

**GRAND JUNCTION CITY COUNCIL
ADDITIONAL WORKSHOP AGENDA
JANUARY 16, 2006, 11:30 A.M.
AVALON THEATRE
645 MAIN STREET**

11:30 am **AVALON THEATRE:** Assistant City Manager David Varley will lead the continued discussion of the recent study. [Attach 1](#)

1:00 pm **ADJOURN**

**Attach 1
Avalon Theatre Discussion**

CITY OF GRAND JUNCTION

| CITY COUNCIL AGENDA | | | | | | |
|---------------------------------------|----------|------------------|---------------|--------------------------------|---------------|--------------------------|
| Subject | | Avalon Theatre | | | | |
| Meeting Date | | January 16, 2006 | | | | |
| Date Prepared | | January 11, 2006 | | | File # | |
| Author | | Joe Stevens | | Director of Parks & Recreation | | |
| Presenter Name | | David Varley | | Assistant City Manager | | |
| Report results back to Council | | X | No | | Yes | When |
| Citizen Presentation | | | Yes | X | No | Name |
| X | Workshop | | Formal Agenda | | | Consent |
| | | | | | | Individual Consideration |

Summary: In the fall of 2005, Dr. Jerry Moorman presented his final report to City Council on strategic planning for the Avalon Theatre. Dr. Moorman identified seventeen (17) key factors for success. Since Dr. Moorman's presentation to City Council, City staff continue to evaluate factors for implementation. Accompanying this agenda form, please find a draft report on key factors for success.

Most recently, representatives from the City and Cinema at the Avalon, Incorporated (CAI) discussed modifying the relationship between CAI and the City. Under one scenario, the Avalon Theatre would continue to operate as a subdivision of Two Rivers Convention Center but a larger portion of day to day operations would be outsourced to CAI. While admittedly, the devil is in the details, a new agreement would acknowledge that the primary user (318 days in 2005) is CAI. Secondary but much more profitable usage is live entertainment which accounts for approximately 67% of total revenue generated by the City at the Avalon in 2005. In reality this suggests that even if primary responsibility is shifted from the City to Cinema at the Avalon, CAI will need to make the Avalon available to art forms that are not cinematic in nature in order to maintain and or improve cost recovery. Simply put; concerts equal cash and movies equal usage.

While due diligence is still required, this idea is an attempt to try and avoid some current duplication of resources by consolidating some staffing and operational needs. Dependent upon Council direction, and should City Council want to encourage more community use of the Avalon Theatre, an agreement could be structured to take that into account. The City may wish to entertain a grant/selection process that, with adequate funding, would be available to underwrite more community usage of the historic theatre.

Action Requested/Recommendation: It is requested that City Council provide direction on how you would like to direct the City Manager to proceed with partnerships, Avalon operations/staffing, marketing, and revenue/cost sharing for the Avalon Theatre.

Attachments: City staff analysis of the Avalon Theatre Study.

Background Information: Administratively, Cinema at the Avalon, Inc.'s (CAI) current agreement has been extended thru March 15, 2006. This extension will give the City and CAI an opportunity to explore options that may lead to a better working relationship and modifications to the current agreement that will produce greater efficiency for CAI, other user groups, and the City. As stated in the analysis:

- The City would like to see the Avalon Theatre continue to be a multi-purpose facility and believes that an annual expenditure, from the City, is appropriate and assists in energizing activities in downtown Grand Junction. However, more responsibility/accountability should shift from the City to CAI.
- City Council will appoint one board to work with City staff and varied user groups. City staff will also have more direct involvement with the one board.
- The Avalon Theatre will continue to operate as a subdivision of Two Rivers Convention Center within the Parks and Recreation Department, but a larger percentage of day to day operations may be outsourced to Cinema at the Avalon.
- The organizational structure of Two Rivers Convention Center and the Avalon Theatre will be amended. The Director of Parks and Recreation will assign one person with oversight responsibilities for the Avalon Theatre.

It is projected that the 2005 subsidy for the Avalon, by the City, will be \$84,375. In 2004, the subsidy was \$62,786. Based on Jerry Moorman's report, this is not a large expense for a community that wants to keep the lights in at an historical theater and in fact, by most accounts, is exceptional.

The Avalon Theatre Study

City Staff Analysis

This is the City Staff analysis on the Avalon Theatre Study created by Jerry Moorman. This report specifically addresses the seventeen Key Factors for Success found on page xiv of the executive summary and Table A of this report.

