

# Performing Arts Venues Workgroup

Appendices to Recommendations Report

June 2025

# Table of Contents

Resolution – City of Portland.....	3
Resolution – Metro.....	8
Audit Highlights.....	13
Audit .....	14
Bios of Workgroup .....	39
Bios of Project Team.....	48
Meeting Summaries and Slide Decks.....	51
Grounding .....	51
1/22 – Introductions, ground-setting.....	51
2/5 – Users' needs & wants.....	73
2/19 – Understanding current operating model .....	96
Models/Options .....	136
3/5 – Consider alternative models/options.....	136
3/19 – Gather questions for consultants; address consultant's questions for workgroup....	159
4/2 – AMS Consulting: kick-off, “state of the field”/trending .....	194
4/16 – AMS Consulting: capital planning/funding, introduce scenarios.....	254
4/30 – AMS Consulting: evaluate scenarios with success indicators .....	294
Workgroup Recommendations .....	329
5/14 – Develop recommendations.....	329
5/28 – Finalize recommendations .....	358
AMS Summary Memo .....	375



[Home](#) / [Council Clerk](#) / [Council Documents](#) / [Resolution](#)

# 37684

Resolution

## Establish Performing Arts Venues Workgroup to evaluate management of P'5 arts facilities

Adopted

WHEREAS, City-owned performing arts venues, including Antoinette Hatfield Hall (Brunish, Newmark, and Winningstad Theatres), the Arlene Schnitzer Concert Hall, and the Keller Auditorium, are managed by Portland'5 Centers for the Arts (Portland'5) under the oversight of the Metropolitan Exposition Recreation Commission (MERC) through Intergovernmental Agreements (IGAs) with Metro; and

WHEREAS, the City of Portland entered into a Consolidation Agreement with Metro in 1989, last amended in 2013, to operate and maintain arts facilities owned by the City; and

WHEREAS, these and subsequent agreements were created to support regional tourism and the hospitality industry, and to maximize the economic benefits of cultural and spectator facilities for the Portland-Multnomah County area; and

WHEREAS, in 1993, the City removed the Portland Memorial Coliseum complex (Veterans Memorial Coliseum), and in 2000 removed Civic Stadium (Providence Park), from the Consolidation Agreement through amendments; and

WHEREAS, a 2022 Metro audit of the Portland'5 IGAs found issues including a governance model which is difficult to navigate, a need for a shared understanding between the IGA parties regarding the physical condition and maintenance of Portland'5 theaters, as well as an absence of a clear funding plan for maintenance, support for arts organizations, and diversity, equity, and inclusion efforts; and

WHEREAS, City-owned performing arts facilities are essential to the work of resident and featured arts organizations, including Broadway in Portland, Literary Arts, Metropolitan Youth Symphony, Oregon Ballet Theatre, Oregon Children's Theatre, Oregon Symphony, Portland Opera, Portland Youth Philharmonic, Stumptown Stages, White Bird Dance, as well as many non-profit and for-profit users of the facilities; and

Introduced by

[Mayor Ted Wheeler;](#)  
[Commissioner Dan Ryan](#)

City department

[Arts & Culture](#)

Contact

**Darion Jones**

Policy Advisor & Constituent  
Relations Coordinator

✉ [darion.jones@portlandoregon.gov](mailto:darion.jones@portlandoregon.gov)

Requested Agenda Type

Time Certain

Date and Time Information

**Requested Council Date**

October 31, 2024

**Requested Start Time**

2:00 pm

**Time Requested**

45 minutes

WHEREAS, the U.S. Bureau of Economic Analysis reported that Oregon's arts and culture sector contributed \$8 billion to the state's economy in 2020, accounting for 3.3% of the state's GDP, 60,994 jobs, and total compensation of \$4.8 billion; and

WHEREAS, the 2023 report by Americans for the Arts, Arts & Economic Prosperity 6 (AEP6), found that Portland's arts and culture nonprofit organizations alone generated \$400 million in spending, representing nearly half of the state's nonprofit arts-related spending in 2022, and contributed \$72 million to local, state, and federal revenues in Multnomah County alone; and

WHEREAS, the fiscal year 2023 Economic Impact report from Crossroads Consulting, found that Portland's generated \$77 million in total spending, supported 520 full-time and part-time jobs, and contributed \$4.1 million in local and state taxes; and

WHEREAS, Portland City Council accepted Our Creative Future on May 22, 2024, charging the Office of Arts & Culture with implementing the tri-county framework to advance culture, creativity, and the arts within Clackamas, Multnomah, and Washington Counties; and

WHEREAS, Our Creative Future Goals and Strategies 1.5, 2.5, and 3.3 identified the need to address barriers to facility and space use, affordable arts space programs, technical assistance, capital grants, increased accessibility, and use of empty commercial spaces, and recommended that the stakeholders consider public/private partnerships to provide resources and leadership for arts and culture in the region; and

WHEREAS, on July 1, 2024, Mayor Wheeler delegated oversight of City bureaus and Service Areas to the City Administrator and six Deputy City Administrators, including the Deputy City Administrator of the Vibrant Communities Service Area, responsible for Portland Parks & Recreation, Portland Children's Levy, and the Office of Arts & Culture; and

WHEREAS, the Office of Arts & Culture, formally established on July 1, 2024, began administrating oversight of City-owned arts facilities and managing the City's General Operating Support (GOS) grant program, which provides unrestricted funding to resident and featured companies of the Portland's theaters, along with 70 additional arts and culture organizations; and

WHEREAS, on October 10, 2024, City Council adopted Resolution No. 37680, directing City staff to conduct a Market Feasibility Analysis as part of the Future of Keller project – assessing seating capacity, financial models, project timelines, and future operating model options for two Broadway-capable venues; and

WHEREAS, Oregon Governor Tina Kotek has prioritized arts and culture, and the Governor's Central City Task Force recommended that the City of Portland "Make downtown a worthy destination"; and

WHEREAS, the sustainability of publicly-owned arts facilities, along with the financial and institutional health of Portland's arts and culture organizations, is central to the broader economic vitality and livability of the Portland area and the State; and

WHEREAS, increased operating and capital costs, as well as a growing major maintenance backlog, create challenges for the City and Metro – as owner and operator of the facilities – as well as for P'5 users to whom increased costs are passed; and

WHEREAS, establishing a Performing Arts Venues Workgroup will provide an opportunity to review and recommend improvements to the operations, maintenance, and long-term planning of City-owned arts facilities, and ensure alignment with regional goals for arts, cultural enrichment, and economic development; and

WHEREAS, the Metro Regional Council and Portland City Council agree that Portland's arts and culture sector is key to local, regional and statewide economic recovery and revitalization goals.

NOW, THEREFORE, BE IT RESOLVED, that the Deputy City Administrator of the Vibrant Communities Service Area is directed to work with the Metro Chief Operating Officer to convene a Performing Arts Venue Workgroup, which will include staff from Metro and the City of Portland, representatives from the regional arts and culture community, including users and visitors of City-owned arts facilities and labor partners; and

BE IT FURTHER RESOLVED, that this Workgroup will consider opportunities and challenges to both immediate and long-term operations, maintenance, and planning of these venues, and to align management and operations with regional goals for economic development and cultural enrichment; and

BE IT FURTHER RESOLVED, that project staff will engage contracted subject matter expertise to conduct a business model and governance analysis – which will explore alternative operating models and recommend a model to best serve these venues in the short term; and

BE IT FURTHER RESOLVED, that all appropriate Service Area staff are directed to collaborate with the Deputy City Administrator of the Vibrant Communities Service Area in this effort; and

BE IT FURTHER RESOLVED, that the Deputy City Administrator for Vibrant Communities is directed to present recommendations regarding short-term opportunities and challenges to the City Administrator by June 30, 2025; and

BE IT FURTHER RESOLVED, that the Deputy City Administrator for Vibrant Communities is directed to present recommendations regarding significant conditions that require renegotiating the IGA to the City Administrator by June 30, 2025.

## Impact Statement

### Purpose of Proposed Legislation and Background Information

The purpose of this legislation is to establish the Performing Arts Venues Workgroup to evaluate the operations, maintenance, and long-term planning of City-owned Portland's Centers for the Arts buildings: Antoinette Hatfield Hall, Arlene Schnitzer Concert Hall, and Keller Auditorium. This workgroup will explore operational challenges and opportunities and will focus on ensuring operations of publicly-owned arts facilities are aligned with regional goals for cultural enrichment and economic development.

The creation of this workgroup follows Metro's 2022 audit of Portland's IGAs, which identified challenges navigating governance, funding, and facility maintenance. Additionally, it complements ongoing efforts, including the Future of Keller Project (Resolution #37680), to assess and improve publicly-owned arts venues for both the short- and long-term.

### Financial and Budgetary Impacts

The immediate financial impacts of this resolution are limited to the administrative costs associated with forming and operating the Performing Arts Venues Workgroup. The resolution also calls for contracting subject matter experts to conduct a business model and governance analysis, which may incur additional costs.

Long-term financial impacts may arise from the workgroup's recommendations. These could include proposals for capital investments, increased maintenance budgets, or changes to the current funding model for City-owned arts venues.

### Economic and Real Estate Development Impacts

Portland's performing arts venues are significant drivers of economic activity in Oregon. Each year, they attract thousands of visitors, supporting local businesses such as restaurants, hotels, and retail establishments. In 2023, Portland alone generated \$77 million in total spending and supported 520 jobs. Additionally, the arts sector contributed \$8 billion to Oregon's economy, highlighting the sector's importance to both the local and regional economy.

The workgroup established by this resolution will explore new approaches to ensure the sustainability of these economic benefits by improving operational challenges and supporting the long-term vitality of Portland's arts venues. The workgroup's recommendations will explore synergy with regional economic development goals to further enhance the arts' role in driving economic growth.

## Community Impacts and Community Involvement

City-owned performing arts venues play a central role in Portland's arts and culture sector. These venues serve as critical spaces for performances and gatherings by local arts organizations, including Broadway in Portland, Oregon Symphony, Portland Opera, and many, many more. This resolution acknowledges the importance of these spaces and seeks to ensure that the community's needs are responded to in operations and long-term planning.

The Performing Arts Venues Workgroup will engage various stakeholders, including representatives from the arts community, labor partners, venue users, and visitors.

## 100% Renewable Goal

N/A

## Financial and Budget Analysis

This Resolution establishes a workgroup that may incur costs associated with administering the group and contracting subject matter experts to make recommendations related to performing arts venues.

Based on a similar contract for Keller Auditorium, an estimate for contractual costs ranges between \$100,000 and \$150,000. Existing budgeted resources will be used if costs are incurred, from both the General Fund and the Arts Access Fund.

