



The City of New Haven

Shubert Theater Report



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Introduction

Task

AMS Planning & Research was engaged by the City of New Haven (City)'s Office of Economic Development (OED) to document past investments in the Shubert Theater (Shubert), to understand the costs and benefits of the Shubert's current operating structure, to identify operating and financial structures that will allow the Shubert to thrive in the future, and to explore methods for financing and structuring a deal between the City and the current operators of the building, the Connecticut Association for the Performing Arts (CAPA).

Specifically, AMS assisted the City in determining the answers to the following questions:

- 1) What investment has been made so far by the City into the Shubert over the past 20 years, including an understanding of the past and current operating subsidy?
- 2) What are potential management structures that may lead to future success, and is CAPA the right fit for the Shubert moving forward?
- 3) What is the likely investment the City will need to make to either retain the Shubert as a City-owned building, or to extend an operating relationship,

including possible transfer of ownership, to a private, entity?

- 4) Are there strategies, other than direct City support, that might complement or offset possible investment by the City of New Haven to help effect a transition in ownership and operation?

AMS Planning & Research

AMS is a highly experienced arts management consulting firm, that has provided counsel, planning, and research services to hundreds of arts and cultural organizations.

Since its founding in 1988, AMS has gained national recognition for its counsel on a range of important planning projects in all areas of the country. The firm conducts feasibility studies for arts programs and facilities, leads strategic planning efforts, including merger and collaboration studies, represents owners of new facilities during planning, design and construction, creates community cultural plans, advises on marketing strategies, evaluates grant programs and authors research reports and White Papers on industry trends.

Clients range from large philanthropic foundations to ad hoc citizen's committees in small cities and towns. Numerous government agencies have relied on AMS for critical recommendations on the development of over \$4 billion in new construction, renovation, and restoration of capital facilities.

Methodology

AMS launched its study by conducting a thorough review of extensive background materials provided by the City and CAPA, including both historical background and future planning documents. Historical operating and capital budgets and previous financial transactions were reviewed to gain an understanding of the past and potential future investment of the City into the Shubert Theater.

Meetings were held with City and CAPA leadership to understand the current views on methods for future success of the Shubert, and the desired outcomes of a potential long term operating relationship or a transfer of ownership of the Shubert Theater to either CAPA or another operator if appropriate.

Research was conducted into other similar historic theater City-to-private operator transitions across the country to determine best practices. Additional secondary research was conducted to identify available sources of funding to support the Shubert's needed capital improvements and repairs and for future operating expenses.

This report consolidates the findings from these inputs to provide responses and recommendations to the City in respect to the four questions listed above.

Background

The Shubert Theater

The Shubert originally opened in New Haven, CT on December 11, 1914, and began a long successful run, which included over 600 pre-Broadway tryouts and world premieres, as well as performances by the era's leading actors, dancers, musicians, and performing arts companies.

Closed in 1976 and threatened with destruction, a seven-year effort began to save the Shubert. During this time, the theater was extensively renovated and restored with historical accuracy. A new plaza and theater lobby was added as part of the \$4 million¹ project.

The 1,655-seat Shubert, New Haven re-opened in December 1983 as a not-for-profit community resource, again presenting pre-Broadway engagements and world premieres, as well as dance, popular music, and family entertainment.

In 1997, another major restoration included a new sound system and new seats, yet overall repairs and upgrades have required on-going attention. The Shubert is one of 76 contributing buildings in the City of New Haven's Chapel

¹ Theatre Projects Consultants, Inc. et al. "Greater New Haven Arts and Entertainment Facilities Study." September 2000.

Street Historic District, which is listed on the National Register of Historic Places.

Since 1984, the theater has provided an economic impact of over \$300 million for the City. It has over 125 nights of events each year and welcomes approximately 100,000 patrons annually.²

Owners and Operators, 1983-Present

Upon its re-opening in 1983, the Shubert was owned by Shubert Associates, Inc. (SA), an equal partnership between Fusco Corporation, the developer responsible for the facility's restoration and new construction, and The Schiavone Family Trust. The City leased the theater from SA and in turn sublet the building to the Shubert Performing Arts Center, Inc. (SPAC), a non-profit entity that operated and programmed the theater. SPAC also leased office space and the Shubert Plaza directly from SA under a separate lease agreement.

By 1995, SPAC found itself in a financial crisis. In May of 1996, a deal was structured whereby the City would take full ownership of the theater and its support spaces by November 1, 2001. The ownership transfer took place in stages. The City took over a 48% share of SA from The Schiavone Family Trust in May of 1996 and its remaining 2% share in May of 1997 at a cost of \$1 for each of the two transactions. By November 1,

² CAPA. "Shubert New Haven Centennial Plan." 2012.

2001, the City acquired the remaining 50% of SA from Fusco Corporation, also for \$1.

In November of 2001, the City, now full owner of the Shubert, contracted with the not-for-profit arts presenter and theater management company Connecticut Association for the Performing Arts (CAPA), an affiliate of the not-for-profit Columbus Association for the Performing Arts (CAPA-Columbus), to take over operations and programming of the Shubert.

Definition of Success for the Shubert

The City's Office of Economic Development (OED) sees the Shubert as a valuable asset to the community. It contributes to the City's quality of life and it is a large factor in the cultural economy that attracts businesses and development to the area. In Fiscal Year 2011 (FY11) alone, the Shubert created 98 jobs and created over \$13.7 million in economic impact through its own operations and through indirect spending at other local businesses.³

The OED's definition of success for the Shubert in the long term is that it remains an active and integrated presence in the community and that it continues to be a vital part of the cultural core that attracts people to New Haven. Its presence

³ Gius, Mark Paul. "Economic Impact Study Shubert Theater 2010-2011 Season." September 2011.

is a catalyst for economic activity which helps to support the local restaurants and retail establishments in the area.

In 2014, the Shubert will reach its 100th anniversary. This has provided a clear opportunity to assess the current Shubert operating structure and how to move forward to best insure that the theater remains vital in the years to come.

The Centennial Plan

In preparation for the 100th anniversary milestone, CAPA and the Shubert have engaged in developing a Centennial Plan for the Shubert that will assure it is a vibrant force for the performing arts in Connecticut, as well as an economic cornerstone and placemaker for the next 100 years.⁴ The Centennial Plan includes two components: 1) a \$8.7 million capital program to address needed renovations and upgrades, and 2) the creation of an endowment to support financial stability.

In preparation for creating the Centennial Plan:

- In 2009, CAPA, OED, and the City's Department of Arts, Culture and Tourism commissioned an architectural feasibility study by Gregg, Wies and Gardner Architects to define and evaluate critical architectural repairs and renovations that will be needed to assure the Shubert's future functionality and address its current

⁴ CAPA. "Shubert New Haven Centennial Plan." 2012.

and future space needs. This study projected a total cost of approximately \$7 million for the repairs and renovations to be undertaken.⁵

- In 2010, CAPA, with funding from the New Haven Arts Council and the National Arts Stabilization Committee, participated in EmcArts' New Pathways Program, a training and immersion program which advances and accelerates the development of innovative strategies and strengthens adaptive leadership.⁶ During the process, members of New Haven's arts, education, and business communities were brought together to engage in a series of community sessions to discuss the future of the Shubert and its vision and to communicate the needs of the community for the facility.⁷

CAPA's leadership has asked the State of Connecticut to partner with them in the Centennial Plan Campaign by providing state bonding support. It also expects approximately \$1.7 million in historic state tax credits and restoration grants. It anticipates the City providing additional capital support as

⁵ Gregg Wies & Gardner Architects, LLC. "Shubert Theater Feasibility Study Report." 2009-2010.

⁶ EmcArts. "New Pathways for the Arts" Retrieved from: http://www.emcart.org/index.cfm?PAGEPATH=Programs_Services/New_Pathways_for_the_Arts_Initiative&ID=20279

⁷ EmcArts. "CAPA/Shubert Theater Innovation Planning Final Report." November 2, 2010.

well, with the actual number requested being based on the amount of State support retained.⁸

The Key Questions: Responses & Recommendations

1) What investment has been made so far by the City into the Shubert over the past 20 years, including an understanding of the past and current operating subsidy?

1983-1995: SPAC: Pre-Restructuring

When the Shubert reopened in 1983, the City engaged in an 18-year agreement to lease the Shubert from SA. The City, in turn, sublet the Shubert to SPAC, who would operate and program the facility based on the terms of the lease.

In 1983, the City provided \$100,000 in startup expenses and paid the initial year of rent, approximately \$300,000, directly to SA.⁹

Beginning the following year, in accordance with the lease agreements, the City provided support for the Shubert in two forms: an annual rental subsidy and an operating subsidy.

⁸ CAPA "Shubert New Haven Centennial Campaign." 2012.

⁹ "CNH SPAC Management Agreement and Lease." March 1983.

**Shubert- Historical City Expenditures/ Receipts
(SPAC: Pre-restructuring)**

City FY	Initial Investment	SPAC Rental Subsidy ^A	SPAC Operating Subsidy ^B	SA's Second Mortgage & Repayments to City ^C	Second Mortgage Interest Given to SPAC ^D	City Maintenance
FY 1983/84	\$400,000	\$0	\$0	\$535,000	\$0	\$0
FY 1984/85	\$0	\$392,014	\$500,000	-\$150,000	\$0	\$0
FY 1985/86	\$0	\$453,646	\$500,000	-\$25,000	\$0	\$0
FY 1986/87	\$0	\$329,259	\$375,000	-\$25,000	\$0	\$0
FY 1987/88	\$0	\$354,474	\$500,000	-\$25,000	\$0	\$0
FY 1988/89	\$0	\$379,020	\$123,831	-\$25,000	\$0	\$0
FY 1989/90	\$0	\$432,852	\$200,442	-\$25,000	\$0	\$0
FY 1990/91	\$0	\$443,319	\$0	-\$169,600	\$144,600	\$0
FY 1991/92	\$0	\$430,691	\$0	-\$25,000	\$0	\$0
FY 1992/93	\$0	\$365,284	\$0	-\$25,000	\$0	\$0
FY 1993/94	\$0	\$327,751	\$0	-\$188,054	\$163,054	\$0
FY 1994/95	\$0	\$335,428	\$0	-\$76,435	\$51,435	\$30,000
TOTAL	\$400,000	\$4,243,738	\$2,199,273	-\$224,089	\$359,089	\$30,000
						\$7,008,011

See Appendix A for Notes and Sources

Rental Subsidy

Each year, the City provided the anticipated amount of the rental subsidy to SPAC prior to the date on which it was due. SPAC then, in turn, paid rent to SA. The amount of rent due was comprised of three elements:

- **First Mortgage Payment:** An amount equal to the principal payment and interest due by SA on the \$3,200,000 First Mortgage Promissory Note related to

a construction loan held by First Bank (later Shawmut Bank and then Fleet Bank)

- **Second Mortgage**

Payment: An amount equal to the interest payment on a \$535,000 Second Mortgage given to SA by the City.

- **Additional Rent:** A

variable amount, based on a percentage of the Shubert's gross receipts, with a minimum dollar amount of \$50,000.¹⁰

After SPAC paid the rent to SA, SA in turn made payments on the First Mortgage to the bank and

the Second Mortgage to the City. The City kept the principal repayment, and passed the interest portion of the payment back to SPAC.

