

MANISTEE CITY COUNCIL

WORK SESSION AGENDA

Tuesday, March 10, 2015 - 7:00 p.m.

Change of Location: Ramsdell Theatre, Hardy Hall

I. Call to Order.

II. Work Session Items.

- a.) PUBLIC COMMENTS ON WORK SESSION RELATED ITEMS.
- b.) DISCUSSION ON RAMSDELL THEATRE – City Manager Mitch Deisch, Finance Director Ed Bradford, Ramsdell Theatre Director Mike Terry.
- c.) COUNCIL STRATEGIC PLAN PRESENTATION AND DISCUSSION. – Alliance for Economic Success, Tamara Buswinka.

III. Adjourn.



Finance\Treasurer's Office



Memo to: Mitch Deisch, City Manager *M Deisch*

From: Edward Bradford, CFO *EB*

Re: Ramsdell Theatre Work Session

Date: March 5, 2015

Mitch,

The purpose of this memo is to provide an update to City Council on the Ramsdell Theatre, primarily in the areas of governance and sustainability.

Governance

The City established the Ramsdell Governing Authority (RGA) via ordinance in November of 2005. The adoption of Section 253 – Ramsdell Theatre Civic and Cultural Center Governing Authority, marked a new chapter in the history of the Ramsdell. Prior to this, the City had leased the building to the Manistee Civic Players (MCP), who had operated the building. The ordinance was adopted after the MCP realized that they were unable to bear the financial burden of operating the facility and approached the City to discuss alternatives.

The City, under the auspices of the RGA, has managed the building since. City Hall staff provides back office services, project management and building maintenance. It also was responsible for some programming. In the fall of 2013, the City hired Mike Terry as Executive Director, per the recommendations in the Ramsdell Theatre whitepaper. His hiring has dramatically increased the level and quality of programming and has provided for professional management of the Theatre.

It has been recognized for some time that the structure and composition of the RGA is problematic. The hiring of Mike has only served to reinforce that conclusion. The presence of representatives from our Partners (the Manistee Civic Players & Manistee Art Institute) on this board represent an untenable and insurmountable conflict of interest. For example, our Partners lease space from the Ramsdell; yet they also must vote on their own leases. They have to schedule use of the building for their events and productions; yet this sometimes conflict with City programming. There are other areas of conflict as well.

This observation should not be construed to imply that the Partnerships are not worth maintaining; on the contrary, they are quite important to the success of the Ramsdell. Rather, it is simply pointing out a fatal flaw in the current governance model.

Last summer, the RGA collaborated with the non-profit Friends of the Ramsdell to engage a consultant to lead a strategic planning process. A two-day workshop was held to obtain stakeholder input, and a report was issued. The current governance structure was identified as one of the key areas that was hindering the success of the Ramsdell. Creating a new Ramsdell Board\Governance Structure was the top priority. A series of meetings with the same stakeholders after the report was issued validated this finding.

The Council Ordinance committee discussed this issue at their February 13, 2015 meeting. They were unanimous in their agreement that the governance model needs to change. This would likely involve dissolving the RGA by revoking Chapter 253 and running the Ramsdell as a City department until a new governing structure can be explored and created. Concurrently, the City will need to look for future board members that have the desire, contacts and financial resources to assist the Ramsdell. It was decided at this meeting to set up a work session and invite stakeholders from our various Partners to discuss the matter. An invitation has been extended and attendance by these stakeholders is anticipated for this meeting.

Sustainability

The Ramsdell Theatre is not self-sufficient financially. In the current budget, the City contributed \$178,830 from the Capital Improvement fund for debt service support. This makes the payments on two installment purchase agreements for the roof and HVAC system.

In addition, the City contributed \$100,000 from the General fund for operations. Of this total, \$60,000 comes out of the General Fund balance to support the Executive Director position. In the past, the City had also made additional contributions from the Capital Improvement fund for annual capital needs. This was eliminated in the current budget.

It is Mike Terry's professional opinion that that the Ramsdell Theatre cannot be self-supported with revenue generated through performances and rentals. The market is simply too small. In order to meet the goal of reducing the recurring City operating support of the Theatre, there will need to be significant, ongoing private donations. It is unlikely in the near to mid-term (if ever) that City support will be able to be removed entirely. This is supported by the fact that nationally, 40% to 60% of theatre revenue is from ongoing public\private support. Earned income is not sufficient.

The strategic plan established a goal of reducing City operating support by 33% (about \$35,000 annually) by fiscal year 2017-2018. In order to realistically meet this goal, the RGA, AES and stakeholders felt it critical that a market study be conducted to help establish what the true needs of the community were in terms of programming, additional possible revenue sources and most importantly, a realistic estimate of the fundraising potential in the community.

Toward this goal, the RGA in coordination with the AES issued a Request for Proposals: Sustainable Business Model for Ramsdell Theatre in mid-January. The primary goal of the RFP is to "develop a realistic, sustainable business model for the Ramsdell Theatre." One of the secondary goals of the study is to identify a recommended governance structure.

Three proposals were received back. The AES is coordinating with the review team which will be evaluating the proposals over the next few weeks. The cost for the study ranged from \$14,000 to \$23,000.

The AES and Manistee County Community Foundation is working with the Michigan Economic Development Corporation to help secure funding for the project. They are planning on using the Public Spaces Community Places crowdfunding initiative. This program allows the community to support an initiative, and if the fundraising goal is met, the MEDC will provide a matching grant. Some funds have already been committed.

If everything comes together, it is expected that a report could be issued in the month of June.