## Document History

Item 950 Time Certain in [October 30-31, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/10/30)  
(<https://www.portland.gov/council/agenda/2024/10/30>)

City Council

Adopted

Aye (4): Mingus Mapps, Dan Ryan, Rene Gonzalez, Ted Wheeler

Absent (1): Carmen Rubio

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING A	)	RESOLUTION NO. 24-5438
WORK GROUP TO EVALUATE OPERATING	)	
MODEL OF P'5	)	Chief Operating Officer Marissa Madrigal in concurrence with Council President Lynn Peterson

WHEREAS, City-owned performing arts venues, including Antoinette Hatfield Hall (Brunish, Newmark, and Winningstad Theatres), the Arlene Schnitzer Concert Hall, and the Keller Auditorium, are managed by Portland's Centers for the Arts (Portland's) under the oversight of the Metropolitan Exposition Recreation Commission (MERC) through Intergovernmental Agreements (IGAs) with Metro; and

WHEREAS, the City of Portland entered into a Consolidation Agreement with Metro in 1989, last amended in 2013, to operate and maintain arts facilities owned by the City; and

WHEREAS, these and subsequent agreements were created to support regional tourism and the hospitality industry, and to maximize the economic benefits of cultural and spectator facilities for the Portland-Multnomah County area; and

WHEREAS, the City of Portland effective July 1, 1993, removed the Portland Memorial Coliseum complex (Veterans Memorial Coliseum) and around July 1, 2000, removed the Civic Stadium (Providence Park) facility from the Consolidation Agreement through amendments; and

WHEREAS, under the oversight of MERC, Portland's successfully managed facility closures related to the COVID pandemic, as well as secured \$10 million in Federal Shuttered Venue and other grants to bridge through a multi-year period with severe financial resource constraints; and

WHEREAS, a 2022 audit by Metro of the Portland's IGAs found issues, including governance structures were difficult to navigate, a need for a shared understanding between the IGA parties regarding the physical condition and maintenance of Portland's theaters, as well as an absence of a clear funding plan for maintenance, support for arts organizations, and diversity, equity, and inclusion efforts; and

WHEREAS, performing arts facilities are essential to the work of resident and featured arts organizations, including Broadway in Portland, Literary Arts, Metropolitan Youth Symphony, Oregon Ballet Theatre, Oregon Children's Theatre, Oregon Symphony, Portland Opera, Portland Youth Philharmonic, Stumptown Stages, White Bird Dance, as well as many non-profit and for-profit users of the facilities; and

WHEREAS, the U.S. Bureau of Economic Analysis reported that Oregon's arts and culture sector contributed \$8 billion to the state's economy in 2020, accounting for 3.3% of the state's GDP, 60,994 jobs, and total compensation of \$4.8 billion; and

WHEREAS, the 2023 report by Americans for the Arts, Arts & Economic Prosperity 6 (AEP6), found that Portland's arts and culture nonprofit organizations alone generated \$400 million in spending, representing nearly half of the state's nonprofit arts-related spending in 2022, and contributed \$72 million to local, state, and federal revenues in Multnomah County alone; and

WHEREAS, the fiscal year 2023 Economic Impact report from Crossroads Consulting, found that Portland's generated \$77 million in total spending, supported 520 full-time and part-time jobs, and contributed \$4.1 million in local and state taxes; and

WHEREAS, Portland City Council accepted Our Creative Future on May 22, 2024, charging the Office of Arts & Culture with implementing the tri-county framework to advance culture, creativity, and the arts within Clackamas, Multnomah, and Washington Counties; and

WHEREAS, the Office of Arts & Culture, formally established on July 1, 2024, began administering oversight of City-owned arts facilities and managing the City's General Operating Support (GOS) grant program, which provides unrestricted funding to resident and featured companies of the Portland's theaters, along with 70 additional arts and culture organizations; and

WHEREAS, on October 10, 2024, City Council adopted Resolution #37680, directing City staff to conduct a Market Feasibility Analysis as part of the Future of Keller project – assessing seating capacity, financial models, project timelines, and future operating model options for two Broadway-capable venues; and

WHEREAS, Oregon Governor Tina Kotek has prioritized arts and culture, and the Governor's Central City Task Force recommended that the City of Portland "Make downtown a worthy destination"; and

WHEREAS, the sustainability of publicly-owned arts facilities, along with the financial and institutional health of Portland's arts and culture organizations, is central to the broader economic vitality and livability of the Portland area and the State; and

WHEREAS, Portland's managed replacement of the Arlene Schnitzer Concert Hall Cooling Tower in fiscal year 2024 for \$3 million and is nearly complete with roof replacement of the Arlene Schnitzer Concert Hall for a forecast project cost of \$7 million, which have drawn down the Portland's available fund balance to an estimated \$3.1 million for fiscal year 2025; and

WHEREAS, Portland's expects to have a strong event calendar year 2025 across all venues; and

WHEREAS, increased operating and capital costs have required Portland's to raise both rental and staffing rates charged to resident, non-profit, and other theatre users and patrons, and

WHEREAS, Leaders from resident company and arts non-profits have been contacting city and Metro elected officials, as well as MERC commissioners, Metro, and city staff to inform the parties that the rate increases are unmanageable given the precarious financial conditions of their organizations.

WHEREAS, establishing a Performing Arts Venues Workgroup will provide an opportunity to review and recommend improvements to the operations, maintenance, and long-term planning of City-owned arts facilities, and ensure alignment with regional goals for arts, cultural enrichment, and economic development; and

WHEREAS, the Portland City Council and Metro Regional Council agree that Portland's arts and culture sector is key to local, regional and statewide economic recovery and revitalization goals.

NOW, THEREFORE, BE IT RESOLVED, that the Metro Chief Operating Officer is directed to work with the City of Portland's Deputy City Administrator of the Vibrant Communities Service Area to convene a Performing Arts Venue Workgroup, which will include staff from Metro and the City of

Portland, representatives from the regional arts and culture community, including users and visitors of City-owned arts facilities and labor partners; and

BE IT FURTHER RESOLVED, that this Workgroup will consider opportunities and challenges to operations, maintenance, and long-term planning to align management and operations with regional goals for economic development and cultural enrichment; and

BE IT FURTHER RESOLVED, that the Metro Chief Operating Officer is directed to present recommendations to MERC and the Metro Council by end of fiscal year 2025 to address short term opportunities and challenges; and

BE IT FURTHER RESOLVED, that the Metro Chief Operating Officer is directed to present recommendations to MERC and the Metro Council by end of fiscal year 2025 to address significant conditions that require renegotiating the IGA.

ADOPTED by the Metro Council this [insert date] day of [insert month] [insert year].



\_\_\_\_\_  
Lynn Peterson, Council President

Approved as to Form:



\_\_\_\_\_  
Carrie MacLaren, Metro Attorney

## PORTLAND METRO P'5 INTERGOVERNMENTAL AGREEMENT RE-NEGOTIATION

---

Date: October 21, 2024  
Department: Chief Operating Officer  
Meeting Date: October 24, 2024

Prepared by: Ramona Perrault, Policy  
Advisor  
Ramona.perrault@oregonmetro.gov  
Presenter(s): Craig Stroud, General  
Manager of Venues  
Length: 50 minutes

---

### ISSUE STATEMENT

Metro and the City of Portland are parties to an Intergovernmental Agreement (IGA) governing the management of regional performing arts venues located within city boundaries. Under the IGA, Metro's Portland'5 Centers for the Arts (Portland'5) manages City-owned performing arts facilities with oversight by the Metropolitan Exposition Recreation Commission (MERC).

Metro and the MERC have long acknowledged flaws in the existing (IGA). A 2022 report conducted by Metro's independent, elected Auditor found a lack of shared understanding between the IGA parties regarding the physical condition and maintenance of Portland'5 theaters, governance structures that were difficult to navigate, and no clear funding plan for maintenance, support for arts organizations, and or resources to support diversity, equity, and inclusion efforts.

### ACTION REQUESTED

This work session is an opportunity for Councilors to discuss operational challenges under the current IGA and provide direction to staff to finalize a resolution in coordination with the City of Portland to establish a workgroup to make recommendations for future IGA renegotiation.

### IDENTIFIED POLICY OUTCOMES

Metro advances regional access to arts, cultural enrichment, and economic development by ensuring regional facilities are well-maintained, efficiently operated, and accessible to local arts organizations. These goals are supported by adequate funding, long-term planning, and a shared commitment to diversity, equity, and inclusion.

### POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Maintain the existing IGA between Metro and City of Portland

- Consider a resolution directing staff to form a workgroup with the City of Portland that will identify improvements to operations, maintenance, and long-term planning for City-owned facilities and issue recommendations to Metro Council as to whether to re-negotiate or terminate the IGA
- Immediately enter into re-negotiations, without the assistance of a workgroup
- Immediately notice intent to dissolve the existing IGA effective 18-months from date or notice, relinquishing Portland's management of the City-owned facilities, and transferring all operations to the City of Portland or another, mutually agreed upon third party

## **STAFF RECOMMENDATION**

Staff recommends Council consider the attached resolution, directing staff to form a workgroup in coordination with the City of Portland to: (i) review and recommend improvements to the operations, maintenance, and long-term planning of City-owned arts facilities; (ii) to ensure alignment with regional goals for arts, cultural enrichment, and economic development; and (iii) to make a recommendation to Metro Council by the end of fiscal year 2025 regarding re-negotiation or notice to terminate the IGA.

## **POLICY QUESTION(S)**

1. Does Metro Council support staff's recommendation to convene a workgroup charged with providing recommendations for improvements to the operational model, including whether to improve or terminate the existing IGA?
2. Who does Metro Council suggest participate in such a workgroup?
3. Does Metro Council have additional desired outcomes staff and the workgroup should advance?

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Stakeholders, including performing arts groups and the City of Portland, are eager to address challenges in the operating model for P's, which staff anticipates will require changes to the IGA. On October 30, the Portland Commission will consider its own resolution similar to the attached draft resolution, in line with staff's recommendation to convene a workgroup. There is no known opposition.

## **ATTACHMENTS**

Draft resolution

[For work session:]

- Is legislation required for Council action? X Yes   ☐ No
- If yes, is draft legislation attached? X Yes   ☐ No
- What other materials are you presenting today? PowerPoint presentation

# Portland's Intergovernmental Agreements: Shared vision needed for long-term success

## Why this audit is important

Intergovernmental Agreements (IGAs) are contracts between governments. They are intended to define roles and responsibilities when public services are shared between different jurisdictions. Three IGAs gave Metro management responsibility and financial support for Portland's Centers for the Arts (P'5). From FY 2014-15 to FY 2020-21, IGAs made up about 20% of P'5 funding.