¹⁰ Additional rent calculation: The first 1% of the first \$5M of gross receipts from operations + the first 2% of the next \$1M of gross receipts exceeding \$5M + 3% of the next \$1M in gross receipts exceeding \$6M, or \$50,000, whichever was greater, but not to exceed \$80,000 in the first seven years of operation or \$130,000 in subsequent years. Amounts were subject to adjustments for changes in the CPI. Source: Shubert Theater Operating Summary. March 1984.

Between FY85 and FY96, the variable rent subsidy averaged \$386,950.

Operating Subsidy

The City also provided SPAC with an operating subsidy in its first seven years of operations. The subsidy was paid in the year following the fiscal year for which it was calculated. The amount of the subsidy was equal to the net operating loss¹¹ that occurred in the applicable fiscal year, if a loss in fact occurred, but was limited to a maximum of \$500,000.¹² Based on available historic information, the operating subsidy averaged \$366,564 per year between FY85 and FY90.¹³

Maintenance

In addition to the rental and operating subsidies, the City contributed \$30,000 worth of emergency roof repairs on the Shubert facility in FY95.¹⁴

Based on available data, it is estimated the City invested approximately \$7 million, in nominal terms, in the Shubert from FY84 up to the financial restructuring in 1996.

¹¹ Calculated: Operating revenues less operating expenses for the fiscal year

¹² "CNH SPAC Management Agreement and Lease." March 1983.

¹³ "Shubert Performing Arts Center Revenue and Expenses." 1984-2001.

¹⁴ "CAPA Historical Expense List." 1994-2012.

1996-2001: SPAC: Post-restructuring

By the end of FY95, SPAC had experienced a cumulative loss of almost \$1.3 million and predicted an operating shortfall of \$1.5 million annually until 2001. Independent studies commissioned by both the SPAC Board of Directors and the City of New Haven indicated the need for an additional operating subsidy from the City.

The City did not have additional funds for this subsidy, so instead it was determined that a way for SPAC to receive additional annual operating funds was for it to become the holder of the First Mortgage note on the Shubert, instead of Fleet Bank. In this way, SPAC would, in the end, receive the proceeds of the mortgage interest, since the current rental subsidy provided by the City would eventually be payable to SPAC, instead of Fleet Bank.¹⁵

The way this would work is the City would continue to provide the rental subsidy to SPAC, who would in turn pay rent to SA as before. SA would make its mortgage payment on the building, as before, but now this payment would go to SPAC, the holder of the note, instead of Fleet Bank. In 1996, the City, State and other leading community organizations determined that restructuring the Shubert's financing in this way was required in order to ensure continuing use of the theater.

¹⁵ SPAC. "Shubert Performing Arts Center Business Plan." April 11, 1996.

An agreement was developed between the City, Yale University, and the Community Foundation for Greater New Haven (the three funding parties), SPAC, SA, and Fleet National Bank of Connecticut. The funding parties, along with contributions from Fleet Bank and SPAC, put together the \$2,422,271 needed to purchase the First Mortgage note from Fleet Bank for SPAC.

The 1996 agreement, among other terms:

- Allowed SPAC, using in part funds from the three funding parties, to acquire the First Mortgage promissory note from Fleet National Bank.
- Permitted the City to exercise its option to purchase both the Shubert and the Shubert Plaza facilities from SA by November 1, 2001.
- Required the City to acquire the 50% share of SA held by Schiavone Family Trust for the cost of \$2 by May 10, 1997 and the remaining 50% share of SA from Fusco Corporation, for the cost of \$1, by November 1, 2001.
- Waived the balance of certain initial lease terms from the initial 1983 lease between the City, SPAC, and SA, including waiving the “Additional Rent” (the third component of the rent payment) after FY96, and waiving any rental payments required for the

Shubert - Historical City Expenditures/Receipts (SPAC: Post-restructuring)					
City FY	SPAC Rental Subsidy ^A	SA's Second Mortgage & Repayments to City ^C	Second Mortgage Interest Given to SPAC ^D	1999 Lighting Grant ^D	2000 Façade Grant ^E
FY 1995/96 (I)	\$399,662	(\$74,702)	\$49,702	\$0	\$0
FY 1996/97	\$394,987	(\$25,000)	\$0	\$0	\$0
FY 1997/98	\$456,000	(\$25,000)	\$0	\$0	\$0
FY 1998/99	\$470,000	(\$25,000)	\$0	\$25,000	\$0
FY 1999/00	\$456,000	(\$166,624)	\$141,624	\$0	\$0
FY 2000/01	\$456,000	(\$122,133)	\$112,133	\$0	\$12,322
FY 2001/02	\$456,000	\$0	\$0	\$0	\$0
TOTAL	\$3,088,649	(\$438,459)	\$303,459	\$25,000	\$12,322
					\$2,990,971

See Appendix A for Notes and Sources

remainder of the separate lease between SPAC and SA for use of office space and the Shubert Plaza.

Initial Investment

The City's initial investment in the restructured Shubert was a Capital Budget Authorization for \$1,304,000 to the OED to pay for the Shubert site and property acquisition.¹⁶ This was the City's contribution to the mortgage note buyout for SPAC. This amount was later reimbursed by the State of Connecticut. Because this investment was net zero, it is not included in the total City expenditures.¹⁷

¹⁶ "Shubert Closing Index." 1996.

¹⁷ Information provided by the City Office of Economic Development. October 2012.

Rental Subsidy

As part of the restructuring, the City agreed to continue its annual rental payment subsidy to SPAC. The new rental subsidy was composed of:

- An amount equal to the principal and interest payment on the First Mortgage Promissory Note not to exceed \$456,000 per year, until October 31, 2001.
- For FY96 only, an amount equal to the final payment of the Second Mortgage, due in FY96.

In lieu of paying out the rent on the facility to SA, which was now 50% owned by the City, SPAC would assign to the City the First Mortgage Promissory Note (acquired from Fleet Bank as part of the restructuring outlined above) conditionally until October 31, 2001, followed by an unconditional assignment on November 1, 2001.¹⁸ At this point, the City would fully own the Shubert facility, unencumbered by any mortgage debt.

Capital Improvement Grants

Between FY96 and FY01, the City also provided the following capital improvement grants to the Shubert:

- **1999 Lighting Grant:** \$25,000 to cover 50% of a new lighting system. The State of Connecticut provided the other 50% of the funding.¹⁹
- **2000 Façade Grant:** \$12,322 for upgrades to the building's façade and improved signage.²⁰

1999 Loan

In 1999, the New Haven Development Corporation (NHDC) applied for a \$1,050,000 grant under the Urban Act from the State of Connecticut Department of Economic and Community Development (DEDC), on behalf of SPAC. In anticipation of the grant award, the City granted SPAC a non-interest bearing bridge loan to expedite necessary emergency repairs. In 2000, NHDC was awarded the DEDC grant, and distributed the money to SPAC. SPAC then repaid the balance of the loan back to the City no later than January 1, 2001.²¹ Because this transaction was net zero, it is not included in total City expenditures.

Based on available data, it is estimated the City invested approximately \$3 million, in nominal terms, in the Shubert from FY96 through FY01. The City also made two expenditures of \$1.3 million and \$650,000 for which it was

¹⁸ "Shubert Closing Index." 1996.

¹⁹ "CNH SPAC Grant A99-0443." 1999.

²⁰ "CNH SPAC Grant A99-0443." 2000.

²¹ "Loan Agreement & Collateral Assignment of Proceeds." 16 March 1999. Additional information provided by the City Office of Economic Development. October 2012.

repaid over time. Though these two transactions netted zero in nominal terms, the City was still required to invest these resources for a time to ensure SPAC could continue operation of the Shubert.

2001-Present: CAPA

In March of 2001, the City sent out a Request for Proposals for a new, qualified organization to operate and program the Shubert. After a competitive process, the New Haven Cultural Development Corporation (NHCDC), the not-for-profit entity created to administer the Shubert lease, entered into a management contract with CAPA, a not-for-profit entity affiliated with and created for this purpose by the Columbus Association for Performing Arts (CAPA-Columbus), located in Columbus, OH.

Under the terms of the initial five year agreement:

- CAPA would pay rent of \$1 per year for use of the Shubert during the term of the five year agreement.
- The City would pay NHCDC, who in turn would pay CAPA, an operating subsidy of \$456,000 per year to fund general operations.
- CAPA would be responsible for ordinary and capital repairs up to the first \$7,500 per repair, or up to \$58,690 in total per year.²²

²² “CNH CAPA Management Agreement.” July 2001.

Shubert - Historical City Expenditures (CAPA)			
City FY	City Maintenance	CAPA Operating Subsidy	Professional Service Agreements ^H
FY 2001/02	\$0	\$138,381	\$0
FY 2002/03	\$0	\$456,000	\$0
FY 2003/04	\$0	\$410,400	\$83,567
FY 2004/05	\$30,000	\$410,400	\$45,600
FY 2005/06	\$0	\$410,400	\$45,600
FY 2006/07	\$0	\$410,400	\$7,600
FY 2007/08	\$0	\$410,400	\$45,600
FY 2008/09	\$253,617	\$260,000	\$99,000
FY 2009/10	\$0	\$260,000	\$45,600
FY 2010/11	\$129,431	\$250,000	\$95,000
FY 2011/12	\$57,684	\$250,000	\$95,000
TOTAL	\$470,732	\$3,666,381	\$562,567
			\$4,669,680

See Appendix A for Notes and Sources

The management contract was renewed in 2006 for another five year term, including the same lease terms as above, with the exception of an increase in CAPA’s responsibility for annual repairs up to \$60,000 in total per year.²³

Operating Subsidy and Management Agreements

Because of funding limitations, the full \$456,000 operating subsidy was paid to CAPA in only five of the ten contract years from FY02 through FY11. The average payment over the ten years was \$411,040. Payment was made by the City through a

²³ “CNH CAPA Management Agreement- Unsigned.” July 2006.

combination of general fund allocations directed through NHCDC and professional service agreements contracted with OED.²⁴

