



CITY OF KIRKLAND
Department of Parks & Community Services
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www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Jennifer Schroder, Director
Date: October 12, 2011
Subject: KIRKLAND PERFORMANCE CENTER PRESENTATION

RECOMMENDATION:

That the City Council receives a presentation on the Kirkland Performance Center (KPC) operations by Executive Director Dan Mayer.

BACKGROUND DISCUSSION:

Attached is the KPC Annual Report from Day Mayer, which provides an over view of the 2011-2012 season, upcoming 2012-2013 season, and 2011 financial summary.

In 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 the KPC in several ways:

- As the landlord of the facility, the City has certain obligations with respect to the structural components of the facility. These obligations are primarily limited to maintaining the roof, the exterior walls, the foundation, the facility's HVAC system and elevator, as well as the testing and repair of the theater's fire suppression system.
- The City covers the costs related to annual property insurance.
- The City returns to KPC all funds derived from the admission tax collected from KPC ticket sales. This was granted for the first 10 year lease with KPC. Additionally, this was granted for the first five years of the second ten year lease agreement signed in 2008. This stipulation will expire at the end of 2012 unless extended by Council. The tax rate is 5% on top of ticket sales.
- The City allocates one time funds each year to assist in program operations of KPC. These funds assist the KPC operating budget and ability to program the facility. The City has contributed one time funds of \$50,000 for the years 2004-2009 and in 2010

due to difficult economic conditions; this amount was reduced to \$34,000. For 2011-2012 Council approved the same level of \$34,000 per year. This allocation is considered Outside Agency Support. KPC applies for these funds every year. The City Manager's preliminary 2013-2014 budget proposes to maintain funding of the KPC at \$34,000 each year with one time revenues.

- The City provides 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. This is similar to the lease the City currently has with the Bellevue YMCA to operate the KTUB, and Youth Eastside Services in operating services out of the Forbes House at Juanita Beach. The City has historically recognized the leveraged value of the leasing city facilities for minimal or no cost, in exchange for services to Kirkland citizens. In the case of the KPC, not only does it provide a venue for performing arts for citizens, it has a regional draw, impacting the economics of downtown restaurants and businesses.

Attachments:

Attachment A: KPC Annual Report

Attachment B: List of Board of Directors

Attachment C: 2011 Financial Summary



September 20, 2012

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 the Board of Directors, thank you for the opportunity to present Kirkland Performance Center's annual update.

KPC fills a necessary function in the Eastside's community ecosystem. Not just for the presentation of the arts — a critical role, to be sure — but as a gathering place, and a home for shared experiences. More works of the performing arts are available for in-home experience than ever, yet convening to experience the live presentation of a work of art brings an incandescence to the community that can't be appreciated off a television or computer monitor.

We now routinely break a "cardinal rule" of performing arts centers: we add new artists after our Season Brochure has been printed and mailed. We are thereby able to take advantage of artists touring on shorter lead times and present more well-known artists for more reasonable fees. For example, in December 2012 we presented Timothy B. Schmit (known for his work with the Eagles) on mere seven weeks notice (our shortest lead-time ever) to a sold-out crowd. This is a dynamic model that will make us more responsive to market trends and enable us to present a wider and better known range of artists to local audiences. It also proves our marketing dexterity and the strength of our social media network; short lead-times are only possible with quick and effective online promotions. KPC's approach to programming and outreach ensures our expanded calendar responsively presents programming specifically relevant to Kirkland audiences, while maintaining a strong, independent artistic identity.

KPC is now in the second year of its Strategic Plan, which was enacted in 2012. This document was the result of many months of planning by KPC staff and board, and guides all aspects of operations.

Retrospective on our 2011-2012 Season

During the 2011-2012 Season Kirkland Performance Center hosted 38 Presented Artist performances, brought to KPC from across the country and around the world.

Highlights of the 2011-2012 Season included:

- The Manhattan Short Film Festival, a global event happening in 250 cities simultaneously
- World-beat superstar Jesse Cook
- Romantic piano sensation Jim Brickman
- Science comedian and children's entertainer Doktor Kaboom!
- The Northwest Premiere of *The Rambler* by famed dance company Joe Goode Performance Group from San Francisco
- Jazz bassist and soundtrack composer Kyle Eastwood

Our Upcoming 2012 - 2013 Season

The 2012-2013 Season begins on September 21st with a performance by folk music royalty Ben Taylor. As ever, our season's programming strikes a perfect balance of well-known favorites, emerging talent and the best of all-ages programming.

The upcoming 2012 – 2013 Season features many highlights, including:

- Violin virtuoso Amadeus Leopold, formerly Hahn-Bin
- Legendary composer and pianist Philip Glass, with local cora player Foday Musa Suso
- Science comedian and children's entertainer Doktor Kaboom!
- Grammy-nominated American male vocal band quartet The Four Freshmen

Partnerships with Local Arts Organizations

KPC was founded with a mission 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)
- Keith Highlanders Pipe Band
- 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

In February 2012, KPC presented the renowned Bay Area dance company Joe Goode Performance Group and brought their dancers into several local community centers for hands-on workshops. Two of their dancers are certified instructors in *Dance for Parkinson's*, a national entity that uses movement as physical and mental therapy, and so KPC brought them to the local *Dance for Parkinson's* cohort at the Peter Kirk Community Center. This served the dual function of connecting

local residents to out-of-town artists in impactful ways and facilitating an exchange of knowledge between this Bay Area group and local instructors.