## The Newmark, Brunish and Winningstad Theatres are located in Hatfield Hall



Source: Jason Quigley, portland5.com

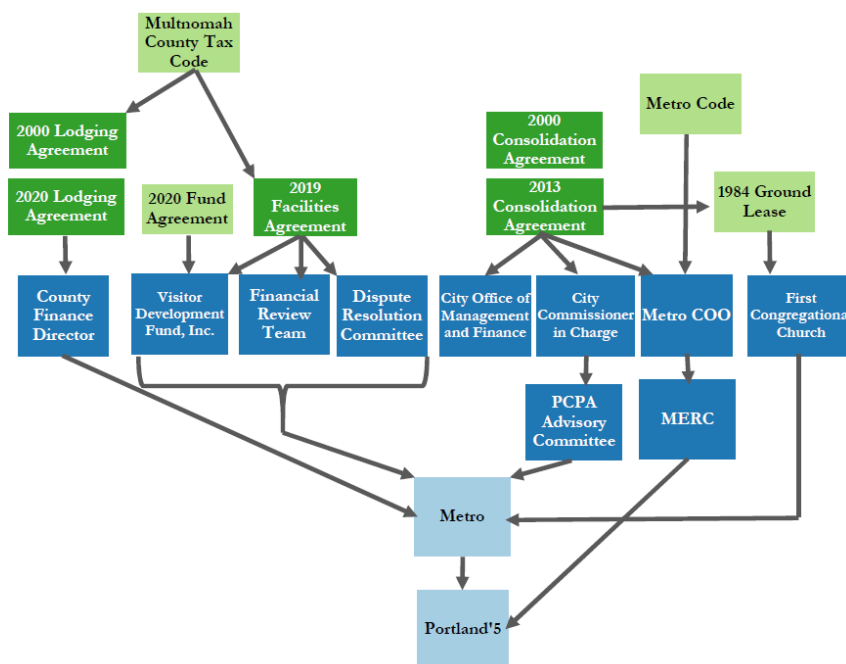
COVID-19 halted business activities and created an uncertain financial future for P'5. In addition to managing financial disruptions, other organizational issues were ongoing during the audit that may impact its operations.

We assessed IGA governance structures and P'5 capital planning and spending efforts. We focused our audit on implementation of P'5 IGAs that impact revenue and expenditure.

## What we found

We found elements of effective governance structures were not clearly addressed in IGAs. As a result, governance structures were difficult to navigate. Because IGA governance structures were complex, direction was unclear for managing some financial and reputational risks.

## Complexity made the governance structure challenging



Source: Auditor's Office summary of P'5 IGAs, ground lease, Visitor Development Fund Services Agreement, Metro Code and Multnomah County Tax Code.

We also found information was insufficient to assess the condition of P'5 capital assets. As a result, it was hard to tell if capital improvement plans were based on identified needs. A phased approach to fulfill its mission could help P'5 manage priorities as it recovers from the impacts of COVID-19.

## What we recommend

We recommend documenting practices to manage financial and compliance risks and updating facility condition information to improve Metro's capital improvement planning and implementation. We also recommend developing strategies to manage priorities and allocate resources among critical issues facing P'5. These include: stewardship of public assets; support for local arts organizations; and diversity, equity, and inclusion efforts.



# Portland's Intergovernmental Agreements:

*Shared vision needed for long-term success*

---

August 2022

A Report by the Office of the Auditor

**Brian Evans**

*Metro Auditor*

**Simone Rede**

*Principal Management Auditor*

**Angela Owens**

*Principal Management Auditor*



### Knighton Award for Auditing

#### **Audit receives recognition**

The Office of the Metro Auditor was the recipient of the “Distinguished Award” for Small Shops by Association of Local Government Auditors (ALGA). The winning audit is entitled “Affordable Housing Bond Preparedness: Develop Clear and Consistent Guidance to Improve Bond Operations.” Auditors were presented with the award at the ALGA conference in Dallas, Texas in May 2022. Knighton Award winners are selected each year by a judging panel of peers and awards are presented at the annual conference.

#### **Metro Accountability Hotline**

The Metro Accountability Hotline gives employees and citizens an avenue to report misconduct, waste or misuse of resources in any Metro or Metro Exposition Recreation Commission (MERC) facility or department.

The Hotline is administered by the Metro Auditor's Office. All reports are taken seriously and responded to in a timely manner. The auditor contracts with a hotline vendor, EthicsPoint, to provide and maintain the reporting system. Your report will serve the public interest and assist Metro in meeting high standards of public accountability.

*To make a report, choose either of the following methods:*

**Dial 888-299-5460 (toll free in the U.S. and Canada)**

**File an online report at [www.metroaccountability.org](http://www.metroaccountability.org)**



**Brian Evans**

**Metro Auditor**

600 NE Grand Ave

Portland, OR 97232-2736

TEL 503 797 1892, FAX 503 797 1831

---

## MEMORANDUM

August 18, 2022

To: Lynn Peterson, Council President  
Shirley Craddick, Councilor, District 1  
Christine Lewis, Councilor, District 2  
Gerritt Rosenthal, Councilor, District 3  
Juan Carlos González, Councilor, District 4  
Mary Nolan, Councilor, District 5  
Duncan Hwang, Councilor, District 6

From: Brian Evans, Metro Auditor

**Re: Audit of Portland's Intergovernmental Agreements**

This report covers the audit of Portland's Intergovernmental Agreements (IGAs). The purpose was to determine if oversight of IGAs that impact revenue and expenditure were effective. It assessed the governance structures created by IGAs and how they impact capital planning and spending priorities.

The audit found governance structures were difficult to navigate. The audit identified examples of unclear or unmet requirements, interpretation, and informality related to reporting, inventory, and insuring the buildings. In addition, information was insufficient to prioritize investments in P's facilities. None of the information reviewed during the audit provided assurance that there is reliable information and a common understanding about the cost of P's building deficiencies.

One potential root cause for these challenges was that IGAs have prioritized short-term over long-term needs. New strategies were needed to help P's accomplish its mission. COVID-19 halted business activities and created an uncertain financial future for P's. Other organizational issues were ongoing during the audit that may impact operations, including a plan and funding for P's buildings, the level of support for local arts organizations and diversity, equity, and inclusion efforts.

We have discussed our findings and recommendations with Marissa Madrigal, COO; Steve Faulstick, General Manager of Visitor Venues; and Robyn Williams, Portland's Executive Director. I would like to acknowledge and thank all of the employees who assisted us in completing this audit.

---

## Summary

---

Intergovernmental Agreements (IGAs) are contracts between governments. They are intended to define roles and responsibilities when public services are shared between different jurisdictions. Three IGAs gave Metro management responsibility and financial support for Portland's Centers for the Arts (P's).

Effective governance structures outline responsibilities and rules, provide oversight, and support information sharing. Ideally, these elements would be clearly addressed in IGAs. This was not the case.

One potential root cause was that IGAs have prioritized short-term over long-term needs. Because IGA governance structures were complex, direction was unclear for managing some financial and reputational risks, information to prioritize investments in P's facilities was insufficient, and new strategies were needed to help P's accomplish its mission.

We found examples of unclear or unmet requirements, interpretation, and informality related to reporting, inventory, and insuring the buildings. Refining processes to carry out these requirements will increase consistency, better manage risk, and ensure the expectations of all IGA parties are clear. It will also put P's in a stronger position to negotiate future changes to IGAs.

Because IGAs did not provide clear direction for taking care of the buildings, we sought to determine if sufficient and reliable information was available to plan for and address P's's capital needs. We found information was insufficient. It differed between sources and was difficult to interpret. As a result, it was hard to tell if capital improvement plans were based on identified needs.

Although the amount and timing of capital spending went mostly as planned, none of the information we reviewed during this audit provided assurance that there is reliable information and a shared understanding about the cost of P's building deficiencies. More transparency could give Metro leaders, IGA partners, and the public confidence that P's building needs are being addressed. Reaching agreement on what information will be used to prioritize capital investments will be important before pursuing potential funding sources.

We recommended documenting practices to manage financial and compliance risks and updating facility condition information to improve Metro's capital improvement planning and implementation. We also recommended developing strategies to manage priorities and allocate resources among critical issues facing P's.

---

## Background

---

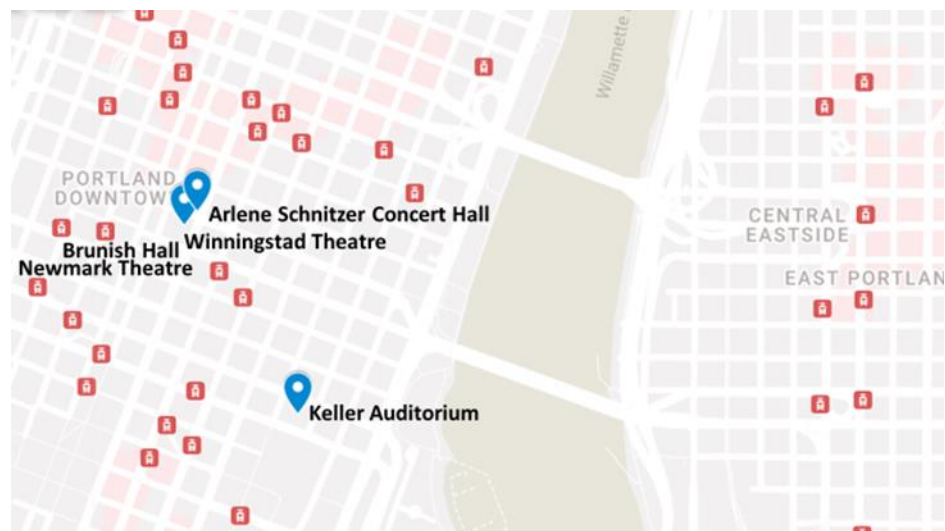
Intergovernmental agreements (IGAs) are contracts between governments. They are intended to define roles and responsibilities when public services are shared between different jurisdictions. Metro is responsible for managing and operating Portland's Centers for the Arts (P's) through an IGA with the City of Portland (City).

P's operates five theaters in downtown Portland. These include:

- Keller Auditorium,
- Arlene Schnitzer Concert Hall,
- Newmark Theatre,
- Brunish Hall, and
- Winningstad Theatre.

The City owns the theater buildings. They were built between 1917 and 1987 and host a variety of shows, such as music, dance, and lectures. Newmark, Brunish, and Winningstad are housed in one building (Hatfield Hall).

### Exhibit 1 P's operated five theaters in downtown Portland



*Source: Auditor's Office visualization of P's facilities.*

P's promoted some shows in-house through its P's Presents program, which included free summer performances. P's shows were also promoted by private companies like Live Nation and nonprofit organizations. Nonprofit clients benefited from reduced rental rates based on three tiers: resident companies, featured nonprofit groups, and all other nonprofit groups.

Resident companies received the largest rental rate reductions. As of 2022, there were five resident companies:

- Oregon Symphony,
- Portland Opera,
- Portland Ballet Theatre,
- Oregon Children's Theatre, and
- Portland Youth Philharmonic.

Three IGAs gave Metro management responsibility and financial support for P'5. These IGAs were developed over time and involved several governments. They included:

- Agreement Regarding Consolidation of Regional Convention, Trade, Spectator, and Performing Arts Facilities Owned and Operated by the City of Portland and the Metropolitan Service District (Consolidation Agreement),
- Oregon Convention Center Intergovernmental Agreement (Lodging Agreement), and
- Visitor Facilities Intergovernmental Agreement (Facilities Agreement).