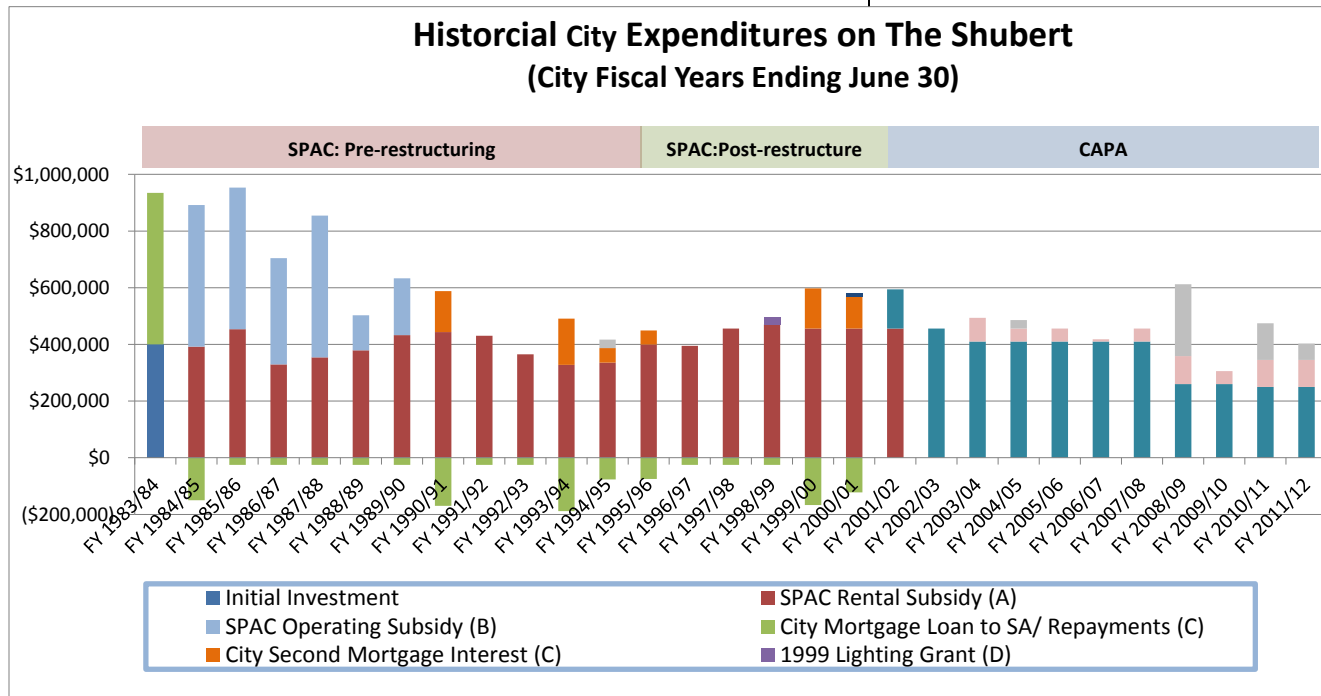
In 2011, instead of renewing the management contract through NHCDC, the City and CAPA entered into two subsequent year-long license agreements contracted directly between the City and CAPA. Under the terms of these agreements, the City would provide CAPA with an operating subsidy of \$250,000 in each of the two years. This funding was

supplemented with a professional services agreement for the development and support of community arts programs in FY12 for \$95,000.²⁵

Capital Improvement Grants and Maintenance

In addition to the general operating subsidy, the City has provided CAPA with \$491,132 for maintenance and repair work in the City owned facility since FY02. Examples of maintenance work include roof replacement, replacement of rooftop condensers for the HVAC system, and replacement of the electrical switchgear.

Historical City Expenditures on The Shubert
(City Fiscal Years Ending June 30)



Based on the available data, it is estimated the City invested approximately \$4.7 million, in nominal terms, in the Shubert during CAPA’s tenure from FY02 through FY12.

Summary of Investments to Date

Since re-opening in 1983, the Shubert has had three distinct financial structures.

²⁴CNH Office of Economic Development - Shubert Expenses. 1999-2000.

²⁵ CNH CAPA Professional Services Agreement. 2011.

In that time, the City has gone from a lessee and lessor of the building to financier to owner. **Based on the available data, the City has invested approximately \$14.7 million into the building in the past 30 years**, with the largest investments being in the first five years of operation and then again just before the transition from SPAC to CAPA. This is in addition to an unknown quantity of staff time that City employees have dedicated to negotiation of leases, financial restructuring, accounting, budgeting, and maintenance.

Since CAPA was contracted in 2001, the City has spent an average of \$427,244 per year on the Shubert between the operating subsidy, additional contracts, and maintenance.

2) What are potential management structures that may lead to future success, and is CAPA the right fit for the Shubert moving forward?

Potential Management Structures

Based on our research and experience in the field, there are three basic management structures the City could pursue for the future of the Shubert:

- Retain the building: The City could retain the Shubert as a City-owned building and continue to engage an operating organization in a series of short-term leases or management contracts

- Transfer the building in the near-term: Transfer the Shubert to another operating entity (potentially CAPA) either through a sale or through a long-term lease. In our experience a lease of at least 49 years, though commonly created for anywhere up to 99, years would create effective ownership of the facility for the organization
- Transfer the building after a waiting period: Transfer the Shubert to a private operating organization (potentially CAPA) after a specified number of years if the organization meets specific benchmarks, such as meeting planned financial and fundraising benchmarks or completing agreed upon capital repairs.

Retain the building

The current structure of short-term leases and management contracts makes it difficult for CAPA to effectively plan for the future of the Shubert. There is uncertainty from year to year about whether the management contract will be renewed and what the amount of operating support from the city will be. This prevents the organization from long-term planning, both financially and programmatically.

The structure also creates additional workload for both CAPA and City employees, as they need to renegotiate the contract and move operating fund allocations through the budget process each year, an exercise that involves repeated

research, negotiation, and presenting the case. In addition, the City Engineering department uses additional resources to process work orders and complete repairs as needed, since the Shubert is a City owned facility.

This structure also prevents CAPA from obtaining financing and other financial support for maintenance and capital improvements to the building. The uncertainty of a one-year management agreement on the property prevents it from developing long-term relationships with lenders and major donors. It also prevents it from accessing grants and other funding sources that are limited to not-for-profit entities or those, like Connecticut Historic Restoration Grants, that are only available to property owners or long-term leaseholders. This increases CAPA's reliance on the City as a funding source.

Transfer the building in the near-term

A transfer of the building can be accomplished through either:

- A long-term lease that will create effective ownership of the building for financing purposes
- A sale of the building with contingencies in the contract that:
 - Assures the facility remains a theater
 - Guarantees the City a right of first refusal to regain control of the Shubert if the entity ceases to be able to operate it in the future

- Stipulates the amount of ongoing support, if any, the City will provide over a long-term time horizon

The benefits of a sale or transfer of the Shubert to a private or not-for-profit organization include:

- The stability of an operator with continuing interest in making the Shubert a success
- The ability and incentive to plan for the future
- Increased ability to raise money from private individuals, foundations, and businesses
- The ability to diversify revenue streams and broaden the base of support for the Shubert
- The ability to grow an endowment to support the ongoing upkeep of the building

Transfer the building after a waiting period

In certain circumstances, such as in the Hennepin Theatre Trust example in the following section, a delay in the transfer of the building by a specified amount of time (for example ten or thirty years) with a set of contingencies attached, allows a City to assess if the private operator is capable of operating the facility before the transfer happens.

Examples of contingences include:

- Meeting fundraising, endowment, or financial benchmarks

- The completion of specified maintenance or capital improvements
- Accomplishing specified programming goals

Comparable Facilities: Profiles

For the purpose of benchmarking this transaction, AMS looked to other comparable historic facilities 1) to document examples of historic theaters that were transferred from City to not-for-profit or for-profit ownership, and 2) to document levels of government support for these facilities.

There are several historic theaters in Connecticut that are currently owned and operated by not-for-profit organizations, such as the Palace Theater in Waterbury, the Warner Theatre in Torrington, and the Garde Arts Center in New London. Yet, in order to capture the appropriate City to private or not-for-profit ownership transaction, we needed to expand our view to similar facilities in other parts of the country. In particular, we have studied The Hennepin Theatre Trust in Minneapolis, The Pabst Theater Foundation in Milwaukee, and Proctors in Schenectady. These case studies provided benchmarks to help determine the best course of action for the Shubert moving forward.

Case Studies Introduction: The Life of a Historic Theater

The historical theaters that remain in America today survive by constantly changing and adapting to remain relevant in the communities they serve. During our work across the country

and extensive research on historical venues, AMS has identified a common journey that the majority of these theaters have experienced.

The journey generally begins around 1910, plus or minus 20 years, when opulent performance venues and movie houses were built across the country, generally hosting live music, theater, opera, or symphony performances, dance, vaudeville, film, and community events.

The theaters survived and thrived, though the advent of movies with sound in the early 1930s hurt vaudeville and variety performance. Eventually, most of the performance spaces made the transition to movie houses, capitalizing on the golden age of Hollywood that lasted through the 1940s.

In the 1950s and 1960s, many of these theaters began the slow decline into disrepair as the population moved to the suburbs and TV took over as a primary form of entertainment. Audience levels went down and costs to maintain the aging buildings went up. During this time, there was a lot of turnover of ownership as original owners began to retire or pass on. New owners struggled to keep the doors open. By the 1970s, many of America's historic theaters were shuttered, threatened with demolition by owners or developers.

During the 1970's and 1980's numerous cities found themselves theater owners through circumstances such as abandoned property, confiscation for back taxes, or by making

purchases to save historically significant buildings. This was the era of theater rescue, where concerned citizens banded together to save and restore the historic theaters in their cities and towns, some successfully and some unsuccessfully.

Running a historic theater in the black still proved difficult, so along with re-opened, restored theaters, this era saw a rise in government agencies and not-for-profit entities to own and run them for the benefit of the public.

The most recent stage in the journey is that restored historic theaters owned by cities are beginning to move into the hands of not-for-profit organizations, first as operators, then owners. This takes place as budget cuts cause cities to re-assess their operations and some decide to get out of the theater business.

Of course, not all theaters are the same, and each has its own specific path. The Shubert, for example, remained a Broadway performance house long after many other theaters had turned to showing only movies. Other theaters moved straight into not-for-profit ownership. The following case studies detail three instances of a City transferring its theatre properties to a private or not-for-profit operator.

Minneapolis, MN to the Hennepin Theatre Trust (2005)

2011 Population ²⁶	Minneapolis: 387,753 people
Venues	<i>State Theatre</i> : 2,181-seat proscenium <i>Orpheum Theatre</i> : 2,579-seat proscenium <i>Pantages Theatre</i> : 1,014-seat proscenium <i>New Century Theatre</i> : 259-seat flexible use
Staff	24-member staff
FY11 ²⁷	Revenue: \$24,090,408 Expenses: \$23,981,488 Government Grants: \$0 ²⁸
2011 Programming	128 Broadway performances and 198 non-Broadway shows, including theatre, popular music, comedy and speakers

The City of Minneapolis acquired the State, Orpheum, and Pantages theaters on Hennepin Avenue in order to prevent them from being demolished for new construction. The initial acquisition of the State Theatre in the 1980s was a hallmark preservation case that helped turn the tide of automatic demolition of historic buildings in Minneapolis, which had been standard until that time. The City completed restorations

²⁶ U.S. Census Bureau. "Quick Facts: Minneapolis, Minnesota." Accessed October 14, 2012.

<http://quickfacts.census.gov/qfd/states/27/2743000.html>

²⁷ Hennepin Theatre Trust 2011 IRS Form 990.

²⁸ The Hennepin Theatre Trust reported receiving no grants from any government entities in FY11. This amount includes all grants, subsidies, contracts, and other forms of government payments.

on the theaters in 1990, 1993, and 2002 respectively, issuing more than \$20 million in City-issued bond debt to pay for it.²⁹

In April of 2003, the Minneapolis City Council issued a nationwide Request for Proposals (RFP) for an organization to manage the three theaters. The City Council voted in November 2004 to negotiate a long-term lease exclusively with one of the responders, a conglomerate of the for-profit Historic Theatre Group (HTG), the non-profit Hennepin Theatre Trust (HTT) and Clear Channel Entertainment (CCE). HTG/HTT/CCE assumed management of the three theaters in July of 2005.