Ongoing efforts such as Namasté Kirkland, an outreach initiative serving our South Asian community, is just one element of a broader effort to build partnerships with local communities, and serves as a template for our efforts to connect with individuals in communities across ethnic, religious and linguistic lines, such as Russian-speakers, Persian immigrants, and Muslims.

KPC's organic, holistic approach to programming and outreach ensures has ensured our expanded calendar will responsively present programming specifically relevant to Eastside audiences, while maintaining a strong, independent artistic identity. KPC has pro-actively engaged the Eastside's growing diverse populations for years.

In addition, corporate renters such as Kenworth Trucking Company and Microsoft rent our auditorium for meetings and project demonstrations, benefiting tremendously from the state of the art facility. KPC is a crucial part of the artistic and economic life of our Eastside community.

Education Programs

Spotlight, KPC's signature education initiative, displays the wonder of art and creativity to thousands of children annually (More than 3,500 K-12 students in 2011-12 alone). With public schools cutting arts programs, demand for KPC programming has grown dramatically.

- We've had three School Matinees featuring Seattle Shakespeare's *Romeo and Juliet*, Doktor Kaboom!, and Samite (Ugandan flutist using music as a healing agent). These artists brought a varied and unique perspective to students of all ages (K-12). One teacher was so moved, she wrote, "*Samite's presentation spawned one of the finest discussions I have had the privilege to encounter in my teaching career...*"
- Evan Flory-Barnes, a local bassist and composer from Seattle, held an In-School Residency at Kamiakin Jr High. His program talked about what it means to be an empowered and creative person in the 21st Century. He also shared his core philosophy of "living your creativity" and following one's passion.

Spotlight leverages KPC's Presented Artists to impact our community through educational programs, curricular support for teachers, and innovative outreach strategies to underserved populations. KPC is the only organization in Kirkland and even East King County connecting community members with national touring artists. Spotlight programs include:

- In-School Residencies;
- Daytime matinees at KPC;
- Performing opportunities for students with national touring artists;
- Master classes for adults; and
- Cultural outreach to diverse communities through specific performances.

Recent programs include Galumph, a dance/acrobatic troupe, Seattle Shakespeare's *Romeo & Juliet*, Book-It Theatre's *The Lorax and the Sneetches and Other Stories* bringing Dr. Seuss to life and Foothills Brass presenting *Time Machine*.

Exposure to performing arts provides education that cannot be replicated in class or daily life. Spotlight brings world-class productions to eager and welcoming Kirkland audiences, including thousands of children.

Kirkland schools served include Lake Washington High School, BEST High School, Peter Kirk Elementary, Totem Preschool, Carl Sandburg Elementary, Lakeview Elementary, Eastside Preparatory School, Environmental & Adventure School, Northstar Junior High, Holy Family Parish School, and Kamiakin Jr. High. As always, students enrolled in the free or reduced lunch programs were not charged admission.

Lake Washington School District superintendent Dr. Traci Pierce is actively involved in helping KPC shape our programs. In addition to her ongoing informal guidance, Dr. Pierce and her staff put together a year-by-year content summary for all grades to help us select live performances that best complement local curricula. We are excited to leverage this significant partnership as we develop our 2012-2013 Season of school programming.

We look forward to teacher trainings and assembly shows throughout the school year. Public school teachers will be able to accrue professional development programs “clock hours” for their participation in selected KPC concerts and special programs. We have also established a School Bus Fund to provide complimentary transportation to school matinees for students and classes with financial need.

Financial Report

Audited financial statements for FY2011 are currently being finalized and should be available for distribution within the next few weeks.

A modest operating deficit for 2011 reflected our continued investment in expanding and developing programs like Spotlight. Our income continues to be diversified, with an increasing percentage coming from earned sources like facility rentals that can be more stable than ticket sales and donations. Several renters have deposits down on multi-day rentals throughout FY2012 which gives us a reasonable expectation to grow this revenue stream almost 40% from \$167,000 in 2010 to over \$230,000 in FY2012.

At Dec 31, 2011, we realized a significant decrease in accounts payable. We look forward to beginning to retire our line of credit debt by FY2013, freeing it back up to serve as initially intended – to augment working capital during season of low liquidity. Additionally, we are looking hard at fixed assets, depreciation, and capital expenditures, as our building approaches its 15th anniversary in 2013.

2012 marks the first full fiscal year in which KPC is delivering on its new strategic plan. Key to this plan is to “build financial strength.” So far this year, KPC has retired \$20,000 of its line of credit debt, increased individual annual fund giving by 12%, and broken single day ticket sales records – twice! Most recently, our Fee Free Friday promotion sold nearly \$12,000 of tickets to KPC’s Presented Artist Season in one-day. Two shows have sold out, several more are expected to, and

new shows are continuing to be added, which will help us meet our goal to increase earned and unearned income by 7%. Finally, our Spotlight education program has already (as of Jun 30) grown 101% from last year – bringing high quality arts experiences to more Kirkland residents, especially students, than ever before. With a stronger financial foundation, we are better and better able to serve as the creative heart of the Kirkland community.