## Exhibit 2 Three IGAs provided financial support for P'5

Agreement	Signed/Last Amended	Parties	Agreement Amount
Consolidation Agreement	1989/2013	<ul style="list-style-type: none"> <li>• Metro</li> <li>• City of Portland</li> </ul>	\$814,794
Lodging Agreement	1986/2020	<ul style="list-style-type: none"> <li>• Metro</li> <li>• Multnomah County</li> </ul>	\$1,372,912
Facilities Agreement	2001/2019	<ul style="list-style-type: none"> <li>• Metro</li> <li>• City of Portland</li> <li>• Multnomah County</li> </ul>	\$750,000

*Source: Auditor's Office analysis of IGAs.*

The Consolidation Agreement transferred management responsibilities of the Veterans Memorial Coliseum, Providence Park, and P'5 from the City to a commission established under Metro. The Metropolitan Exposition and Recreation Commission (MERC) was created as a result. The intent of the agreement was to transition the management of regional spectator facilities to one governing body.

The Lodging Agreement and the Facilities Agreement provided money from Multnomah County's Transient Lodging Tax to support regional tourism and economic development. P'5 was one of several recipients of funds under these agreements. Other recipients included the Oregon Convention Center and the Portland Expo Center.

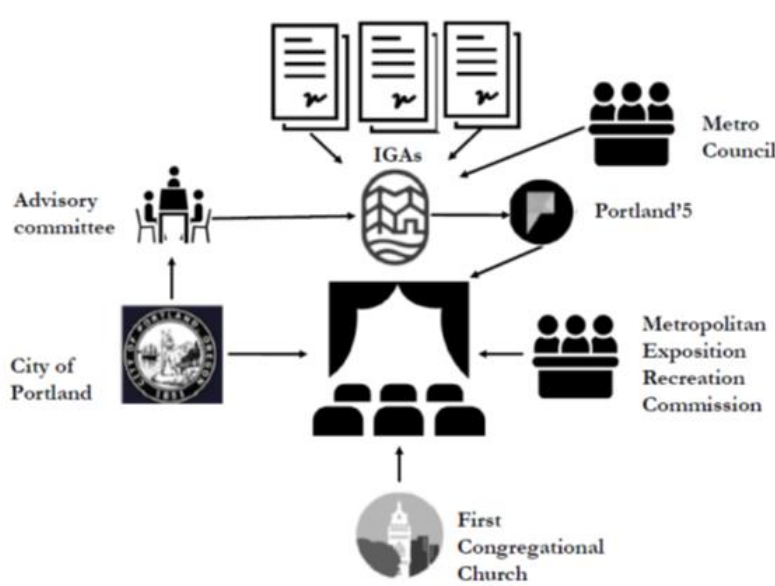
Under the Consolidation Agreement, Metro was also assigned the responsibility of a 99-year ground lease between the City and First Congregational Church (Church). The Church owns the land where Hatfield Hall was built. Among other things, the ground lease outlined the rent owed to the Church for use of the land. Rent amounts were updated every five years. In 2019, annual rent was updated to be about \$315,000 which was nearly double the previous amount.

The Visitor Development Fund Services Agreement was an agreement between Metro, the City, Multnomah County (County), and Visitor Development Fund, Inc. It was formed to budget for and administer a portion of the funds provided by the Facilities Agreement for regional marketing and tourism. It did not provide direct funding to P’5, but did create a board with authority to impact P’5’s Facilities Agreement funding.

Management of P’5 included a variety of oversight bodies. P’5 managed the buildings and operated the theaters. The P’5 Executive Director reported to Metro’s General Manager of Visitor Venues. MERC advised Metro Council and was responsible for setting the strategic vision and providing citizen oversight of three Metro venues: the Oregon Convention Center, the Portland Expo Center, and P’5.

The City was responsible for appointing an advisory committee to advise Metro on all P’5 matters. The City’s Spectator Venues and Visitor Activities program was responsible for overseeing City-owned spectator and performing arts facilities, including P’5.

### Exhibit 3 P’5 depends on coordination among several organizations



*Source: Auditor’s Office analysis of IGAs, ground lease, budget documents, and Metro Code.*

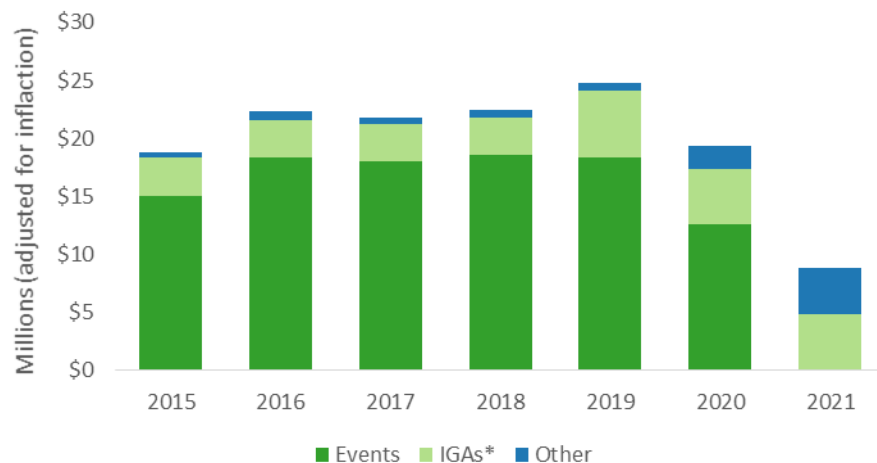
Management of IGAs also involved several parts of Metro. P’5’s Executive Director was responsible for overall management of P’5, but some IGA requirements were carried by other parts of Metro. For example, because the Facilities Agreement and Lodging Agreement were funding agreements, Metro’s Finance and Regulatory Services (FRS) department was involved in managing funding aspects of the IGAs.

Under the Consolidation Agreement, P’5 reported to the advisory committee and worked with the City program responsible for overseeing the buildings. The Lodging Agreement required Metro to report financial information to the County Finance Director. A financial review team of Metro, City, and County Chief Financial Officers (CFOs), and a separate board were tasked with monitoring and advising on Facilities Agreement funds. The team and board provided advice and recommendations to the County and had some decision-making authority over funding. Metro was responsible for reporting financial information to the financial review team and the board.

Most P’5 revenue was generated from events. This included admission, food and beverage sales, and space and equipment rent. COVID-19 halted business activities and created an uncertain financial future for P’5. In March 2020, Metro closed the theaters in response to the Governor’s emergency order resulting from the pandemic. Event revenue dropped by about \$6 million in FY 2019-20, and almost completely in FY 2020-21. In August 2021, P’5 reopened, but there was limited attendance. This meant there were fewer people spending money on concessions and merchandise.

IGAs provided another major source of revenue. From FY 2014-15 to FY 2020-21, IGAs made up about 20% of P’5 funding. For the most part, these funds were calculated using a base amount and adjusted annually for inflation. Revenue from the Lodging and Facilities Agreements decreased significantly in FY 2020-21 due to COVID-19. Overall IGA revenue remained steady, though, because of additional support provided by the City.

#### Exhibit 4 COVID-19 reduced event based revenue significantly in recent years



Source: Auditor’s Office analysis of revenue data in Metro’s financial system (PeopleSoft).

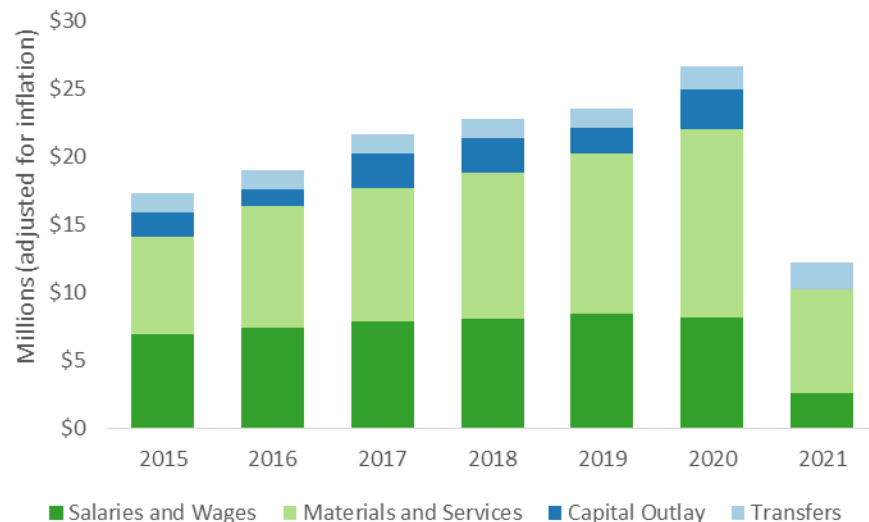
\*IGAs represent funding from the City and County

Expenditures were related to operating the theaters and taking care of the buildings. They included salaries and wages and materials and services needed to host events at P’5. Capital outlay was used to purchase new or add to existing capital assets. Some building maintenance and repairs were

covered by materials and services and routine building maintenance was provided by department staff. Transfers included payments to Metro for P’5’s use of internal services, like Human Resources.

Expenditures increased steadily between FY 2014-15 and FY 2019-20. Continued increases in FY 2019-20 were due to nearly a full year of normal operations and large investments in the buildings. About half of the expenditures in FY 2020-21 were related to building investments.

## Exhibit 5 Total expenditures increased steadily prior to COVID-19



Source: Auditor’s Office analysis of expenditure data in Metro’s financial system (PeopleSoft).

In addition to managing financial disruptions, other organizational issues were ongoing during the audit that may impact its operations. P’5 proposed to start a visioning process for the theaters. P’5’s mission shifted from focusing on subsidizing resident companies to supporting more diverse programming, such as education programs for schools serving higher proportions of low-income families.

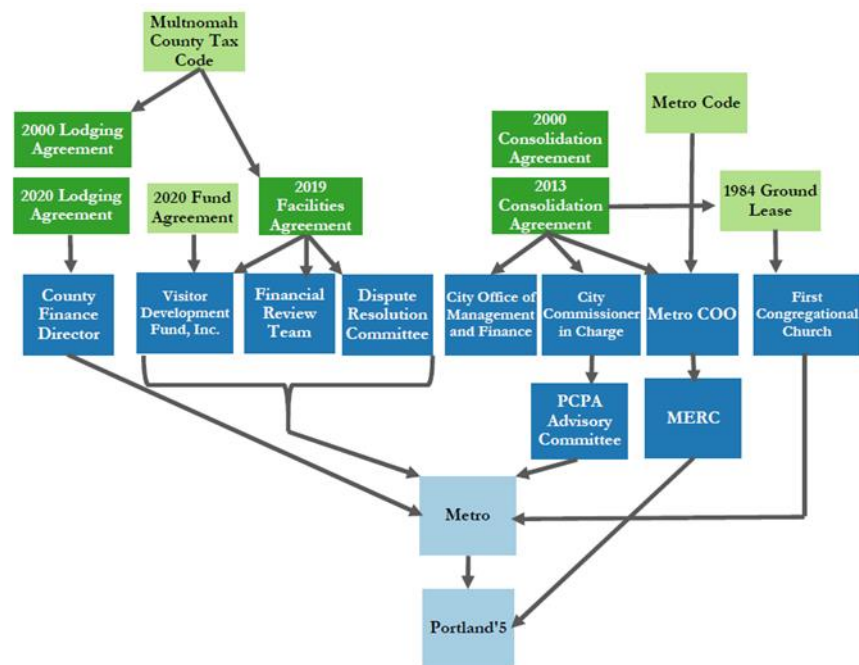
Metro was also in the process of determining how recent changes to accounting standards would impact how leased property was accounted for. FY 2021-22 was the first year governments will be required to disclose the value of lease agreements. Under the Consolidation Agreement, Metro had responsibility for a 99-year ground lease between the City and the Church. Preliminary information from Metro’s external auditors indicated that the liability associated with the lease may need to be included in Metro’s financial statements. Because of the length of the lease, the financial liability may be significant which could have an impact on Metro’s net position. The actual amount of the liability will not be finalized until the external auditors complete their work in the fall of 2022.