Under the terms of the deal with the City, the for-profit HTG, partially owned by CCE, received the contract to lease and manage the theaters. The City will transfer ownership of the theaters to HTG's not-for-profit partner HTT after 30 years (in 2035) if the group meets several conditions, including the establishment of a \$10 million endowment and making \$1.5 million in capital improvements to the theaters.

The HTG/HTT/CCE partnership also agreed to take on the over \$20 million debt obligation that arose from the three previous restorations.³⁰

²⁹ Hennepin Theatre Trust. "History and Background." Accessed September 25, 2012. <http://www.hennepintheatretrust.org/about-us/history-and-background>

According to Minneapolis Mayor R.T. Rybak at the time, the move by the City was in the interest of seeing the theaters have the capacity of the "Walker [Arts Center] or Guthrie [Theater] or a [Minneapolis] Institute [of Arts] where they can weather good times or bad times, government involvement or lack of involvement, stand on their own and stand very strongly."

Since the transition in 2005, HTT has been a strong force behind the transformation of the Hennepin Avenue area of downtown Minneapolis from what was considered one of the seediest sections of the city into a thriving cultural district.³¹ The venues themselves are thriving. Today, over 500,000 patrons visit HTT's three venues annually.³²

In FY11, HTT covered 89.6% of its expenses with earned revenue, including ticket sales, concessions, and facility fees. Its popular Broadway series is one reason for this level of earned revenue. HTT does not receive a direct subsidy or support from the city or state government. Remaining funding

³⁰ "Council passes Hennepin Avenue theaters plan." Minneapolis/ St. Paul Business Journal. April 15, 2005.

³¹ Beard, William Randall. "The Wizard of Hennepin." Minneapolis St. Paul Business Journal. November 2008. 228.

³² Hennepin Theatre Trust. "History of Hennepin Theatre Trust." Accessed October 3, 2012. <http://www.hennepintheatretrust.org/press-room/2009/09/history-hennepin-theatre-trust>

came from grants from the Minnesota State Arts Board,³³ corporations, foundations, and individual donors.³⁴

In the first six years of its lease with the City, HTT has worked to steadily grow its contributed income and has recently developed a five year development plan, including more sophisticated donor tracking software and additional staff.

Milwaukee, WI to the Pabst Theater Foundation (2002):

2010 Population ³⁵	Milwaukee: 594,832 people
Venues	<i>Pabst Theater</i> : 1,339-seat proscenium Operates and programs: <i>The Riverside Theater</i> : 2,450-seat proscenium <i>Turner Hall Ballroom</i> : 7,000 sq ft open space
Staff	25 full-time staff
FY10 ³⁶	Revenue: \$4,183,950 Expenses: \$4,804,751 Government Grants: \$0
Annual Programming	Approximately 360 events in three venues, primarily popular music concerts, comedy, and special events

³³ The Minnesota State Arts Board (MSAB) receives funding from the Minnesota State Legislature, the National Endowment for the Arts, and private donors. HTT therefore may receive state funding indirectly as part of a mix of sources through the MSAB granting process, depending on the grant.

³⁴ Hennepin Theatre Trust 2010 IRS Form 990.

³⁵ U.S. Census Bureau. "Quick Facts: Milwaukee, Wisconsin." Accessed October 14, 2012.

<http://quickfacts.census.gov/qfd/states/55/5553000.html>

³⁶ Pabst Theater Foundation 2010 IRS Form 990.

Captain Frederick Pabst built the Pabst Theater in Milwaukee in 1895. After his death, the Pabst Brewery sought to divest several of his properties, and in 1953 a foundation was created to take over the theater. The City of Milwaukee acquired the property in 1961³⁷ from the foundation, though it retained the foundation as a lessee and operator. Despite minor renovations and upgrades, the theater began to decline under this operating structure and in the 1960s there was talk of demolition.

In 1967, the City's Mayor, Henry Maier, sought to rescue the theater from obsolescence. A combination of public and private funds financed a \$2.5 million refurbishment and upgrade that was completed in 1976. The theater applied for and achieved National Historic Landmark status in 1991.

The Pabst Theater, due to its size and construction, is not functionally adequate for large touring theatrical productions. Another \$9.3 million capital campaign in 1998 led to a restoration, completed in 2002, that refitted seating in the gallery and included other upgrades to create a vibrant music venue. Included was the restoration of a café, "Cudahy's Irish Pub," funded by a campaign gift of \$1 million from wealthy businessman Michael Cudahy.³⁸

³⁷ Joslyn, Jay. "Pabst Theater Named Historic Landmark." Milwaukee Sentinel. December 11, 1991.

³⁸ Cinema Treasures. "Pabst Theater." Accessed September 26, 2012. Retrieved from: <http://cinematreasures.org/theaters/2753>

In 2001, Milwaukee was seeking to shed many of its financial burdens, and began looking for a government or not-for-profit buyer for the money-losing Pabst. The City estimated the Pabst, dark over half of the year, would cost the City over \$4.9 million in the following 20 years and decided that it wanted out of the theater business.³⁹

After two failed negotiations, with Milwaukee County to acquire the Pabst as part of the Marcus Center for the Performing Arts and with the Milwaukee Repertory Theater,⁴⁰ recent donor Michael Cudahy stepped in again and offered to purchase and run the 107-year-old, newly renovated theater through his foundation.

In April 2002 the City Council voted to sell the Pabst to the Cudahy Foundation for \$1. Cudahy put up his own money toward additional upgrades and agreed to absorb any operating losses. The deal ended all subsidies from the City after a final \$150,000 payment in the year after the sale.⁴¹

The deal also prevents the foundation from changing the Pabst Theater name without City approval and requires the building to remain a theater forever. The City has the right to

³⁹ Sandler, Larry. "City to Take Last Bow at Theater." Milwaukee Journal Sentinel. April 24, 2002.

⁴⁰ Johnson, Mike. "County halts efforts to buy Pabst Theater from City." Milwaukee Journal Sentinel. March 5, 2002.

⁴¹ Sandler, Larry. "City to Take Last Bow at Theater." Milwaukee Journal Sentinel. April 24, 2002.

use eminent domain to take back the theater if it falls into disrepair. A not-for-profit organization, The Pabst Theater Foundation (PTF), was created to program and operate the theater. The Cudahy Foundation contributed \$3.36 million to support the Pabst Foundation from 2002 to 2006.

The transaction has been successful for the venue and Milwaukee. PTF has a goal to improve the Milwaukee music scene and it has put the City on the touring map, attracting major national solo artists, bands, comedians, and other artists to perform in the City. Through its affiliate, the Pabst Theater Management Group, the organization now operates and presents concerts in the historic Riverside Theater and the Turner Hall Ballroom as well.⁴²

In FY11, PTF covered 84.6% of its expenses with earned revenue. This comes primarily through ticket sales, concessions, theatre rental, and management fees for operating other venues. PTF has a stated goal to at least break even on theatre operations. PTF does not receive government support and covers its other expenses with gifts, grants, and contributions from corporate, foundation and private donors.⁴³

⁴² Orton, Jack. "Pabst Theater Foundation Venues Step Into the Limelight." Milwaukee Journal Sentinel. November 22, 2008.

⁴³ The Pabst Theatre Foundation. 2010 IRS Form 990.

Schenectady, NY to the Arts Center and Theatre of Schenectady (ACTS): Proctors (1979)

2010 Population ⁴⁴	Schenectady: 66,135 people
Venues	<i>Mainstage</i> : 2,646-seat proscenium <i>GE Theatre</i> : 436-seat black box theatre <i>Underground</i> : New small performance space
Staff	29-member staff
FY10 ⁴⁵	Revenue: \$3,475,855 Expenses: \$3,352,371 Government Grants: \$267,041
2012 Programming ⁴⁶	Over 600 events in three theaters, including Broadway, popular music, comedy, dance, classical music and opera, movies, improv, and educational programs; Resident companies: Schenectady Symphony Orchestra; Northeast Ballet Company

Frederick F. Proctor, who owned many successful theaters across the eastern United States, opened a new Vaudeville theater in Schenectady in 1926. It flourished for several decades as a theater, but eventually became a movie house in the 1950s and 1960s and then fell into disrepair.

After changing ownership multiple times, the City of Schenectady took over the theater in 1977⁴⁷ after a

⁴⁴ U.S. Census Bureau. "Quick Facts: Schenectady, New York." Accessed October 14, 2012.

<http://quickfacts.census.gov/qfd/states/36/3665508.html>

⁴⁵ Arts Center and Theatre of Schenectady 2010 IRS Form 990.

⁴⁶ Proctors. Accessed October 14, 2012. <http://www.proctors.org>

foreclosure for failure to pay taxes. The theater was seen as a liability for the City and its limited programming could not support the increasing operating costs. The City closed the theater in 1978 and contemplated demolition.⁴⁸

A group of concerned citizens and performing arts leaders created the not-for profit Arts Center and Theatre of Schenectady, Inc. (ACTS) in 1977. In a monumental effort to save the venue, ACTS raised \$25,000 for a feasibility study, and \$7,000 for initial repairs.⁴⁹ The City invested over \$500,000, mostly federal Community Development Funds, in a new roof, heating system, and interior renovations.⁵⁰ The theater received capital grants for renovations and a non-interest bearing loan for carpeting from the Schenectady Foundation, as well as \$24,500 in programming and marketing grants from the New York State Council on the Arts.⁵¹

ACTS purchased the theater from the City for \$1 on the day that it reopened in 1979. Included in the deal was a clause that stated no mortgages could be placed on the property,

⁴⁷ Proctors. "An Extended History." Accessed October 3, 2012. Retrieved from: <http://www.proctors.org/extended-history1>

⁴⁸ Strachan, John. "Vaudeville House Finds New Life in Schenectady." *Youngstown Vindicator*. July 10, 1982.

⁴⁹ Proctors. "An Extended History." Accessed October 3, 2012. Retrieved from: <http://www.proctors.org/extended-history1>

⁵⁰ Strachan, John. "Vaudeville House Finds New Life in Schenectady." *Youngstown Vindicator*. July 10, 1982.

⁵¹ "Proctor's Is Home of City Symphony." *Schenectady Gazette*, August 22, 1980.

which was intended to prevent future private ownership of the theater.⁵² The City continued to occasionally allocate funds for small physical improvements and for security outside of the building for the following few years, but for the most part these were federal and state funds that were funneled through the City.⁵³

ACTS, as a community-led organization with limited support, had a difficult first decade, acquiring a debt of over \$1 million by 1988. The executive director stepped down in October of that year and a new Board of Trustees, made up of the leaders of the area's biggest businesses, took over.⁵⁴

Under new professional management, the venue thrived. Five years later, in 1993, Proctors was debt free and the theater was being used more than 200 days a year.⁵⁵ Currently, Proctors has over 1,300 volunteers, 2,500 donors, nearly 4,500 subscribers, and is visited by over 600,000 people each year.⁵⁶

⁵² "Proctor's Property May Become Loan Collateral." Schenectady Gazette. March 5, 1988.