Assumptions

1. The City would like to see the Avalon Theatre continue to be a multi-purpose facility but more responsibility may shift from the City to Cinema at the Avalon.
2. City Council will appoint one board to work with city staff and varied user groups. City staff will also have direct involvement with one board.
3. The Avalon Theatre will continue to operate as a subdivision of Two Rivers Convention Center within the Parks and Recreation Department, but a larger percentage of day to day operations may be outsourced to Cinema at the Avalon.
4. The organizational structure of Two Rivers Convention Center and the Avalon Theatre will be amended. The Director of Parks and Recreation will assign one person with oversight responsibilities for the Avalon Theatre.

After reviewing the recently completed study the city staff has divided the listed seventeen Key Factors for Success into three categories, Governance, Operations and Capital Improvement Projects (CIP).

Governance

1. Assign Overall Management of the Avalon to One Person

The director of Parks and Recreation has assigned Angella Vallard. Currently, this person has to spend approximately 75%+ of her time on Two Rivers Convention Center events and operations due to the high level of usage and current organizational structure. Depending on what City Council envisions for the Avalon, this position would need to have the current assigned duties reassigned to other staff. Continuing to operate in the present “as is” situation is not recommended in order to avoid any adverse impact to either facility.

2. Create Formal System of Communication for the Three Avalon Related Boards

Presently the three separate boards related to the Avalon Theatre are the Avalon Board of Directors, Cinema at the Avalon and the Downtown Development Authority. It is recommended that City Council appoint one board with which the city staff would work directly with. It is referenced within the study as the Avalon Coordination Committee containing representatives from each of the three related boards. The newly appointed Avalon committee should be given a clearly defined mission and accountabilities by the City. This board and City staff will need to collaborate closely on projects with the Avalon Manager taking a lead role.

Operations

3. Develop a Comprehensive Marketing Plan and Update Yearly

Assuming the current Event Coordinator is assigned the day to day authority of the Avalon Theatre development of marketing strategies, budget and timeline could be completed in the first quarter of 2006. This would be done in collaboration with the General Manager of Two Rivers and utilize other City resources. It will be vital to develop a dedicated Avalon Theatre website as soon as possible with event calendars, detailed event information and appropriate links to other downtown and city sites. Yearly marketing plan updates would be the responsibility of the Avalon Manager.

4. Foster Continued Financial Support by the City

The Avalon is currently financed through the City. Operationally, labor and utility costs are exceeding growth and cost recovery. The suggestions put forth by the report would necessitate an increased budget and/or subsidy depending on what City Council envisions for the Avalon. In order to maintain the Avalon to respectable standards, major projects must be funded. For the last three years capitol improvement projects have been delayed due to lack of available funding. The agreement for most CIP projects requires 50% cost sharing between the City and Avalon Board of Directors. As always, the City considers health and safety projects priorities but user convenience and comfort issues have become increasingly important. Some of these items are considered borderline safety issues and should be further discussed. Possible project items would be remodeling concessions, remodeling the upper balcony, upgrades to sound and lighting, installing closing curtain, etc.

5. Create a Financial Reporting System for Stakeholders

A reporting system is currently in place via the city financial reporting system. This will be further enhanced with the implementation of a reservation and event management software system intended for Two Rivers Convention Center. This software can also be beneficial for the Avalon and is expected to be in full operation prior to June 2006.

6. Determine Data to be Collected for Research Purposes

Data is currently collected for the following: Catering, Concessions, Merchandise Fees, Bar Sales, Staffing Hours, Name, Address, Phone, etc. The level of programming and promotions being coordinated by the Avalon Manager will determine the necessary data to be collected.

7. Develop an On-Going Research Method for Audience Response and Demographics

Development could begin immediately with an Avalon dedicated manager. Possible methods may include audience surveys given out after events or utilizing a dedicated Avalon website survey with rewards (i.e. free tickets, concessions items, Avalon merchandise) for completing and returning surveys. However, if the theatre remains a rental only venue the surveys would be contingent upon user groups and pertain to operations.

8. Conduct Yearly Audience Focus Groups

Planning could begin immediately by an Avalon dedicated manager along with other City resources. The first meeting would be best planned for spring 2006 as an open forum meeting held at the Avalon that solicits feedback from the various user groups.

Follow-up with annual focus groups would utilize Dr. Moorman's information contained in the study.

9. Develop a Client Follow-Up Evaluation Form

We currently have an Avalon client evaluation that is sent out post-event. Less than half of the evaluations are returned. An updated evaluation will be created and possible promotion for the return of completed forms could be a bi-annual drawing for free gifts (i.e. free tickets or Avalon merchandise).