## Results

We found IGAs lacked clear rules to operate the theaters and take care of P'5 buildings. In instances where roles and responsibilities were clear, we found they were not always carried out as required by the agreements. Authority for making and implementing decisions was not always clear. Expectations for P'5 performance were vague. As a result, governance structures were difficult to navigate.

Effective governance structures outline responsibilities and rules, provide oversight, and support information sharing. Ideally, these elements would be clearly addressed in IGAs. We found this was not the case. We needed to review several IGAs, their previous versions, and other sources of information to develop a comprehensive understanding of Metro's responsibilities for operating P'5.

### Exhibit 6 Complexity made the governance structure challenging



Source: Auditor's Office summary of IGAs, ground lease, the Fund Agreement, Metro Code, and Multnomah County Tax Code.

One potential root cause for these challenges was that IGAs have prioritized short-term over long-term needs. When the Consolidation Agreement transferred management responsibility of the theaters to Metro in 1989, it was issued with urgency to align with the opening of the Oregon Convention Center. The agreement focused on the technical components of the transfer, such as how personnel would be transferred from the City to Metro. It did not focus on how the theaters and buildings would be managed. Amendments to the Consolidation Agreement have been primarily in response to changes in other IGAs, or to transfer management of other City-owned buildings back to the City.

**Direction was unclear for managing some financial and reputational risks**

The Facilities Agreement amendments generally focused on immediate needs, such as replacement of the acoustical shell at the Schnitzer and work that was planned for the Oregon Convention Center and Oregon Convention Center Hotel. Lodging Agreement amendments were made to better align with other agreements.

Because IGA governance structures were complex:

1. Direction was unclear for managing some financial and reputational risks.
2. Information to prioritize investments in P'5 facilities was insufficient.
3. New strategies were needed to help P'5 accomplish its mission.

As P'5 continues to reopen after restrictions caused by COVID-19, it will be important to formalize internal processes to help manage through ambiguity and thrive as a regional resource. This will be especially important as the buildings continue to age, and if bonds are issued to renovate them.

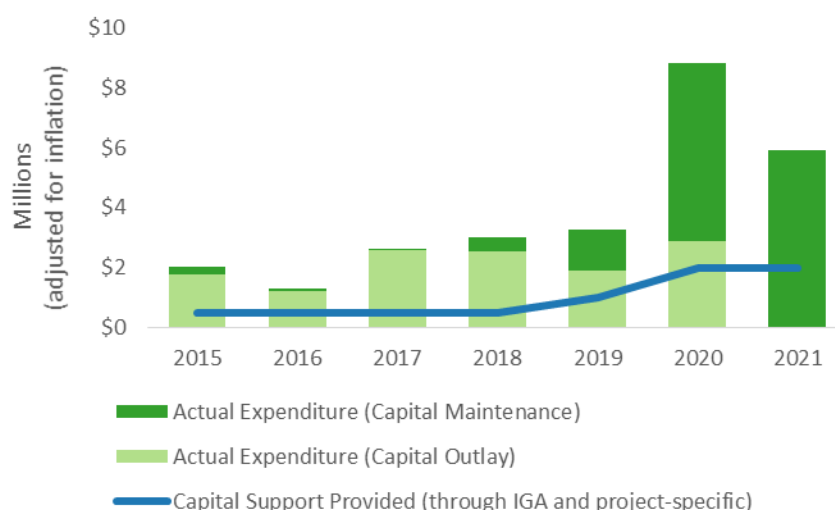
Unclear provisions in some IGAs were subject to interpretation and unmet requirements. This increased financial risk because informal agreements may not be upheld if staff or leadership changes. It increased reputational risk because IGA partners may base decisions on different assumptions depending on their knowledge of prior agreements. Although Metro took actions to reduce these risks, those efforts were not guided by formal rules.

A provision in the Consolidation Agreement outlined how P'5 was supposed to budget for and use funds the City provided. Half the money (about \$500,000 in FY 2020-21) was supposed to be spent on operations support and the other half on capital support. These terms were undefined, which caused challenges. It was also unclear if the assumptions that led to this provision in the IGA were still relevant.

A series of emails were exchanged between Metro and City leadership in 2006 to clarify the use of these funds. The timing of these emails aligned with a Metro audit that questioned how the funds were budgeted. It was also referenced in a 2011 City audit and by Metro management during our review. However, P'5 has changed how it budgets and manages funds since 2006. More recently, the City has provided additional capital support for specific projects.

We analyzed spending over the past seven years and it appeared Metro met the intent of the IGA for capital investments. P'5 expenditures on what could be interpreted as capital support far exceeded the funding provided by the City to take care of the buildings. As the exhibit below shows, the amount of funding provided by the City through the IGA and for specific projects (solid blue line) was less than actual capital outlay and capital maintenance expenditures (stacked green bars). This underscored the importance of updating agreements to ensure expectations are clear about who is financially responsible for maintaining the buildings.

## Exhibit 7 Actual capital expenditures exceeded support provided by the City



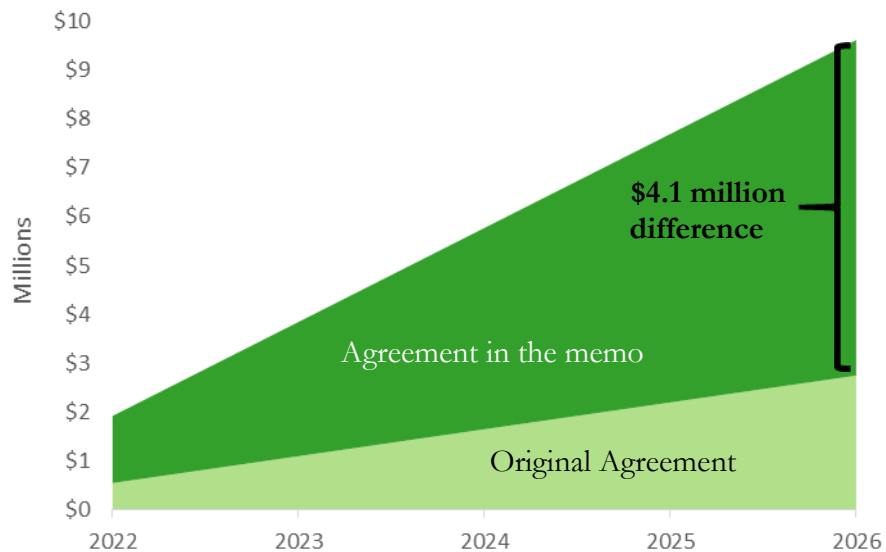
Source: Auditor's Office analysis of Consolidation Agreement and FY 2014-15 to FY 2020-21 expenditure data in Metro's financial system (PeopleSoft). Adjusted for inflation.

Another example where ambiguity required additional clarification arose from the Lodging Agreement. In that case, Metro worked with the County to clarify requirements about preventing a financial loss for P'5. Although clarification was more formally documented in a memo, it was specific to the impacts of COVID-19 and unclear how the agreement would apply in the future.

The section of the Lodging Agreement that provided funding for P'5 outlined a base amount (\$1.37 million) that was supposed to be adjusted annually for inflation. In times of economic downturns, this amount could decrease because the funding came from hotel and motel taxes. For example, COVID-19 reduced tourism and fewer lodging taxes were collected. This decreased the FY 2020-21 amount P'5 received to about \$550,000.

The IGA did not specify if future adjustments would be based on the reduced amount or on a minimum amount. Historically, adjustments were made on reduced amounts. However, the reduction caused by COVID-19 was more significant than those in the past. Under the IGA, we estimated P'5 would have received about \$2.7 million between FY 2021-22 and FY 2025-26. Under the agreement documented in the memo, the amount could be about \$6.8 million.

## Exhibit 8 Metro reached agreement with its partners to prevent additional financial losses due to COVID-19



Source: Auditor's Office analysis of Lodging Agreement and revenue data from Metro's financial system (PeopleSoft).

We also noted examples of unclear or unmet requirements, interpretation, and informality related to reporting, inventory, and insuring the buildings. Refining processes to carry out these requirements will increase consistency, better manage risks, and ensure the expectations of all IGA parties are clear. It will also put P'5 in a stronger position to negotiate any future changes to IGAs.

The Facilities Agreement required Metro to report certain financial information to the financial review team and the board responsible for overseeing those funds. The Lodging Agreement required Metro to report financial information to the County Finance Director.

Required information under the Facilities Agreement was not provided. Specifically, Metro's reports lacked detail and performance measures to assess the use of \$921,000 for P'5 operations support.

Financial reporting under the Lodging Agreement was adequate, but only because the reports Metro provided under the Facilities Agreement requirement included information about the Lodging Agreement funds and the County Finance Director was part of the financial review team.

Although P'5 generally provided sufficient information to the advisory committee established under the Consolidation Agreement, it infrequently informed them about decisions related to rental rates and charges. Increasing transparency about these decisions could help build trust and buy-in when P'5 has to make decisions about its rental rates and charges to ensure revenues and expenditures are aligned.

It was also challenging to determine if Metro met the requirement for providing an annual inventory of P'5 property. Under the Consolidation Agreement, Metro was supposed to provide an annual report of capitalized personal property to the City. This was not being done. But, Metro may still be meeting the intent of the IGA.

In 2019, City staff informed Metro staff that the inventory would be conducted every two years. This change to the IGA requirement was communicated by email and was not approved by IGA oversight bodies. However, the IGA also stated that Metro's inventory was supposed to be conducted in a way that was substantially similar to how the City conducts its own inventory.

In 2020, an inventory was not conducted due to COVID-19. This meant an inventory had not taken place since 2018. Between 2016 and 2018, the reported value of inventory increased by about \$3.5 million. This suggested the inventory from 2018 may underreport the value of certain City property. Without an accurate inventory, it is more difficult to budget for maintenance, replacement, and renewal.