⁵³ Koblenz, Eleanor. "Arts Support low Priority Item." Schenectady Gazette. February 11, 1985.

⁵⁴ Churchill Wright, Peg. "Proctor's Board Creates New, Smaller Board." Schenectady Gazette, October 19, 1988.

⁵⁵ Rice, Bill. "In the Spotlight." The Daily Gazette. September 26, 1993.

⁵⁶ Proctors. "Mission Statement & Letter." Accessed October 3, 2012. <http://www.proctors.org/about/mission-statement-letter>

Proctors was named to the National Register of Historic Places in 1980. Since that time, it has completed millions of dollars in restoration work, renovations, and upgrades.⁵⁷

In FY11, Proctors covered 84.3% of its expenses with earned revenue. Its remaining expenses are covered by corporate, foundation, and individual gifts, grants, and contributions, as well as \$267,000 in government support which comes from a dedicated hotel/motel bed tax.⁵⁸

Comparable Facilities: Government Grants and Contributions

In addition to the facilities profiled above, we looked at three historical Connecticut theaters that are owned and/or operated by not-for-profit organizations. These are the 3,600-seat Palace Theatre in Waterbury, The 1,700-seat Warner Theatre in Torrington, and the 1,488-seat Garde Arts Center in New London.

According to IRS Form 990 information for the six organizations and CAPA, the percentage of revenue received from government grants or contributions is as follows:

⁵⁷ Proctors. "An Extended History." Accessed October 3, 2012. <http://www.proctors.org/extended-history1>

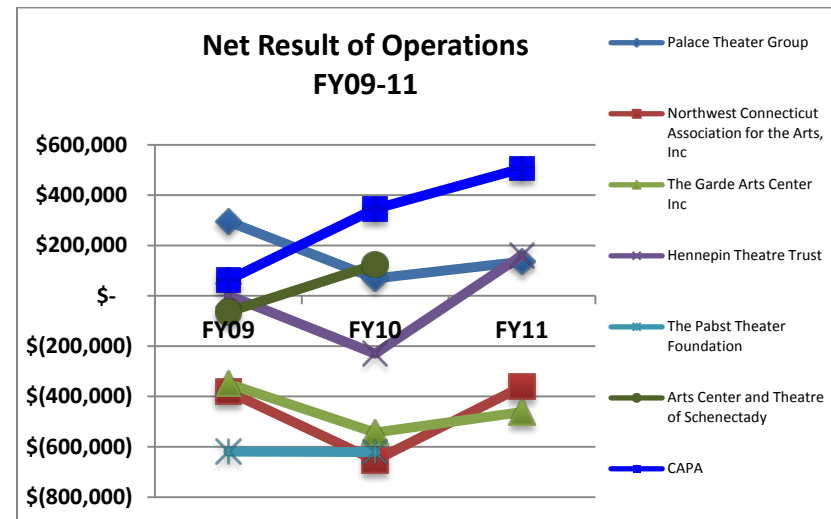
⁵⁸ Arts Center & Theatre of Schenectady 2010 IRS Form 990.

% of Revenue from Government Grants/Contributions ⁵⁹				
Owner	Venue (capacity)	FY09	FY10	FY11
Hennepin Theatre Trust (Minneapolis, MN)	State (2,181), Orpheum (2,579), Pantages (1,014), New Century (259)	0%	0%	0%
The Pabst Theater Foundation (Milwaukee, WI)	Pabst Theater (1,339)	0%	0%	N/A
Arts Center and Theatre of Schenectady (Schenectady, NY)	Proctors Mainstage (2,646); GE Theatre (436)	19.82%	7.68%	N/A
Palace Theater Group (Waterbury, CT)	Palace Theater (3,600)	10.08%	8.43%	8.16%
CAPA (New Haven, CT)	Shubert Theater (1,655)	6.26%	14.50%	12.32%
Northwest Connecticut Association for the Arts, Inc (Torrington, CT)	Warner Theatre (1,700)	3.48%	1.41%	1.26%
The Garde Arts Center Inc (New London, CT)	Garde Arts Center (1,488)	2.88%	4.56%	5.73%

We can see that it is common for historic theaters in Connecticut, at least among our benchmarks, to receive some level of government support. The Northwest Connecticut Association for the Arts, Inc and The Garde Arts Center, who own their theaters, receive a lower percentage of their

⁵⁹ Calculations based on FY09, FY10, and FY11 IRS Form 990 information for each organization.

revenue from government support and also have the lowest percentages of earned income, but are able to attract higher percentages of private gifts, grants, and contributions.



We also see that in FY09-11, the majority of the benchmark organizations reported a net loss as a result of operations (revenues less expenses), highlighting a continued need to attract sources of income. CAPA has had a positive net result of operations for each of the years it has been operating the Shubert, in part due to City and State contributions.

Two of the comparable facilities do not receive government grants or subsidies. This is made possible by, in HTT's case, the backing of Clear Channel Entertainment, and in the Pabst Theater's case, the initial and ongoing support of the Cudahy Foundation.

Comparable Facilities: Takeaways

From these case studies we can see:

- Transfers of property from City to private operators can be successful for both the venue and the City
- The private operator can be a strong catalyst for change and economic development in the community if this is a focus of their mission and operations
- Terms of agreements often include clauses to keep the facility operating as a theater, maintain iconic names or structure, and specify that the facility revert to the city should the private operator cease to be able to maintain it
- A high level of earned income or a high level of individual, foundation, and corporate support can reduce reliance on government support, though building up to these levels may take several years and is dependent on the community in which the facility is located.

CAPA's Qualifications and Potential for Success

In April 2001, the City undertook a comprehensive Request for Proposal (RFP) process to find a new, qualified organization to provide programming, marketing, operation, financial management, financial development, and maintenance for the Shubert. The City convened an Advisory & Review Committee and engaged its financial advisor, Public Financial

Management, to support the RFP process.⁶⁰ Three organizations provided proposals, and at the end of the process CAPA was chosen to operate the Shubert beginning July 10, 2001.

Since that time, we have found that CAPA has:

- Developed a good working relationship with the City, its employees and elected officials
- Operated with a net gain in all but one fiscal year since taking on the Shubert in 2001⁶¹ (*see Appendix C for revenue and expense summary*)
- Worked to build the Shubert balance sheet to a healthy level, tripling its assets from \$1.3 million in FY02 to \$4.3 million in FY11 (*see Appendix D for balance sheet summary*)
- Created a strategic plan and a capital repair plan for the Theater's centennial anniversary, despite having no formal assurance of continued management contracts
- Worked to secure funders for future capital repairs on the facility
- Provided an average of 125 performances each year for the community
- Welcomed over 101,000 people to the facility in FY11, producing a direct economic impact of over \$8.3

⁶⁰ Public Financial Management. "Shubert Performing Arts Center New Haven, CT Overview of RFP Responses." May 17, 2001.

⁶¹ CAPA. "Ten Year Operating Actuals." October 12, 2012.

million at the theatre and an additional \$5.3 million of indirect economic impact for local businesses⁶²

- Provided educational and outreach programs for over 100,000 people in New Haven
- Worked with the New Haven Board of Education to provide management and technical services for arts programs and internship opportunities for students, particularly from Co-op Arts & Humanities High School.⁶³

CAPA is affiliated with CAPA-Columbus, an organization with extensive experience managing venues in Ohio and Illinois, as well as the Shubert in New Haven. CAPA-Columbus provides support and shared services to CAPA, allowing them to run a more efficient and cost affective operation than an independent organization may be able to do on its own. CAPA-Columbus and its affiliates are recognized by peers in the industry as innovators and affective operators.

Through past research and experience, AMS has become familiar with the work of both CAPA and CAPA-Columbus. Based on this experience, and the information stated above, we believe CAPA is a viable choice to take long-term operation and affective ownership, through a sale or long-term lease, of the Shubert.

⁶² Gius, Mark Paul. "Economic Impact Study Shubert Theater 2010-2011 Season." September 2011.

⁶³ CAPA. "Shubert New Haven Centennial Plan." 2012.

Other Potential Owners or Operators

The City may consider identifying other operators that would be interested in owning or operating the Shubert through an RFP process. Other operators would include:

- An exiting or new not-for-profit operator
- A for-profit operator
- A regional PAC or another arts organization

However, it is our opinion that a new RFP process is **unnecessary** for the following reasons:

- The City undertook a comprehensive RFP process in 2001 to choose an operator for the Shubert. The process was extremely well documented and this documentation is still retained by the City
- CAPA has performed well on all aspects of the RFP and proven to be an effective operator, programmer and steward of the building.
- Based on our industry experience, there is a limited pool of potential applicants that would respond to the RFP
 - While there has been an increase in the number of facility operators extending their activities to include other venues, CAPA is the only not-for-profit operator AMS is aware of that operates facilities outside of its immediate vicinity or state.
 - For-profit operators, with the exception of Providence-based Professional Facilities Management, generally do not operate theater

facilities with the limited seat count of the Shubert as the potential for net income is too low.

- A new operator will need several years to prove themselves in the building, and we would not recommend a transfer take place until that time; this delays the goal of opening up new financing sources for the operator by giving them effective ownership and also delays urgently needed capital repairs
- CAPA, chosen in the 2001 RFP process, has proved through 12 years of experience that they can successfully operate the Shubert
- An RFP process at this point could potentially delay or derail planned capital improvements on the Shubert
- A change in operator may cost Centennial Plan funding that CAPA has already worked to secure

Recommendation

We recommend that the City negotiate a long-term lease with, or a sale of the Shubert facility to, CAPA. Under certain circumstances, we would recommend a waiting period for this transaction, with benchmarks that must be accomplished beforehand. However, in this case, we feel CAPA has already had 12 years in which to demonstrate its capability to operate the facility. It is also understood that a portion of the funds currently being secured for the Centennial Plan are contingent on CAPA having ownership of the building.

Therefore, in the case of a City transfer to CAPA, and relying on CAPA's past history in successfully operating the building, it is recommended that the transfer happen immediately. This allows CAPA to secure funds for the Centennial Plan repairs and reduces the burden of the facility on the City at an earlier date.

3) What is the likely investment the City will need to make to either retain the Shubert as a City-owned building, or to extend an operating relationship, including possible transfer of ownership, to a private entity?

CAPA Centennial Plan Projections

CAPA has developed a Centennial Plan budget that includes information on the initial investment and ongoing subsidy that CAPA would need from the City in order to commit to an extended operating agreement or a transfer of ownership.

Capital Investment

According to the 2009 Gregg, Wies and Gardner Architects architectural feasibility study commissioned by CAPA and the OED, the Shubert needs approximately \$7 million in capital funding to complete critical upgrades to mechanical systems, exterior masonry and other structural elements, as well as complete upgrades necessary to allow the theater to serve the

needs of the community in the future, including the creation of an additional multi-purpose performance space, an orchestra shell and updates to backstage production spaces.⁶⁴

With construction costs, planning costs, and contingencies, CAPA is budgeting \$8.7 for the capital campaign. It anticipates that \$1.7 million of capital costs will be covered with State of Connecticut Historic Tax Credits and a State of Connecticut Historic Restoration Grant.

