offer student matinee performances by The Chinese Acrobats of Hebei, Seattle Shakespeare Theatre's *Romeo and Juliet*, and Ugandan flautist and educator Samite.

Additionally, Kirkland Performance Center has served more than 22,000 students since 2001 through our in-school residency program, *A World of Arts*. This program brings presented artists to predominately Eastside schools for on-site performance and in-depth workshop experiences. KPC believes that these face-to-face interactions with working artists offer students a rare view into the world of a professional artist, often for the first time in their lives, which in turn, can increase their understanding of their world in general.

During the 2009-2010 Season alone, KPC served more than 2,000 students and presented three groups as part of the *World of Arts* program, and provided more than 800 young people with matinee tickets.

Financial Report

Audited financial statements for our 2009 fiscal year are currently being finalized and should be available for distribution by the beginning of November. While we anticipate a net deficit for 2009, the “silver lining” is that the FY2009 deficit will be only half as large as the devastating loss we experienced in FY2008. We are acutely aware of these deficits and have continued to take steps to address the economic realities that we currently face. KPC will survive this recession by decreasing expenses and realizing new sources of revenue.

The current year has proven to be very challenging for KPC financially, as it has been for many non-profit organizations in the region. With three months to go in the fiscal year, we are confident that we will end the year with positive, though very small, net operating income. The summer months have been difficult because we were closed for the recent repainting project and there was no rental income. We are hopeful that strong ticket sales this Fall combined with a successful Gala at the end of October and a robust year end giving campaign will improve our net profit margin from this summer and return us to a balanced budget by year end. We are cautiously optimistic that we are on the road to better financial health and the increased attendance figures last Spring and the incremental increases in donated income will continue. Attached is an unaudited Statement of Activities for January 1 – August 30, 2010 and 2009.

Board

KPC is proud of its growing and diverse Board of Directors. Headed by Board President Lauret Ballsun, this group of 27 dedicated community leaders is very active in overseeing the financial, fundraising and operational activities of the organization. This has been a very active year for board recruitment with ten new board members joining our board since January 2010. It is a diverse group of professionals that represent a wide range of backgrounds and skills.

What this group shares is a passion for the performing arts and a dedication to support KPC and its programs. During the last six months, we have reconstituted our Resource Development Committee and recruited a Strategic Planning Committee that will work with staff to develop a long range plan for the organization’s future. Also, this year we have had a very active Special Event Committee that has worked tirelessly planning our upcoming auction and gala on October 30th at the Hyatt Regency Bellevue.

A roster of Board Members is attached.

City Support / Conclusion

The operational support that the City of Kirkland has steadfastly provided to Kirkland Performance Center has been a major reason why our organization has remained strong over the past twelve years. As stated previously, despite tremendous support and attendance from our constituency of patrons, contributed income remains a challenge for our organization, and the City of Kirkland’s operational support is more important now than it has ever been.

Last year we reported to the City Council at a time of great challenges and uncertainty for KPC. We have new leadership and are building a new vision of how we can best serve the community for the future. We have begun strategic planning that does not assume “business as usual” but rather seeking how we can build on the track record of service that KPC has in the community and strives

to serve even more people and continue to be a vital hub for entertainment, economic development, and inspiration for the entire region.

Thanks for all you have done for our theatre and organization, and we look forward to many years ahead of a successful partnership with the City of Kirkland.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Y. Mayer", with a long horizontal flourish extending to the right.

Daniel Y. Mayer
Executive Director

enclosures

**KIRKLAND PERFORMANCE CENTER
2010 Board of Directors**

Attachment B

Officers

President

Lauret Ballsun

President, LBC Pharmaceutical Professionals, LLC

Immediate Past President

Cindy Zech

Community Leader

President Elect

Jeffrey Twersky

Partner, Miller Kadish

Vice President

Kristin Olson

Shareholder, O'Shea Barnard Martin & Olson PS

Treasurer

Mike Nelson

Vice President, Union Bank

Secretary

Dodi Briscoe

Career Coach

Officers At-Large

Doreen Marchione

Councilwoman, City of Kirkland

Susan Raunig

Community Leader

Elsa Steele

Managing Librarian, Kirkland Library

Mike Ward

Sr. Director Intellectual Property Microsoft

Members

David Alskog

Partner, Livengood, Fitzgerald & Alskog

Matthew C. Bueser

Director – 737 Program Business Operations, The Boeing Company

Jeff Cole

Director of Corporate Real Estate

David Feller

*Senior Vice President, Investments
Wells Fargo Advisors*

G.G. Getz

Broker, Windermere Real Estate

Stephen L. Gomes

COO, Creative Motion Control Inc.

Kevin Harrang

Director, Business Development MetaJure, Inc.

Kevin M. Hughes

Government Relations, Hughes and Associates

Srivani Jade

Musician

Ben Lee

Senior Project Manager, The Boeing Company

David Mangone

Partner, WattsMedia

Lee Oskar

President, Lee Oskar Productions

Joyce Paul

Artistic Director, Arpan

Gary Reilly

Engineer, Microsoft

Deborah Rice

Owner, Direct Mailing Solutions

Bill Schultheis

Investment Counselor

Annette Seats

Community Leader

Beth M. Strosky

Attorney, Housing Justice Project, KCBA

Attachment C
Kirkland Performance Center
2010 Statement of Activities
(YTD Comparison to 2009)
for the period Jan 01, 2010 through Aug 30, 2010

	2010	2009	Variance	% Change
Income				
Earned Income				
Facility Rental Fees	125,784	120,503	5,281	4%
Ticket Sales	178,844	197,258	(18,415)	-9%
Box Office Fees and Services	34,742	33,220	1,523	5%
Concession Sales	19,752	14,265	5,487	38%
Other Misc Income	9,252	25,784	(16,532)	-64%
Earned Income	368,373	391,029	(22,656)	-6%
Contributed Support				
Individuals	197,418	146,233	51,185	35%
Corporate	36,234	29,883	6,351	21%
Foundation	8,051	29,083	(21,032)	-72%
Government	71,273	70,876	397	1%
Other Donated Support	7,845	28,079	(20,233)	-72%
Total Contributed Support	320,821	304,153	16,668	5%
Total Income	689,194	695,182	(5,988)	-1%
Expense				
Personnel	358,132	355,171	2,960	1%
General Administrative	71,783	70,516	1,267	2%
Marketing	67,781	86,805	(19,024)	-22%
Presenting Expense	166,157	244,041	(77,884)	-32%
Theater Operations	66,662	58,668	7,995	14%
Fundraising	6,660	13,648	(6,989)	-51%
Other Misc Expenses	1,966	545	1,421	261%
Total Expense	739,141	829,395	(90,254)	-11%
Net Operating Income	(49,946)	(134,213)	84,267	63%