Metro staff expressed interest in continuing to conduct the inventory annually despite the City's request for reports every two years. Metro did not have formal processes in place to ensure this happened.

Regardless of the frequency, the process of developing the inventory would benefit from more formality. For instance, only certain property that could be capitalized for accounting purposes was supposed to be included in the inventory. Examples ranged from upgrades to lighting fixtures, to remodeling parts of the buildings, to the buildings themselves. This property typically has to meet certain requirements based on the type and value, but requirements and interpretations varied.

Finally, the process for insuring the buildings was complex and would benefit from additional clarity and formality. The Consolidation Agreement and ground lease outlined requirements to insure the buildings and property (property insurance) and events that happen in them (liability insurance). Several insurance policies provided this coverage. These policies were managed by P'5, Metro's risk management function within FRS, and through Metro's independent insurance agent.

Although Metro appropriately identified building values for its property insurance, the process for developing those values needed improvement. Specifically, the process was not formally documented, nor was it based on regularly scheduled building appraisals. These practices had the potential to undervalue the buildings.

Metro was also required to include the City and the Church as additional insureds for property insurance. We found evidence these partners were listed as additional insureds for liability insurance, but not for property insurance. This put Metro at risk of not meeting IGA requirements and could pose financial risks for all parties if they are not properly insured.

## Information to prioritize investments in P’5 facilities was insufficient

Because IGAs did not provide clear direction for taking care of the buildings, we sought to determine if sufficient and reliable information was available to plan for and address P’5’s capital needs. Governments should make capital investment decisions that are aligned with long-range plans so that public services can be delivered. We found information was insufficient to assess the condition of P’5 capital assets. As a result, it was hard to tell if capital improvement plans were based on identified needs.

Governments should establish a system for assessing their capital assets and then plan and budget for any capital maintenance and replacement needs. The departments responsible for managing capital assets should help determine the information to be tracked. Condition measures and performance standards are part of an effective capital asset management system.

We reviewed two key sources of information regarding P’5 facilities. The first was a series of facility condition assessments. The reports covered 10 years and were produced for the City. The second was P’5’s capital improvement plan. The improvement plan covered five years and was developed through Metro’s budget process with input from MERC.

### Exhibit 9 Capital planning information differed between sources

	Facility Condition Assessment	Capital Improvement Plan
<i>Frequency of updates</i>	Unknown	Annual
<i>Exclusions</i>	Demand work orders (3 buildings); Corrective work orders (1 building)	Unknown
<i>Codes</i>	Deficiency Number; Parent; Classification	Project
<i>Metrics</i>	% of inventory typically maintained vs not maintained	None

*Source: Auditor’s Office analysis of Facility Condition Assessments (2015) and P’5 Capital Improvement Plans (FY 2014-15 to FY 2021-22).*

The frequency of updates about P’5 facilities varied. This difference made it difficult to tell if the improvement plan was informed by the condition assessment. The improvement plan was updated every year. By contrast, the condition assessment was last updated in 2015. Ideally, long-range sources of information direct short-term plans. For example, a new assessment would have needed to be available in 2020 to direct planned improvements from FY 2021-22 to FY 2025-26.

Other details also varied between sources, which made comparisons between them challenging. These differences made it difficult to see how projects in the improvement plan would address needs identified in the assessment:

- **Scopes may have differed.** The condition assessment noted where information was missing, whereas the improvement plan did not. For example, none of the reports included demand work orders. And, Hatfield Hall’s elevators, boilers, water heaters, and roofs were not

captured. Without reconciling exclusions, it was hard to tell how comprehensive the improvement plan was, compared to the assessment.

- **Different codes were used.** Using different codes made items harder to track between sources. For example, the assessment used codes to identify deficiencies, inventory and their component parts, while the improvement plan only used codes to identify projects.
- **There were no common metrics.** The condition assessment reported the percent of inventory typically maintained and not maintained. The improvement plan did not contain any metrics.

In addition to establishing condition measures and performance standards for capital assets, governments should provide a “plain language” report on capital assets to elected officials and make it available to the public. That report should describe condition ratings and comparisons of actual to budgeted expenditures and performance data. The condition measures and related standards should be understandable.

The assessment presented a Facility Condition Index (FCI) analysis for each building. However, it did not define what FCI or other terms, such as RecapESL, meant. This made the analysis difficult to interpret. There was no target or desired level to judge the values it contained. Without these elements, it was hard to know what level of investment would be needed in future years.

## Exhibit 10 Analysis of building condition was difficult to interpret



Source: “Requirements Forecast” Hatfield Hall Facility Condition Assessment (2015).

## Planned and actual spending on P'5 facilities was mostly aligned

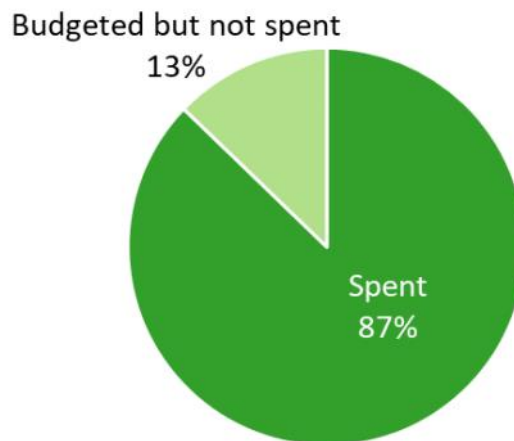
FCI is a condition measure that could be used to plan for capital asset maintenance and replacement. Reporting measures compared to established standards could help communicate the condition of P'5's capital assets to managers across Metro and other jurisdictions. This could also help illustrate how measures are used to plan and budget for capital maintenance and replacement.

We compared information about actual and planned spending on P'5 facilities in several ways. We found the amount and timing of capital spending went mostly as planned.

First, we evaluated the amount P'5 planned and actually spent on capital improvements from FY 2014-15 to FY 2020-21. We found P'5 spent most of the amount it planned to during that period.

P'5 planned to spend about \$32.2 million over seven years on projects that were budgeted in the first year of each improvement plan. P'5 actually spent about \$28.1 million or 87% of that amount. That meant plans were somewhat useful for predicting how much total spending would occur.

### Exhibit 11 Over seven years, P'5 spent 87% of the amount it budgeted in the first year of each improvement plan



*Source: Auditor's Office analysis of Metro's financial system (PeopleSoft) expenditures data and P'5 Capital Improvement Plans, FY 2014-15 to 2020-21.*

Second, we analyzed the timing of spending. We found a majority of the amount P'5 actually spent on projects that were budgeted in the first year of each improvement plan occurred in the years planned. That meant plans were somewhat useful for predicting when spending would occur. Of the \$28.1 million P'5 actually spent, \$20.5 million or 73% occurred in the year it was planned to be spent.

## Some building deficiencies may not be addressed

The facility condition assessments identified seismic deficiencies, but there was limited information about their costs and significance in the reports we reviewed. The capital improvement plans did not identify if the projects were designed to address the deficiencies in the facility condition assessments. None of the information we reviewed during this audit provided assurance that there is reliable information and a common understanding about the cost of P'5 building deficiencies. A shared framework for prioritizing investments could help ensure that facilities' most critical needs are addressed, especially those that present potential health and safety risks.

Condition assessment reports lacked clarity about the cost of seismic deficiencies at P'5 facilities. This made it difficult to compare seismic deficiencies to other deficiencies. Each report identified one seismic upgrade per building with an estimated cost. However, each report also listed three to six seismic deficiencies per building, without cost estimates. When cost estimates were included, they were difficult to interpret.

Metro leaders were uncertain about the scale of repairs that P'5 facilities required. We heard that the Keller could be replaced completely. We did not hear that the Schnitzer needed as much attention, although the condition assessment identified twice as many seismic deficiencies at that building. Without up-to-date and complete information, it would be difficult for decision-makers to agree on which projects were most deserving of resources.

More transparency could give Metro leaders, IGA partners, and the public confidence that P'5 building needs are being addressed. Sufficient information is especially important because certain projects may interrupt facility operations. This could reduce P'5's ability to generate revenue during construction. Better information could also facilitate cooperation between IGA partners to determine how many resources would be required to renovate P'5 buildings.

Having a common plan for the future could make it easier to prioritize which P'5 projects to pursue and how to fund them. The IGAs did not provide guidance for making capital investment decisions at P'5. IGA partners did not have a long-term plan for improvement of P'5 facilities. When we asked for a plan showing 10 or more years, we received the condition assessment reports of P'5 buildings. Then we received a partial list of planned projects that spanned eight years. We were told that it did not capture smaller items that end up on the five-year plan. We were later told that there was a goal to develop a master plan for the facilities including periodic, detailed assessments.

Condition assessment reports produced for the City stated that the City's Asset Management Framework should be used to prioritize among the deficiencies identified. But, it was unclear if Metro used the assessment reports or the City's Asset Management Framework to determine what improvement projects to pursue.

**As P’5 recovers  
from the impacts  
of COVID-19,  
managing  
priorities will help  
fulfill its mission**

Many governments establish master plans to provide a long-range vision and strategies to manage existing assets and desired improvements. A vision for facility investments would prove useful as P’5 recovers from the COVID-19 pandemic and determines how to fund large capital projects. Reaching agreement between Metro, the City and other parties will be important before pursuing potential funding sources. The Facilities Agreement allows the City or Metro to issue up to \$40 million in bonds to renovate P’5 as soon as January 2024. If bonds are issued, it will be important to ensure decision-makers have updated information about building conditions with the estimated costs to improve them.

After two years of reduced operations from COVID-19, P’5 faced challenges that were similar to the issues it faced 25 years ago after a financial crisis. A phased approach to fulfill the P’5 mission was identified at that time to:

- Increase services and management to ensure that the spaces are well maintained and used.
- Subsidize and nurture local arts organizations.
- Provide outreach activities, an extensive education program, and access for broad range of citizens.

The information in this report summarized the need for a plan and funding for P’5 buildings among IGA partners. It will also be important to consider other issues affecting the organization. During the audit, we analyzed information that corresponded to the challenges P’5 faced in the 1990s. While these are not all directly related to IGAs, we think they provide a helpful framework for prioritizing among potentially competing initiatives as P’5 prepares for the next 25 years and beyond.

**Exhibit 12      A phased approach could help P’5 manage competing priorities**

1998 Business Plan Priorities	2022 Challenges
Increase services and management to ensure that the spaces are well maintained and used	<ul style="list-style-type: none"> <li>• Lack of a facility master plan to guide maintenance, renovations or new construction</li> <li>• Rising employee costs</li> </ul>
Subsidize and nurture local arts organizations	<ul style="list-style-type: none"> <li>• Undefined assumptions and strategy for the tiers and associated rental subsidies of local arts organizations</li> <li>• Potential additional revenue (estimated at \$425,000 to \$980,000 annually) by reducing the number of subsidized tiers for local arts organizations</li> </ul>
Provide outreach activities, an extensive education program, and access for broad range of citizens	<ul style="list-style-type: none"> <li>• Unclear goals and performance measures for Diversity, Equity and Inclusion (DEI) efforts</li> </ul>

*Source: Auditor’s Office analysis of 1998 MERC Business Plan priorities and challenges as of April 2022.*

---

## Recommendations

---

To manage financial and compliance risks associated with P'5 IGAs, the General Manager (GM) of Visitor Venues, Finance and Regulatory Services (FRS) Director, and P'5 Executive Director should:

1. Formally document current practices to ensure agreement among IGA parties regarding the:
  - a. Scope and level of detail of P'5 financial information reporting;
  - b. Frequency of updates to P'5 capital asset inventories; and
  - c. Expectations for insuring the buildings.