CAPA is requesting a combination of State and City funding to cover the remaining capital improvements. It has asked the State of Connecticut for bonding support and anticipates the receipt of at least a portion of the requested support.

It, therefore, requests from the City a sum equal to the difference between the anticipated remaining \$7 million project cost and the final amount of the State bonding support.⁶⁵

⁶⁴ Gregg Wies & Gardner Architects, LLC. "Shubert Theater Feasibility Study Report." 2009-2010.

⁶⁵ Shubert Centennial Plan. 2012.

Operating Subsidy

CAPA has created a ten-year operating pro forma in anticipation of either a long-term relationship with the City or obtaining full ownership of the Shubert.

The pro forma:

- Assumes 5% annual endowment distribution from the Community Foundation, and a 2% annual endowment growth
- Projects presenting income using historical data and is a variable based on programming availability
- Includes a new 150-seat cabaret/theater and its related income and expenses, based on incremental economies of scale

Based on the Centennial Plan pro forma, **CAPA will require an annual City operating subsidy of \$249,000 until FY18, and a subsidy of \$200,000 per year beginning in FY19 and for each year thereafter.**⁶⁶ These numbers were current as of October 2012 and are subject to negotiation.

Potential Future Spending on a City-owned Shubert

Since its re-opening in 1983, the City has invested approximately \$14.7 million dollars in the Shubert (\$22.8 million in 2012 dollars⁶⁷), based on the available data. This is

⁶⁶ CAPA. "Shubert New Haven Centennial Plan." 2012.

⁶⁷ Calculated based on consumer price index inflation. <http://data.bls.gov/cgi-bin/cpicalc.pl?cost1=402684&year1=2012&year2=2012>

equivalent to \$506,850 annually (\$533,465 in 2012 dollars) over the entire 29 years, with the average operating subsidy being \$455,105 (\$479,104 in 2012 dollars) and the rest coming from grants, emergency repairs, and additional fees for service.

Considering CAPA's tenure on its own, these amounts are reduced to an average of \$427,244 annually in real dollars, with the average subsidy being \$333,307 and the rest coming from extraordinary items, grants, emergency repairs, and additional fees for service.

Based on historical information it would be unlikely for the City to be able to operate a vital Shubert at any less of a cost than \$300,000 per year at a minimum plus the initial cost of the Centennial Plan capital improvements. These costs are currently estimated at \$8.7 million. In addition, there are untracked costs associated with human resources within the City staff that will continue.

Potential Future Spending on a Leased or Owned Shubert

Given that the existing operating model for the Shubert has included a financial subsidy since it's re-opening in 1983, we feel that it is reasonable for CAPA to expect a subsidy to operate the Shubert in the State of Connecticut. Given the modest seat count of the venue, and the array of programs

and services offered to the community by CAPA, the subsidy seems a reasonable expectation.

We also see from the comparable venues that the operator has a better chance of success if there is an operating subsidy, at least in the short term, until it has time to develop a stable base of contributed support from foundations, corporations, and individuals that can compensate for the gap between earned revenue and expenses.

CAPA has asked for \$249,000 per year until FY18 and \$200,000 per year after FY19. This is a lower cost than what we feel the City would realistically expend to operate the Shubert, either by itself as a City department with City staff, or by retaining another organization as the operator. Therefore, we feel is a reasonable request.

In addition, by providing effective ownership of the Shubert to CAPA, the City also relieves its capital burden by opening up CAPA to potential new funding streams, including tax credits, grants, and individual and corporate sponsorships for the building itself.

CAPA has done well building its net assets toward a sustainable level and continued City support in the short term will allow it time and flexibility to build its planned endowment to a level where it can provide for the building itself on an ongoing basis.

CAPA has also budgeted for a step down approach to the subsidy, with it dropping to \$200,000 per year in FY19.

4) Are there strategies, other than direct City support, that might complement or offset possible investment by the City to help effect a transition in ownership and operation?

Based on information provided by the League of Historic American Theaters (LHAT),⁶⁸ and the National Assembly of State Arts Agency (NASAA),⁶⁹ we put together a comprehensive list of typical funding resources for historic theaters. Additional research was done to assess the specifics of those resources, as they would apply in Connecticut, to the City of New Haven, and to CAPA. Each state's policies are different, which means funding methods can be more feasible in some states than others.

CAPA's Current Strategy

The following are funding options already being pursued by CAPA in anticipation of taking ownership of the Shubert. It is looking into to a mix of funding sources to finance ongoing

⁶⁸ League of Historic American Theatres. "Historic Theatre Rescue, Restoration, Rehabilitation and Adaptive Reuse Manual." Updated October 2012.

⁶⁹ National Assembly of State Arts Agencies. "Stat Arts Agency Supplemental Funding Strategies." State Policy Briefs. 2012.

operating support, as well as the \$12.2 million Centennial Campaign.

Earned Revenue

CAPA has earned revenue as a base for its ongoing operations. Earned revenue includes income from items such as presenting events (ticket sales), renting the theater or other parts of the building, concessions, event sponsorships, educational programs, and management services.

Contributed Income

Ongoing operating support includes individual donations to the annual giving fund, membership, and planned giving. Corporations can support the organization through matching gifts program with their employees, or through direct donations.

In addition, CAPA is planning to raise \$2.6 million from individuals, corporations, and institutions towards the Centennial Campaign endowment. These donations may include potential naming rights within the facility in order to raise additional funds.

CAPA is looking to foundations, including the Kresge Foundation and the Shubert Foundation, to provide the remaining \$900,000 in support for the Centennial Campaign endowment.

Government Support

The Connecticut Department of Economic & Community Development, Office of Culture and Tourism (DECD) offers several potential sources of funding. Programs CAPA is pursuing to fund the capital improvement component of the Centennial Campaign include a \$200,000 State of Connecticut Historic Restoration Grant and \$1.5 million in State of Connecticut Historic Preservation Tax Credits.⁷⁰ Historic Restoration Fund Grants assist in the rehabilitation, restoration or stabilization of historic buildings and structures, and can be awarded to municipalities or not-for-profit organizations

In addition, CAPA has asked the State of Connecticut for a bond issue to help finance the capital improvements. The City has been asked to support CAPA with both ongoing operating support and the remaining capital improvement budget for the Centennial Campaign.

Potential City Funding Sources

Traditionally, there are many different ways a city can allocate money to a historical theater project. The City could look at these options for funding CAPA's Centennial Plan request and

⁷⁰ Connecticut Department of Economic & Community Development Offices of Culture and Tourism. "Funding Opportunities." Accessed October 16, 2012. <http://www.ct.gov/cct/cwp/view.asp?a=3933&q=462726&cctNav=|#funding>

ongoing support:

- Line item appropriations
- Special appropriations
- Special legislative initiatives

The City could also look at generating funding from outside sources to as a way to help finance a portion of the Centennial Plan and to fund ongoing operations, though these methods may be time consuming to institute, and as noted may not be appropriate for this project:

- Municipal bonds for capital improvements
 - Sale of bonds to finance the capital project; investors are incentivized by the tax benefits of the bonds
- Special Taxes and Fees
 - Assessing a hotel/motel fee, a percent of sales tax, a conservation tax, an admission tax, corporate filing fees, or additional income taxes on workers from out-of-state
 - These taxes and fees are done primarily at the local level and tactics vary by city and state
 - Earmarking taxes and fees can be a popular idea for special projects, but not everyone finds the practice desirable. It can be difficult to get this

- type of legislation passed
 - Conditions have to be favorable for the policy at the time and it can be a long-term effort
- Special purposes districts Transfer of Development Rights (TDR)
 - A zoning ordinance that allows owners of property zoned for low-density development or conservation use to sell development rights to other property owners.⁷¹

Potential State Level Funding Sources:

- Lottery funds
 - Lotteries are dependent on the State in which they operate
 - In Connecticut, all lottery proceeds go into the State's general fund, so it would likely be very difficult to get lottery money earmarked for one specific organization in Connecticut
- Specialty license plates
- Income tax check offs
- Connecticut Development Authority (CDA)⁷²
 - Tax Increment Financing (TIF)

⁷¹ Baron's Business Dictionary. "Transfer Development Rights."

⁷² Connecticut Development Authority. "Tax Incremental Financing Program." Accessed October 16, 2012. http://www.ctcda.com/Financing/Bond_Financing/TAX_INCREMENTAL_FINANCING/

- Development of a redevelopment area around the theater, whereby taxes derived from increases in assessed values resulting from new development are used to repay bonds that fund development projects; funds could be designated toward theater restoration
- TIF is not used often in Connecticut because the cost of the funds can be high and the taxes derived may not be large enough to support repaying the bonds.⁷³

Other State Funding Sources for Not-for-profits

The following State funding sources are also available to not-for-profit organizations:

- The Connecticut Department of Economic & Community Development Office of Culture and Tourism (CDECD)⁷⁴
 - State Historic Preservation Tax Incentive
 - 25-30% tax credit available for the

⁷³ Bordonaro, Greg. "State Mulls Expanding TIF Model Financing." Hartford Business.com by Hartford Business Journal. April 2, 2012. <http://hbweb.sx2.atl.publicus.com/article/20120402/PRINTEDITION/304029998>

⁷⁴ Connecticut Department of Economic & Community Development Offices of Culture and Tourism. "Funding Opportunities." Accessed October 16, 2012. <http://www.ct.gov/cct/cwp/view.asp?a=3933&q=462726&cctNav=|#funding>

- conversion of applicable historical property to mixed residential and nonresidential or nonresidential use
 - Buildings must be on the National or State Register of Historic Places, or part of a historic district
 - May be combined with the Federal Historic Preservation tax credit below
- Federal Historic Preservation Tax Incentive
 - 20% tax credit available for substantial rehabilitation of historic structures
 - Applications are filed with CDECD, and then forwarded to National Park Service, who administers the grant
- Arts Catalyze Placemaking Program
 - A potential source of operating support, this is a new arts grant program in that begins in FY2013
- Supplemental Certified Local Government (CLG) Grants
 - A federal-state-local preservation partnership administered by CDECD
 - New Haven is a registered CLG City
 - Sub-grant funding is available through the State Historic Preservation Office, and can be used for a variety of

- preservation-related activities⁷⁵
 - Connecticut Arts Endowment Fund⁷⁶
 - Grants are distributed to not-for-profit arts organizations that have received a minimum of \$25,000 in contributions in the previous two years from non-government sources
 - Funds can be used for capital projects, operations, programming or to build endowments
- Connecticut Health and Educational Facilities Authority (CHEFA)
 - Provides non-profit institutions with access to low cost debt financing in the public municipal markets
 - There is a \$20,000 fee for applying for financing
 - CHEFA also offers grants, but these do not cover capital campaigns or endowment funds

Potential Federal Funding Sources

- NEA Grants
 - Our Town Grants
 - Grants for Arts Projects

⁷⁵ National Park Service. "Certified Local Government Program." Accessed October 2, 2012. <http://www.cr.nps.gov/hps/clg/index.htm>

⁷⁶ Connecticut Department of Economic & Community Development Offices of Culture and Tourism. "Connecticut Arts Endowment Fund." <http://www.cultureandtourism.org/cct/cwp/view.asp?a=2209&q=293766>