10. Create an On-Going Database of Client Evaluation Data

The plans are in place to have this implemented by June 2006 through the installation of the reservation and event management software system.

11. Evaluate Rental Fees Versus Costs on an Annual Basis

The Avalon Manager should collaborate with the General Manager of Two Rivers Convention Center and the Director of Parks and Recreation along with the City Manager to agree on what an appropriate cost recovery ratio is for the Avalon.

12. Develop Rental Fees Ensuring For-Profits Pay at least Breakeven Revenue

This has been incorporated into the proposed '06-'07 fees and charges. The most significant change for the fee schedule is the elimination of the local vs. non-local non-profit rates. There will only be two categories: non-profit or for profit. Non-profit rates will increase by \$50 with a set hour limit imposed. For profit rates have not changed but now will have set hour limits with the ability to rent by each additional hour. There will also be dressing room rental rates applied. See '06-'07 proposed fees and charges Table B.

13. Foster Good Relationships with Main Street Business Neighbors

This is an ongoing endeavor made by all staff. However, the Avalon Manager could allocate more time to relationship building activities. Examples include but are not limited to stopping by the businesses to personally give flyers on upcoming special events, involving them in surveys and/or focus groups, etc.

14. Cultivate Individual Donors

This is currently managed by the Avalon Board. There does not appear to be a formal process by which the Avalon Board cultivates individual donors. The Cinema at the Avalon actively solicits individual donors specifically for film. It is recommended that City staff work with the appointed advisory board on this. City Council should determine the roles of the stakeholders on the advisory board so it can be defined by the board how capital improvement projects are prioritized.

15. Develop Corporate Sponsorships

This is currently managed by the Avalon Board. The Avalon Manager should collaborate with the newly appointed Avalon committee in grant writing. It is recommended that the City Council determine the City staffs' level of involvement in the grant writing process.

Capital Improvement Projects (CIP) see Table C

16. Redesign the Lobby

\$30,000 is presently allocated in 2006 & 2007 CIP budget as 50% cost share between the City and the Avalon Board. Redesigning the lobby would involve the concession area and ticket booth. Both are currently limited in functionality. A remodel of the concession area could increase work flow for staff resulting in faster service to patrons and increases in sales. The ticket booth is rarely used due to the small opening and inability of ticket sellers to get comfortably organized. Shelving and writing space would be required.

17. Expand the Stage

No monies are presently allocated in the 10yr CIP. A feasibility study would be required to determine estimated costs for this project. An expansion of the stage should not be considered without discussion of incorporating appropriate back and side stage areas. The lack of these areas already poses production challenges and would become pronounced with a larger stage area. Expansion of the stage would open opportunities for the local symphony and larger theatrical performances to utilize the Avalon.

TABLE A. Keys Factors for Success

| Key Factors for Success | Governance | Operations | CIP | Status |
|--------------------------------|---|--|------------|--|
| Factor #1 | Assign Overall Management of the Avalon to One Person | | | Dept. Director has assigned current Event Coordinator |
| Factor #2 | Create Formal System of Communication for the Three Avalon Related Boards | | | Create one advisory board to make recommendations to City Council, City Manager & Dept. Director. Recommend implementing in Jan. '06 |
| Factor #3 | | Develop a Comprehensive Marketing Plan and Update Yearly | | To be completed in first quarter of '06 |
| Factor #4 | | Foster Continued Financial Support by the City | | In place |
| Factor #5 | | Create a Financial Reporting System for Stakeholders | | In place |
| Factor #6 | | Determine Data to be | | Currently have in |

| | | | | |
|--------------------------------|-------------------|--|------------|--|
| | | Collected for Research Purposes | | place with updating planned |
| Key Factors for Success | Governance | Operations | CIP | Status |
| Factor #7 | | Develop an On-Going Research Method for Audience Response and Demographics | | Currently have this at theatre user level only. |
| Factor #8 | | Conduct Yearly Audience Focus Groups | | Do not conduct at this time. Could do one spring '06 |
| Factor #9 | | Develop a Client Follow-Up Evaluation Form | | In place |
| Factor #10 | | Create an On-Going Database of Client Evaluation Data | | Could have in place by June '06 |
| Factor #11 | | Evaluate Rental Fees Versus Costs on an Annual Basis | | |
| Factor #12 | | Develop Rental Fees Ensuring For-Profits Pay at least Breakeven Revenue | | In place |
| Factor #13 | | Foster Good Relationships with Main Street Business | | In place |

| | | | | |
|--------------------------------|-------------------|--------------------------------|--------------------|---|
| | | Neighbors | | |
| Factor #14 | | Cultivate Individual Donors | | Could begin once appointed board is in place |
| Key Factors for Success | Governance | Operations | CIP | Status |
| Factor #15 | | Develop Corporate Sponsorships | | Could begin once appointed board is in place |
| Factor #16 | | | Redesign the Lobby | Budgeted for 2006 with 50% cost sharing with Avalon Board |
| Factor #17 | | | Expand the Stage | Not in CIP budget |