To ensure P'5 buildings are safe and continue to meet their mission, the GM of Visitor Venues and Deputy Chief Operating Officer (COO) should:

2. Work with IGA parties to reach agreement on what facility information will be used to evaluate the condition of facilities and prioritize capital investments.

To improve Metro's capital improvement planning and implementation, the GM of Visitor Venues; Deputy COO; P'5 Executive Director; Capital Asset Management Director; and FRS Director should:

3. Align the annual capital improvement plan with facility condition assessments;
4. Track project completion; and
5. Update facility condition information when capital improvement projects are completed.

To proactively manage potentially competing priorities, the COO; GM of Visitor Venues; Deputy COO; and P'5 Executive Director should:

6. Develop a cost-effective strategy to develop a regional vision for P'5 facilities, programs, and services.
7. Develop a strategy to allocate resources among critical issues facing P'5, including:
  - a. Stewardship of public assets;
  - b. Support for local arts organizations; and
  - c. Diversity, equity and inclusion efforts.

---

## Scope and methodology

---

The purpose of this audit was to determine if oversight of intergovernmental agreements (IGAs) was effective to manage Portland's Centers for the Arts (P's). Our audit objectives were to determine:

1. If IGA governance structures were clearly designed and functioning effectively; and
2. If sufficient and reliable information was available to accurately plan for and address P's capital needs.

We focused our audit on implementation of P's IGAs that impact revenue and expenditure. Those included the:

- Agreement Regarding Consolidation of Regional Convention, Trade, Spectator, and Performing Arts Facilities Owned and Operated by the City of Portland and the Metropolitan Service District (Consolidation Agreement)
- Oregon Convention Center Intergovernmental Agreement (Lodging Agreement)
- Visitor Facilities Intergovernmental Agreement (Facilities Agreement)

To develop our audit objectives, we reviewed agreements governing Metro and its partners regarding P's and assessed their impacts on P's funding. We analyzed P's revenue and expenditures, including capital expenditures, and conducted limited tests of operating funding and funds raised for P's. We also reviewed facility condition assessments and analyses of P's operating expenses and resident company subsidies.

To identify criteria, we reviewed adopted budgets, Metropolitan Exposition and Recreation Commission (MERC) and Metro Council legislation, as well as strategic plans, performance standards, written policies and procedures, and management reports. We also reviewed professional literature and prior Metro and City of Portland audits of P's.

To identify risks, we interviewed Metro and P's managers as well as representatives from MERC and Portland Audit Services. We also attended meetings of Metro Council and MERC and reviewed meeting information from MERC and the P's Advisory Committee.

To assess IGA governance structures, we selected relevant provisions from IGAs, conducted interviews, reviewed supporting documentation, and estimated financial impacts of gaps between policies and practices. We also developed organizational charts based on selected provisions.

To assess P's capital planning efforts, we reviewed planning information and compared it to best practices from the Government Finance Officers Association in the following areas:

- Capital asset management
- Master plans and capital improvement planning
- Multi-year capital planning

To assess P'5 capital spending efforts, we reviewed information about actual improvements and compared it to planned improvements.

This audit was included in the FY 2021-22 audit schedule. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

# Management response

---



## Memo

Date: Monday, August 15, 2022  
To: Brian Evans, Metro Auditor  
From: Marissa Madrigal, Chief Operating Officer  
Steven Faulstick, General Manager of Visitor Venues  
Subject: Management response to Portland's IGA Audit

---

Auditor Evans:

Thank you for the opportunity to respond to the audit of Metro's Portland's intergovernmental agreements. We appreciate the time and attention spent evaluating these agreements and developing recommendations. We agree that there is a need to clarify the roles and responsibilities where public services are shared across jurisdictions, improve documentation and reports to understand P5 facility conditions, improve Metro's capital improvement planning, and develop strategies that manage and allocate resources for P5 venues. We support the findings and recommendations.

As previously shared, we are launching two projects that the audit results will inform significantly: Venues Visioning and the Keller Future. The timeline for each project starts in fiscal year23. We anticipate full completion of the audit recommendations within six months of each of those projects' completion date. As of August 2022, we expect completion of these projects by July 2024.

Following your recommendations, we will work with department stakeholders to update the agreements and the evaluation procedures. Below are our responses to specific audit recommendations where we identify the next steps.

**Recommendation 1:** To manage financial and compliance risks associated with P5 IGAs, the General Manager (GM) of Visitor Venues, Finance and Regulatory Services (FRS) Director, and P5 Executive Director should:

1. Formally document current practices to ensure agreement among IGA parties regarding the:
  - a. Scope and level of detail of P5 financial information reporting;
  - b. Frequency of updates to P5 capital asset inventories; and
  - c. Expectations for insuring the buildings.

**Response:** Management agrees with this recommendation. Staff will document current practices as noted above and provide the documentation to the IGA parties.

**Recommendation 2:** To ensure P5 buildings are safe and continue to meet their mission, the GM of Visitor Venues and Deputy Chief Operating Officer (COO) should:

2. Work with IGA parties to reach agreement on what facility information will be used to evaluate the condition of facilities and prioritize capital investments.

**Response:** Management agrees with this recommendation. With such a dynamic history, it is critical that all IGA parties agree to evaluation criteria, in order to make better decisions about future capital investments. Metro management will begin discussions with IGA parties in FY23.

**Recommendation 3:** To improve Metro's capital improvement planning and implementation, the GM of Visitor Venues; Deputy COO; P'5 Executive Director; Capital Asset Management Director; and FRS Director should:

3. Align the annual capital improvement plan with facility condition assessments;
4. Track project completion; and
5. Update facility condition information when capital improvement projects are completed.

**Response:** Management agrees with this recommendation. As part of Metro's ongoing work to improve strategic asset management, staff will continue to work with the City of Portland as the property owner to identify capital needs in alignment with facilities condition assessment and the shared framework for prioritizing investments. Based on an updated shared understanding of responsibilities and priorities, this may identify capital improvements that will need to be incorporated in Metro's capital planning process. Improvements to project reporting will continue to be a high priority and staff in Capital Asset Management and FRS will prioritize better communicating project completion, information and aligning facility condition information with project completion reports.

**Recommendation 4:** To proactively manage potentially competing priorities, the COO; GM of Visitor Venues; Deputy COO; and P'5 Executive Director should:

6. Develop a cost-effective strategy to develop a regional vision for P'5 facilities, programs, and services.
7. Develop a strategy to allocate resources among critical issues facing P'5, including:
  - a. Stewardship of public assets;
  - b. Support for local arts organizations; and
  - c. Diversity, equity and inclusion efforts.

**Response:** Management agrees with this recommendation. The Venues Visioning project will include the development of a regional vision for P'5 facilities, programs and services. Management will develop a strategy to allocate resources for critical issues outlined in this recommendation as a part of the Venues Visioning project. The history, current status, and future direction of the above items will be evaluated in that process.

I want to express my gratitude to you and your team for performing this audit and for the opportunity to submit a management response.

Sincerely,



Marissa Madrigal, Chief Operating Officer



Office of the Metro Auditor  
600 NE Grand Avenue  
Portland, Oregon 97232  
503-797-1892  
[www.oregonmetro.gov](http://www.oregonmetro.gov)

## P'5 PERFORMING ARTS VENUES WORKGROUP



**Brian Moore**  
**Development Manager, Prosper Portland**

Brian Moore is a Development Manager with Prosper Portland where he oversees a team responsible for managing TIF districts across the City of Portland. He has over 15 years of experience in real estate development and public private partnerships. Surprisingly, he also spent 4 years in the Susan Rose Dance Company working in experimental choreography with international collaborations and performances across the United States. More recently, he embraced the interpersonal complexity of the social dance styles Kizomba and Bachata.



**Chris Oxley**  
**M.E.R.C. Commissioner; owner/principle for Adaptive Strategies**

Chris Oxley is Metropolitan Exposition and Recreation Commission (MERC) Commissioner and owner/principle for Adaptive Strategies, a consultant services company providing owner/executive-level advisory in sports, music, live events, and hospitality. Services include venue development, event revenue maximization, negotiating strategy and public affairs.

Chris' expansive career in the sports and entertainment industry has spanned three decades, 24 years of which were in Portland and the Pacific Northwest. He has significant experience in the environment where venues and live events intersect with communities and government.



**Dana Rokosny**  
**President, Musicians Union AFM Local 99**  
**Secretary, Music Education Assistance Project (MEAP)**

Violist and baroque violist, Dr. Dana Rokosny regularly performs with the Oregon Symphony, Portland Opera Orchestra, Oregon Ballet Theater, Eugene Symphony Orchestra, MicroPhilharmonic (and Baroque), and numerous ensembles throughout Oregon. She is also a tenured member of the Oregon Mozart Players with which she has

soloed. During summers, Dana performs with the Oregon Bach Festival, Britt Music Festival, Sunriver Music Festival, and Pikes Falls Chamber Music Festival.

Dana is an enthusiastic chamber musician and performs frequently with the Portland based Stumptown string quartet and the faculty string quartet at Lewis and Clark College where she is Instructor of Viola. Dana has also maintained a thriving private studio for over fifteen years of all ages and levels.

A musician that is committed to be in service to others, she is the president of the Musicians Union AFM Local 99 and secretary of the affiliated Music Education Assistance Project (MEAP). Dana is a member of Oregon Women Labor Leaders. While living in Maryland, Dana served as Assistant Executive Director for the Boulanger Initiative in its beginnings, a non-profit that supports music by women identifying composers.

B.M., Ithaca College; M.M., Rice University; Professional Studies, Cleveland Institute of Music; D.M.A, University of Maryland College Park



### **David Peterson** **Producer, Oregon Repertory Singers and Portland Gay Men's Chorus**

David Peterson has a deep, lifelong passion for supporting and participating in non-profit performing arts organizations. With over 35 years of experience as a concert producer and volunteer singer in multiple choral groups, his work spans Portland, Los Angeles, and international stages. Currently a singing member of the Oregon Repertory Singers, David has produced concerts for ORS since 2020. He has also produced numerous concerts at P5 venues for the Portland Gay Men's Chorus since 2008.

By day, he serves as the Operations Manager for the climate-tech company Community Energy Labs. Additionally, David is the creator of the beloved Portland holiday favorite *Queer Eye for the Magi*, which just had its 7th annual engagement. A strong advocate for small to mid-sized non-profit arts groups, David is honored to serve on the P5 Working Group, ensuring these vital community organizations have equitable representation in Portland's major performance venues.