- National Park Service Save America’s Treasures Grants
 - Grants are available for preservation and/or conservation work on nationally significant intellectual and cultural artifacts and historic structures and sites⁷⁷
 - There were no federal appropriations for these grants in 2012, so NPS did not accept applications or award grants in FY12
- The National Trust for Historic Preservation/National Trust Community Investment Corporation⁷⁸
 - Makes equity investments in real estate projects nationwide that qualify for Federal and state historic tax credits
 - National Trust Preservation Funds Grant Program
 - Awards grants to not-for-profit organizations and public agencies for programs that encourage preservation at the local level
 - Most grants are awarded for planning activities and educational efforts

⁷⁷ National Park Service. “Save America’s Treasures grant Program.” Accessed October 16, 2012. <http://www.cr.nps.gov/hps/treasures/>

⁷⁸ National Trust for Historic Preservation. “Find Preservation Funding.” Accessed October 16, 2012. <http://www.preservationnation.org/resources/find-funding/>

Debt Financing

Debt financing is also an option, though it is not recommended based on past experiences relating to the mortgage debt during SPAC’s tenure. Potential sources of debt financing are:

- Bank loans
- Connecticut Development Authority
 - URBANK guaranteed small business loans⁷⁹
 - Loans of up to \$500,000 are available for organizations unable to obtain conventional financing anywhere in Connecticut
 - Loans are applied for through traditional banks that partner with CDA

⁷⁹ Connecticut Development Authority. “URBANK.” Accessed October 16, 2012. http://www.ctcda.com/Financing/Small_and_Early_Stage_Business/URBANK/

Defining a Successful Transition

Definition of Success for the Shubert

As has been stated, the OED would like to see the Shubert continue to be a vital part of the New Haven community for the long term. The Shubert Centennial has provided an opportunity for the City to look to the future and choose an operating model that will allow the theater to maximize its potential for success in the next hundred years.

We recommend that the City consider a long-term lease of or a full ownership transfer of the Shubert to a private operator. A successful transition would include provisions to keep the Shubert a performance venue and for it to revert back to the City if CAPA is unable to continue operations of the building.

We also recommend that this transaction happen in the near-term in order to take advantage of the building's Centennial and the funding streams that will be available for capital improvements if a private operator were to have affective ownership of the building.

Finally, we recommend that the City continue to support CAPA through a annual subsidy until FY18 with a decreasing subsidy thereafter. This support will allow CAPA the opportunity to build its endowment and create new funding relationships to

support it over time. By contributing to the Centennial capital campaign, the City will assure that the building is in good condition to begin this next phase of its history.

Conclusion

The information provided in this plan was based on available information as provided by the City and CAPA, as well as secondary research conducted by AMS. The information is intended to provide guidance as the City determines the best course for keeping the Shubert a vital part of New Haven for its second hundred years. By investing in the theater and in its continued operation, the City can look forward to its continued contribution to the economic and cultural fabric of the community, and have pride in this historical icon long into the future.

Appendix A: Historic City Investment in the Shubert

The following chart is a compilation of historical investment transactions between the City and the operators of the Shubert, based upon available data. All amounts are in nominal terms.

City FY	Initial Investment	SPAC Rental Subsidy ^A	SPAC Operating Subsidy ^B	City Mortgage Loan to SA/Repayments ^C	City Second Mortgage Interest ^C	1999 Lighting Grant ^D	2000 Façade Grant ^E	CAPA Operating Subsidy	Professional Service Agreements ^F	City Maintenance	TOTALS	Source
FY 1983/84	\$400,000	\$0	\$0	\$535,000	\$0	\$0	\$0	\$0	\$0	\$0	\$935,000	1
FY 1984/85	\$0	\$392,014	\$500,000	(\$150,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$742,014	2
FY 1985/86	\$0	\$453,646	\$500,000	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$928,646	2
FY 1986/87	\$0	\$329,259	\$375,000	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$679,259	2
FY 1987/88	\$0	\$354,474	\$500,000	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$829,474	2
FY 1988/89	\$0	\$379,020	\$123,831	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$477,851	2
FY 1989/90	\$0	\$432,852	\$200,442	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$608,294	2
FY 1990/91	\$0	\$443,319	\$0	(\$169,600)	\$144,600	\$0	\$0	\$0	\$0	\$0	\$418,319	2
FY 1991/92	\$0	\$430,691	\$0	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$405,691	2
FY 1992/93	\$0	\$365,284	\$0	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$340,284	2
FY 1993/94	\$0	\$327,751	\$0	(\$188,054)	\$163,054	\$0	\$0	\$0	\$0	\$0	\$302,751	2
FY 1994/95	\$0	\$335,428	\$0	(\$76,435)	\$51,435	\$0	\$0	\$0	\$0	\$30,000	\$340,428	2;3
FY 1995/96 ^G	\$0	\$399,662	\$0	(\$74,702)	\$49,702	\$0	\$0	\$0	\$0	\$0	\$374,662	2;4
FY 1996/97	\$0	\$394,987	\$0	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$369,987	2
FY 1997/98	\$0	\$456,000	\$0	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$431,000	2
FY 1998/99 ^H	\$0	\$470,000	\$0	(\$25,000)	\$0	\$25,000	\$0	\$0	\$0	\$0	\$470,000	2;5;16
FY 1999/00	\$0	\$456,000	\$0	(\$166,624)	\$141,624	\$0	\$0	\$0	\$0	\$0	\$431,000	2;5
FY 2000/01	\$0	\$456,000	\$0	(\$122,133)	\$112,133	\$0	\$12,322	\$0	\$0	\$0	\$458,322	2;5
FY 2001/02	\$0	\$456,000	\$0	\$0	\$0	\$0	\$0	\$138,381	\$0	\$0	\$594,381	2
FY 2002/03	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$456,000	\$0	\$0	\$456,000	5
FY 2003/04	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,400	\$83,567	\$0	\$493,967	3;5
FY 2004/05	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,400	\$45,600	\$30,000	\$486,000	3;5
FY 2005/06	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,400	\$45,600	\$0	\$456,000	3;5
FY 2006/07	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,400	\$7,600	\$0	\$418,000	3;5
FY 2007/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,400	\$45,600	\$0	\$456,000	5;8;10;14;15
FY 2008/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260,000	\$99,000	\$253,617	\$612,617	5;9;12;13
FY 2009/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$260,000	\$45,600	\$0	\$305,600	5;10
FY 2010/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000	\$95,000	\$129,431	\$474,431	5;10;14;15
FY 2011/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000	\$95,000	\$57,684	\$402,684	5;11
	\$400,000	\$7,332,387	\$2,199,273	(\$662,548)	\$662,548	\$25,000	\$12,322	\$3,666,381	\$562,567	\$500,732	\$14,698,662	

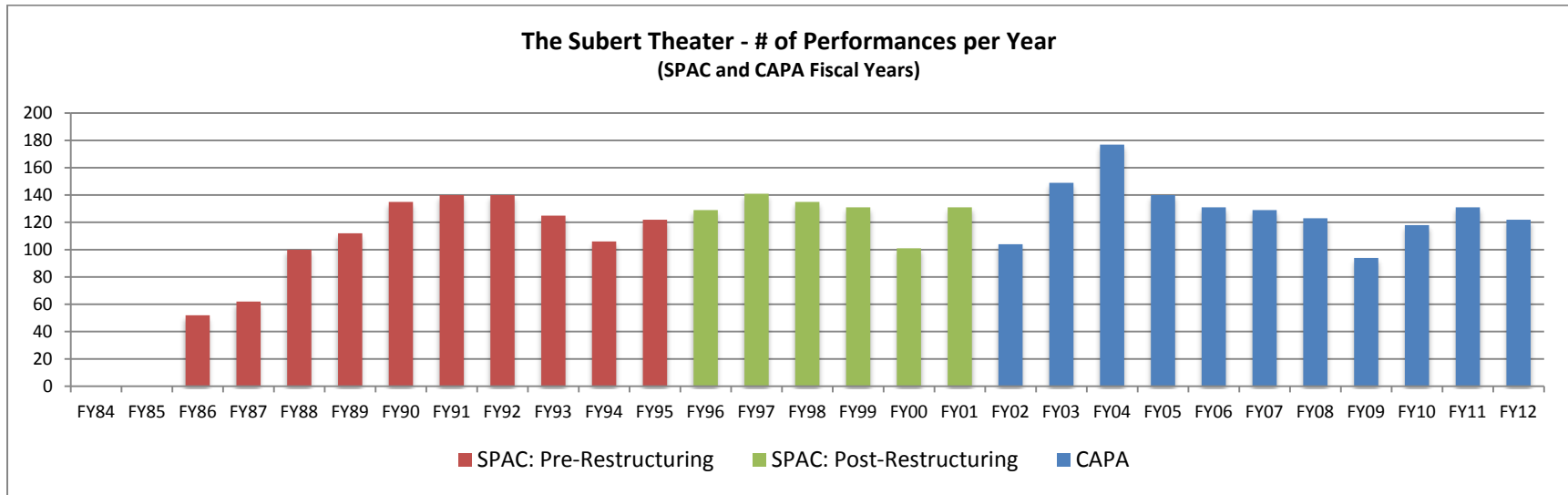
Notes:

- A. In the 1984 lease agreement, the City agreed to pay SPAC a rental subsidy. The amount of rent was prepaid to SPAC annually, and they in turn paid Shubert Associates.
- B. In the 1984 lease agreement, the City agreed to pay SPAC an operating subsidy equal to the difference between total operating revenue and total operating costs, if there was net loss, up to \$500,000.
- C. SA had a second mortgage loan from the City for \$535,000. SA charged SPAC additional rent in an amount equal to the interest on the second mortgage. The City, as part of its rent subsidy, provided SPAC with this money, who in turned paid SA. SA paid a portion of the principle and interest to the City annually. The City then returned the interest amount to SPAC.
- D. The State of Connecticut covered 50% and the City covered 50% of a new state-of-the-art lighting system
- E. In 2000, the City awarded a façade improvement grant to the City for up to \$15,000. Improvements included signage, security grates and windows, awnings, and lighting.
- F. The City contracts with CAPA to provide additional professional services.
- G. In 1996, the City contributed \$1,304,000 as part of the restructuring deal. This amount was, in turn, reimbursed by the State of Connecticut and is therefore not reflected here as an expenditure.
- H. In 1999, the New Haven Development Corporation (NHCD) applied for a \$1,050,000 grant under the Urban Act from the State of Connecticut Department of Economic and Community Development (DECD), on behalf of SPAC. In anticipation of the grant award, the City granted SPAC a non-interest bearing bridge loan to expedite necessary emergency repairs. In 2000, the NHCD was awarded the DECD grant, and distributed the money to SPAC. The loan was repaid to the City and therefore the expenditure is not reflected here.