TABLE B. Fees & Charges for 2006 & 2007

| Avalon | | 2006 Fee | 2007 Fee | |
|----------------------------|----------------------------------|----------------------------------|------------------|------------------|
| Non - Profit | <i>Performance</i> | 12 consecutive hrs rental period | \$400 Sun - Thur | \$400 Sun - Thur |
| | | | \$450 Fri & Sat | \$450 Fri & Sat |
| | | Per additional scheduled hr | \$60 | \$60 |
| | <i>Technical/Rehearsal</i> | 4 consecutive hrs rental period | \$200 Sun - Thur | \$200 Sun - Thur |
| | | | \$300 Fri & Sat | \$300 Fri & Sat |
| | | Per additional scheduled hr | \$60 | \$60 |
| For Profit | | | | |
| <i>Performance</i> | 12 consecutive hrs rental period | \$1,000 | \$1,000 | |
| | Per additional scheduled hr | \$90 | \$90 | |
| | | | | |
| <i>Technical/Rehearsal</i> | 4 consecutive hrs rental period | \$500 Sun - Thur | \$500 Sun - Thur | |
| | | \$750 Fri & Sat | \$750 Fri & Sat | |
| | Per additional scheduled hr | \$90 | \$90 | |
| For Profit Use Fee | | | | |
| | | | | |
| Dressing Room | Per day | \$150 | \$150 | |
| | Per additional scheduled day | \$50 | \$50 | |
| | | | | |
| Security/Damage Deposit | | \$500 | \$500 | |
| | | | | |
| After hours load out | Charged per hr after 2am | \$160 | \$160 | |

| Avalon | | 2006 Fee | 2007 Fee |
|-----------------------------|--|--------------------------------|--------------------------------|
| Merchandise Fees | Charged on all merchandise sold including music items. Retailer is responsible for sales tax | 15% of gross | 15% of gross |
| | | 20% of gross w/venue attendant | 20% of gross w/venue attendant |
| Technical Support | Per tech per hour w/4 hr minimum | \$34.50 | \$34.50 |
| Ushers | Per usher per hour | \$12 | \$12 |
| Ticket Takers | Per usher per hour | \$12 | \$12 |
| Professional Security | Number required based on management discretion. Charges based per officer per hour | \$27.50 | \$30.00 |
| Professional Elec. Services | If necessary will be billed directly to client | | |
| Risers | Per riser per event | \$15 | \$15 |
| Other equipment | See TRCC rental list | See TRCC price sheet | See TRCC price sheet |

Extra charges will be assessed for gels and other special needs based on current market values.

TABLE C. Capital Improvement Projects

Current CIP

| CIP Projects | Est. Amount | Notes |
|---------------------|---------------|--|
| Avalon Improvements | \$ 300,000.00 | \$30,000 is budgeted each year 2006 - 2015 |
| Theatrical Lighting | \$ 55,000.00 | Budgeted for 2008 with 50% cost share from Avalon Board |
| New Seats | \$ 100,000.00 | Budgeted for 2009 with 100% from Avalon Board |
| | | |

Items Identified but not included in current CIP

| CIP Projects | Est. Amount ('05 costs) | Notes |
|------------------------|---------------------------|--|
| Structural Upgrade | \$ 240,000.00 | Would require building closure and require a feasibility study (\$1,500 - \$2,000). No one will give project estimate w/out. |
| Remodel of Concessions | \$ 35,000.00 | Would require building closure |
| Purchase of Risers | \$ 20,000.00 | |
| Upgrade Sound System | \$ 120,000.00 | |
| Fire Curtain | \$ 60,000.00 | |
| HVAC Replacement | \$ 50,000.00 | Replaced in 1996. 10 - 15yr life. Compressors 5yrs. |
| Closing Curtain | \$ 60,000.00 | |
| Remodel of Balcony | \$ 225,000.00 | |
| Carpet Replacement | \$ 22,500.00 | Replica of original - Installed in March of '97 at cost of \$22,500 with 5yr warranty. Carpet - probably won't last till 2013 w/out partial replacements |
| Boiler Replacement | Unable to establish price | |