Board

KPC is proud of its growing and diverse Board of Directors. Led by Board President Kristin Olson, this group of 26 community leaders oversees the financial, fundraising and operational activities of KPC. Our board includes representatives from Boeing, Wells Fargo Investments and Evergreen Health Care, among other business, as well as artists and public-minded community members working ceaselessly to advance the cause of arts on the Eastside.

The board-led Special Event Committee has worked tirelessly planning our upcoming Affair for the Arts Gala and Auction on Saturday, October 20th at the Hyatt Regency Bellevue.

A roster of Board Members is attached.

City Support / Conclusion

KPC's 15th Anniversary is looming in 2013, and the partnership and operational support that the City of Kirkland has steadfastly provided to Kirkland Performance Center since our inception has been a major factor in our strength and longevity.

Donated income remains a challenge for our organization, and the City of Kirkland's operational support is more important now than it has ever been.

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
2012 Board of Directors**

Officers

President

Kristin Olson

Shareholder, O'Shea Barnard Martin & Olson PS

Past President

Lauret Ballsun

President, LBC Pharmaceutical Professionals, LLC

President Elect

Bill Schultheis

Investment Counselor, Soundmark Wealth Management

Vice President

Kathe Fowler

Community Leader

Treasurer

Mike Nelson

Community Leader

Secretary

Mike Ward

Vice President, Intellectual Property Licensing, Intellectual Ventures

Officers At-Large

Dodi Briscoe

Career Coach, UW Foster School of Business

Doreen Marchione

Councilmember, City of Kirkland

Susan Raunig

Community Leader

Santos Contreras

Owner, Contreras & Associates

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, Parkplace

Kathy Feek

Art Consultant, Evergreen Hospital

David Feller

*Senior Vice President, Investments
Wells Fargo Advisors, LLC*

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

Kathy Mantz

Municipal Relations, Waste Management

Tim Mushen

President, Clocktower Media

Lee Oskar

President, Lee Oskar Productions

Joyce Paul

Artistic Director, Arpan

Beth M. Strosky

Attorney

Kay Taylor

VP Marketing & Communications, Evergreen Healthcare

Cindy Zech

Physical Therapist & President, PEP, Inc.

Kirkland Performance Center YTD 2011 Financial Summary (Jan 1 - Dec 31, 2011)

P&L - Budget vs. Actual	Actual	Budget	\$ Variance	% Variance
Income				
Earned Income				
Rentals & Partners	210,987	177,500	33,487	119%
Ticket Sales	363,192	414,000	(50,808)	88%
Other	79,391	57,000	22,391	139%
Total Earned Income	653,570	648,500	5,070	101%
Contributed Income				
Individual	230,723	235,000	(4,277)	98%
Corporate	50,201	72,000	(21,799)	70%
Foundation	43,196	40,000	3,196	108%
Government	105,273	97,658	7,615	108%
Events	175,091	185,000	(9,909)	95%
In-Kind	12,000	24,000	(12,000)	50%
Total Contributed Income	616,484	653,658	(37,174)	94%
Total Income	1,270,054	1,302,158	(32,104)	98%
Expense				
Personnel	616,168	603,434	12,734	102%
Administration	123,107	99,591	23,516	124%
Marketing	122,357	132,214	(9,857)	93%
Presenting	247,970	299,609	(51,639)	83%
Theater (non-presenting)	105,494	96,000	9,494	110%
Fundraising	70,655	63,300	7,355	112%
Total Expense	1,285,751	1,294,148	(8,397)	99%
Net Operating Income (NOI)	(15,697)	8,010	(23,707)	

Balance Sheet	Dec 31, 2010	Dec 31, 2011	\$ Change	% Change
ASSETS				
Current Assets				
Cash	80,263	79,708	(555)	-1%
Accounts Receivable, net	105,349	111,609	6,260	6%
Advances & Prepays	38,361	42,728	4,367	11%
Operating Reserve	136,004	35,151	(100,853)	-74%
Total Current Assets	359,977	269,196	(90,781)	-25%
Endowment	711,977	704,039	(7,938)	-1%
Fixed Assets, net	2,092,066	1,948,953	(143,113)	-7%
TOTAL ASSETS	3,164,020	2,922,188	(241,832)	-8%
LIABILITIES & NET ASSETS				
LIABILITIES				
Accounts Payable	123,899	35,354	(88,545)	-71%
Other Current Liabilities	43,921	38,579	(5,342)	-12%
Deferred Revenue	105,513	99,515	(5,998)	-6%
Line of Credit	94,184	100,000	5,816	6%
TOTAL LIABILITIES	367,517	273,448	(94,069)	-26%
NET ASSETS	2,796,503	2,648,740	(147,763)	-5%
TOTAL LIABILITIES & NET ASSETS	3,164,020	2,922,188	(241,832)	-8%