Sources:

- 1 "Management Agreement and Assignment of Lease." March 1983.
- 2 "Shubert Performing Arts Center Revenue and Expenses."1984-2001.
- 3 CAPA. "City Shubert Expenses." 1994-2012.
- 4 "Shubert Closing Index", 1996.
- 5 "Office of Economic Development. "City Shubert Expenses." 2001-2012.
- 6 "SPAC Auditor Report. 1999.
- 7 "SPAC Auditor Report. 2000.
- 8 "CNH CAPA Professional Services Agreement." 2009.
- 9 "CNH CAPA Professional Service Agreement." 2010.
- 10 "CNH CAPA Professional Services Agreement." 2011.
- 11 City Maintenance Records: Project #08-139-21. 2008.
- 12 City Maintenance Records: Project #08-094-23. 2008.
- 13 City Maintenance Records: Project 10-081-23. 1010.
- 14 City Maintenance Records. 2010.
- 15 City Maintenance Records: Project #12-146-01. 2012.
- 16 CNH SPAC Grant A99-0443

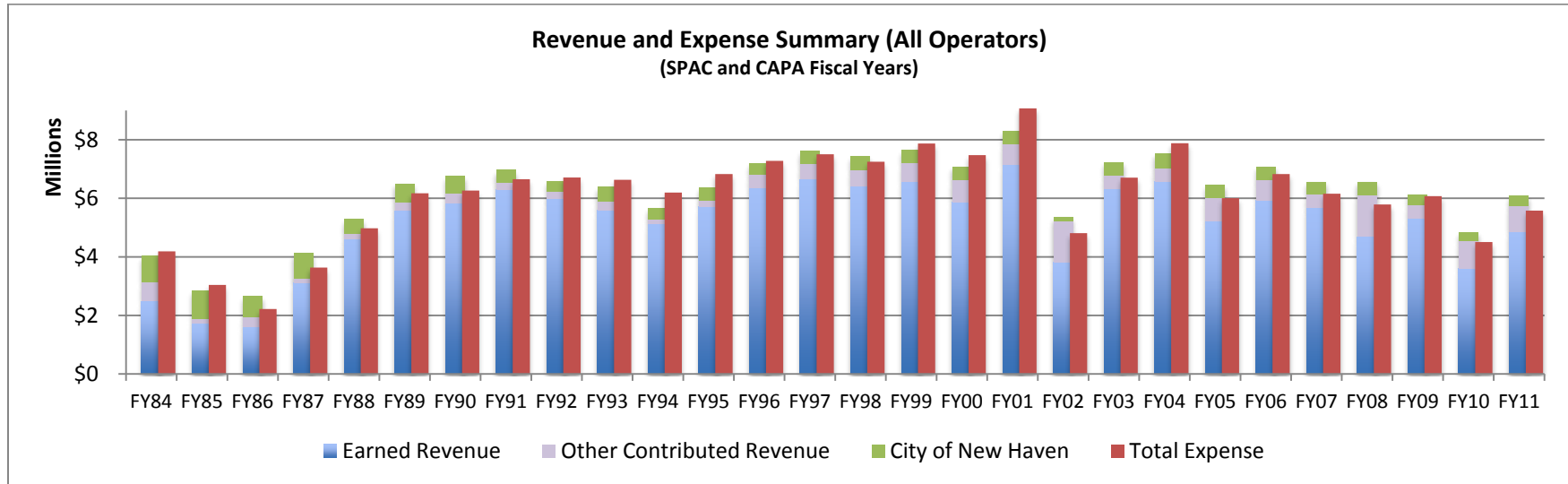
Appendix B: Performances Per Year



Sources:

1. Public Financial Management. "Shubert Performing Arts Center Revenue and Expenses 1984-2001." 2001
2. Connecticut Association for Performing Arts. "CAPA Event Count." 2012.

Appendix C: Historic Revenue/Expense Summaries



Revenue and Expense Summary - SPAC: Pre-Restructuring (SPAC Fiscal Years) ¹												
	FY84	FY85	FY86 ^A	FY87	FY88	FY89	FY90	FY91	FY92	FY93 ^B	FY94	FY95
<i>Earned Revenue</i>	\$2,485,608	\$1,738,626	\$1,619,750	\$3,102,727	\$4,597,835	\$5,579,862	\$5,828,820	\$6,305,753	\$5,978,485	\$5,582,566	\$5,114,599	\$5,718,867
<i>City of New Haven</i>	892,014	953,646	704,259	864,474	502,851	633,294	587,919	430,691	365,284	490,805	386,863	449,364
<i>Other Contributed Revenue</i>	661,379	154,858	346,440	163,170	182,857	290,436	337,775	225,400	234,834	306,701 ^F	168,682	214,790
Total Revenue	\$4,039,001	\$2,847,130	\$2,670,449	\$4,130,371	\$5,283,543	\$6,503,592	\$6,754,514	\$6,961,844	\$6,578,603	\$6,380,072	\$5,670,144	\$6,383,021
Total Expense	\$4,191,103	\$3,045,627	\$2,221,967	\$3,638,315	\$4,979,289	\$6,171,386	\$6,265,214	\$6,652,506	\$6,713,372	\$6,632,215	\$6,196,967	\$6,831,839
Unrealized Gain/Loss										\$17,719	(\$60,445)	\$89,664
Net Gain (Loss)	\$(152,102)	\$(198,497)	\$448,482	\$492,056	\$304,254	\$332,206	\$489,300	\$309,338	\$(134,769)	\$(234,424)	\$(587,268)	\$(359,154)
# of Performances			52	62	100	112	135	140	140	125	106	122

Revenue and Expense Summary - SPAC: Post-Restructuring (SPAC Fiscal Years)¹						
	FY96	FY97	FY98	FY99	FY00	FY01
<i>Earned Revenue</i>	\$6,350,758	\$6,650,330	\$6,408,569	\$6,574,380	\$5,869,804	\$7,135,712
<i>City of New Haven</i>	394,987	456,000	470,000	456,000	456,000	456,000
<i>Other Contributed Income</i>	466,126	513,550	567,171	625,087	763,510	723,839
Total Revenue	\$7,211,871	\$7,619,880	\$7,445,740	\$7,655,467	\$7,089,314	\$8,315,551
Total Expense	\$7,279,146	\$7,505,546	\$7,250,148	\$7,871,579	\$7,478,322	\$9,075,009
Net Assets Released	\$69,218	\$278,549	\$87,309	\$122,155	(\$23,992)	\$100,000
Net Gain (Loss)	\$1,943	\$392,883	\$282,901	\$(93,957)	\$(413,000)	\$(659,458)
# of Performances	129	141	135	131	101	131

Revenue and Expense Summary (CAPA) (CAPA Fiscal Years)²										
	FY02 ^C	FY03	FY04 ^D	FY05	FY06	FY07	FY08 ^E	FY09	FY10	FY11
<i>Earned Revenue</i>	\$3,806,480	\$6,305,513	\$6,576,232	\$5,232,874	\$5,934,747	\$5,681,838	\$4,684,408	\$5,304,836	\$3,601,151	\$4,866,151
<i>City of New Haven</i>	135,381	456,000	493,967	456,000	456,000	418,000	456,000	359,000	305,600	345,000
<i>Other Contributed Revenue</i>	1,417,046	483,581	461,991	766,765	693,361	466,265	1,433,204	476,501	949,307	876,909
Total Revenue	\$5,358,907	\$7,245,094	\$7,532,190	\$6,455,639	\$7,084,108	\$6,566,103	\$6,573,612	\$6,140,337	\$4,856,058	\$6,088,060
Total Expense	\$4,809,859	\$6,706,542	\$7,882,077	\$6,005,856	\$6,827,914	\$6,158,901	\$5,792,620	\$6,076,883	\$4,510,313	\$5,581,485
Net Gain (Loss)	\$549,048	\$538,552	(\$349,887)	\$449,783	\$256,194	\$407,202	\$780,992	\$63,454	\$345,745	\$506,575
Non-operating adjustments ^F	(\$527,991)	(\$517,535)	\$362,069	(\$358,144)	(\$206,317)	(\$321,178)	(\$742,198)	(\$39,597)	(\$299,484)	(\$456,188)
Operating Gain (Loss)	\$21,057	\$21,017	\$12,182	\$91,639	\$49,877	\$86,024	\$38,794	\$23,857	\$46,261	\$50,387
# of Performances (inc Concerts on the Green)	104	149	177	140	131	139	123	94	118	131

Notes:

- A. FY86 was only 9 months due to a change in fiscal year (to end July 31)
- B. FY93 'Other Contributed Revenue' includes \$75,000 in extraordinary income
- C. FY02 was only 11 months due to a change in fiscal year (to end May 31)
- D. FY04 was 13 months due to a change in fiscal year (to end June 30).
- E. There was a change in reporting from FY07 to FY08
- F. 'Non-operating adjustments' represent funds that were donor-restricted or reserved by the CAPA Board for deferred maintenance, working capital reserve, quasi-endowment and education/outreach projects. This money is not available for general operations.

Sources:

1. Public Financial Management. "Shubert Performing Arts Center Revenue and Expenses 1984-2001." 2001.
2. FY02-FY03: Columbus Association for the Performing Arts IRS Forms 990. 2002 and 2003.
3. FY04-FY12: Columbus Association for the Performing Arts. "Financial Statements." Audited by John Gerlach & Company LLP. 2004-2012.
4. City of New Haven Revenue, provided by CAPA. "CAPA Shubert 10 year actuals." 2012.

Appendix D: Historic CAPA Balance Sheet Summary

Balance Sheet Summary (CAPA) (CAPA Fiscal Years) ¹										
	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Current Assets										
<i>Unrestricted</i>	N/A	N/A	\$1,323,975	\$1,241,863	\$1,308,188	\$1,835,894	\$3,049,531	\$3,283,836	\$3,851,798	\$4,063,472
<i>Temporarily Restricted</i>	N/A	N/A	\$535,197	\$833,023	\$1,056,108	\$1,065,367	\$581,560	\$122,210	\$153,821	\$182,949
Total Current Assets	\$1,341,583	\$2,271,660	\$1,859,172	\$2,074,886	\$2,364,296	\$2,901,261	\$3,631,091	\$3,406,046	\$4,005,619	\$4,246,421
Non Current Assets	N/A	N/A	\$66,000	\$88,083	\$42,083	\$12,083	\$7,083	\$2,083	\$11,429	\$38,226
Total Assets	\$1,341,583	\$2,271,660	\$1,925,172	\$2,162,969	\$2,406,379	\$2,913,344	\$3,638,174	\$3,408,129	\$4,017,048	\$4,284,647
Current Liabilities	\$792,535	\$1,184,060	\$1,187,459	\$975,473	\$962,689	\$1,062,452	\$1,006,290	\$712,791	\$975,965	\$736,989
Net Assets	\$549,048	\$1,087,600	\$737,713	\$1,187,496	\$1,443,690	\$1,850,892	\$2,631,884	\$2,695,338	\$3,041,083	\$3,547,658
Total Liabilities and Net Assets	\$1,341,583	\$2,271,660	\$1,925,172	\$2,162,969	\$2,406,379	\$2,913,344	\$3,638,174	\$3,408,129	\$4,017,048	\$4,284,647

Sources:

1 FY02-FY03: Columbus Association for the Performing Arts IRS Forms 990. 2002 and 2003.

FY04-FY12: Columbus Association for the Performing Arts. "Financial Statements." Audited by John Gerlach & Company LLP. 2004-2012.