**Diana Scoggins**  
**Executive Director, Metropolitan Youth Symphony**

Diana Scoggins has been the Executive Director of Metropolitan Youth Symphony since 2010. Under her watch, the organization has tripled its budget, expanded its programming, grown its board, matured development and marketing operations, and undertaken two successful music director searches. Prior to joining MYS, Diana was a business analyst with the Bonneville Power Administration after working in Washington, D.C. on projects for the Treasury Department and Bureau of Land Management. Also in D.C., she directed programming for the Congressional Human Rights Foundation, a bipartisan educational non-profit.



**Donald V. Forsythe**  
**Treasurer, Portland State University**

Donald Forsythe has held multiple positions since joining Portland State University in January 2000, with his current and longest held role being Treasurer since June 2014. Over his 25 years at the university, his experience includes strategic planning, operational forecasting and cash flow management for over \$600 million in expenditures annually, investment & debt portfolio oversight, capital project planning and finance. Additionally, Donald has held leadership positions for the operations and management of over 60 self-support and generally funded departments. He has overseen hospitality services such as lodging, events & venue management, and food & beverages services. He is passionate about long-term financial sustainability in operations, the economic vitality of arts and cultural industries in urban areas and creating environments that elevate employee and patron experience. Donald holds a bachelor of science in economics, a post baccalaureate certificate in applied energy economics regulation & policy, and a master's of science in economics.



**Dwana A. Smallwood**  
**Artist, curator, choreographer**  
**Real Estate Services, Vibrant Communities (City of Portland)**

Dwana A. Smallwood is an accomplished multidisciplinary artist and curator who is committed to cultivating vibrant, creative communities. With a wealth of experience as a professional dancer and executive director in the arts, she leads transformative projects that seamlessly blend performance, visual arts, and cultural exchange. Her curatorial vision operates at the dynamic intersection of innovation and tradition, crafting impactful spaces for connection and expression. As a former professional dancer and now a choreographer, Dwana captivates audiences worldwide by masterfully merging technical precision with emotional depth. Through her work, she asserts the power of art as a catalyst for dialogue and transformation. Recently, she and her husband relocated to Portland, Oregon, where she joined the Real Estate Services team at Vibrant Communities in 2024.



**Isaac Thompson**  
**President & CEO, Oregon Symphony**

Since October of 2023, Isaac Thompson has served as President and CEO of the Oregon Symphony. Prior to joining the Oregon Symphony, Isaac served as Managing Director of the New York Philharmonic for nearly seven years, where he was part of the leadership team that spearheaded the \$550 Million renovation of David Geffen Hall at Lincoln Center. Thompson has also served in senior leadership roles with the Cincinnati Symphony Orchestra, Milwaukee Symphony and the Music@Menlo festival. Prior to his career in arts management, Thompson trained as a professional violinist and has performed with orchestras and at festivals throughout the United States, Europe, and Asia.



**Jeff Miller**  
**CEO Emeritus, Travel Portland**

Jeff Miller is CEO Emeritus of Travel Portland, the city's destination marketing organization. For 18 years, Jeff directed the organization's efforts to position Portland as a preferred global destination for meetings, conventions and leisure travel. The work Jeff supervised provided a significant boost to the local economy through visitor spending, lodging tax collections and job creation. As of January 1, 2025,

Jeff is working externally on several limited duration projects as directed by the current President and CEO, Megan Conway.

Prior to joining Travel Portland, Jeff served as the general manager of the Metropolitan Exposition Recreation Commission (now known as Metro Visitor Venues), a regional agency that oversees several of the area's largest public venues, including the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Expo Center. He honed his financial and business acumen during 20 years as a retail executive, including 13 years as general manager of Saks Fifth Avenue in Portland. He attended King College in Tennessee, earning a bachelor's in business administration.



**Jim Brunberg**  
**Portland'5 Advisory Committee and Portland'5 Foundation**

Jim Brunberg is a composer / musician who built and co-owns a family of Portland venues (Revolution Hall, Mississippi Studios, Polaris Hall, Show Bar and Mendelssohns). He started the Independent Venue Coalition in 2020 and fought to procure emergency funding for shuttered venues at both the state and federal level through the Shuttered Venue Operators Grant program. He values music education firstly, and believes that the social cohesion and economic impact of live performance can save our city. He continues to serve on the board of the National Independent Venue Coalition (NIVA) as well as several local Arts Organizations. He plays music constantly with his teenage daughters as well as his group Wonderly, and is writing his first opera.



**Karen Whitman**  
**Executive Director, Halprin Landscape Conservancy**

Karen Whitman has filled roles as a dogged supporter, leader, founder and nay-sayer. She owned a full service marketing firm; developed a national place-making initiative; founded a community bank and several arts organizations (Converge); led Pioneer Courthouse recovery plan and was a manager; founder consultant of Association of Portland Progress, Downtown Community Committee who became a client.

She is the owner of Karen Whitman Projects and her singular effort is as the current and only Executive Director of the Halprin Landscape Conservancy focused on the world-famous Portland Open Space Sequence and the Project Director of the proposed Keller Auditorium restoration project.



**Michelle David**  
**Multnomah County Cultural Coalition**

Michelle has deep experience in supporting a vision of our creative future that hears and supports Portland's diverse perspectives. As Mayor Wheeler's Arts, Music, and Culture Liaison in City Hall, Michelle co-founded the Events Action Table: regular online and in-person meetings of artists, creatives, venue operators, and performers convened to discuss regional recovery and revitalization efforts. Relevant experience includes serving as Arts, Music, and Culture Liaison for Mayor Ted Wheeler, Communications Director for the Portland Winter Light Festival, Grant Manager both at the Portland Events and Film Office housed at Prosper Portland and for the Vibrant and Inclusive Community Spaces Program at Portland Bureau of Transportation, Supervisor at TicketsWest for venues including Portland'5, President Emeritus at Precipitation Northwest, and Communications and Outreach Chair for the Multnomah County Cultural Coalition.

When not exploring local cultural experiences, Michelle provides strategic direction for Roboto Octopodo, a local artist collaboration group operating downtown Portland's immersive art venue FATHOM.



**Prentice Onayemi**  
**Artist, farmer, consultant; Grains of Salt, Foglight Farms**

Prentice Onayemi is an artist, farmer, and consultant. He has performed in over a dozen countries, spent a year on Broadway, and was the youngest inductee to Audible's Narrator Hall of Fame. His farm, Foglight, vends at the PSU Saturday farmers market May-October and integrates a range of creative programming into its presence there. And he helps run Grains of Salt, a consultancy working at the intersection of the arts and real estate that has supported some of Portland's and Washington's most beloved cultural organizations.

Prentice holds a BFA from New York University, an MBA from Columbia University, and currently serves as Interim Executive Director of Friends of IFCC—which is dedicated to the revitalization of Interstate Firehouse Cultural Center, a historic home for Black arts and culture in N/NE Portland.



**Rich Jaffe**  
**CEO, Broadway Across America**

Rich Jaffe, CEO of Broadway Across America, has been promoting live entertainment for more than 30 years with a broad background in both commercial and non-profit venues. Today, Rich oversees Broadway Across America's presenting and venue operations business, bringing touring Broadway to more than 40 markets in North America. Rich began his career spending a decade promoting live entertainment and sports at Madison Square Garden and Radio City Music Hall. While at MSG in 1999, Rich promoted his first show at the Keller Auditorium, *The Wizard of Oz* starring Mickey Rooney as the Wizard.



**Rose Etta Venetucci**  
**Member, IATSE**

Rose Etta studied Theater Arts at PSU. She is a passionate theater lover and an IATSE member for 35 years. She has experience working in all of the P'5 venues and she stage managed the opening of the last theater built by the City of Portland. Rose Etta is a theatrical lighting designer, mom, kids' soccer coach and cancer survivor.



**Ruby Joy White**  
**Director of Culture and Community, Portland's Centers for the Arts**

Cultural worker, sociologist, and artist Ruby Joy White (she/they) has a creative background in journalism and moderating, fiction writing and prose, multimedia visual art, classical music, and dance. Ruby's sociological practice lies in the realms of family systems/violence, domestic violence and sexual assault advocacy, dynamics of poverty, and social equity strategy.

Currently, Ruby serves as the Director of Culture and Community at Portland's Centers for the Arts where she stewards a body of work that's seeped in collectivism within artistic expression, identity, access, and decision-making. They sit on the Contemporary Art Council Board at the Portland Art Museum, Hey Doc Clinic Advisory Council, and the Multnomah County Cultural Coalition. When not working or creating, you can find Ruby cooking and baking, dancing, finding new music, exploring the outdoors with their perfect pup, and making her loved ones cackle.



### **Ruth Wikler**

#### **Director of Arts Programming, Partnerships, & Philanthropy, Clark College**

Ruth Juliet Wikler was recently named the first Director of Arts Programming, Partnerships, & Philanthropy at Clark College in Vancouver, WA. She concurrently serves on Clark's adjunct faculty in Theatre and consults for the performing arts field internationally, with a focus on presenting, touring, and global exchange in art forms such as contemporary circus, street arts, and performing arts for youth.

Her article "Vive le cirque: a Contemporary Circus Curation Primer" was published in the most recent edition of *TURBA Journal: Curating Live Arts*. Recently returned from a stint curating circus in Montreal, Ruth is now based in Portland and is a proud board member of Portland's Boom Arts, which she founded in 2012 and led for seven seasons.



### **Samuel Hobbs**

#### **Founder and Artistic Director, push/FOLD and Union PDX**

Samuel Hobbs is a presenter, educator, advocate, and cross-disciplinary artist, as well as the founder and Artistic Director of Portland-based dance company push/FOLD and Union PDX - Festival of Contemporary Dance. Envisioning a community where access, opportunity, and resources to the arts are proximal, local, and diverse, Samuel's work over the past 16 years couples education and advocacy with professional performance to inspire community transformation.

Collaborating with artists, educators, presenters, and communities, Samuel reframes power as a collective endeavor, providing guidance in production, administrative, and artistic development to artists and educators, while facilitating Inclusion, Diversity, Equity, and Access workshops for regional conferences. Named a 2023 Oregon Performing Arts Fellow, Samuel's creative work reflects a synesthetic experience of sound and movement, integrating original compositions and athletic contemporary movement to explore themes of identity and interconnectedness. Outside the arts, Samuel continues their commitment to health and empowerment through their private practice as an Osteopathic Manual Therapist. Samuel is excited to serve Portland as a member in the Performing Arts Venues Workgroup.



**Sue Dixon**  
**General Director and CEO, Portland Opera**

Sue Dixon serves as the General Director and CEO of Portland Opera, bringing over 30 years of expertise in philanthropy, strategic planning, and organizational development. A passionate advocate for mentorship and leadership development, she is dedicated to fostering the next generation of inspiring leaders. With a background in the private sector, Sue applies her business and financial expertise to guide Portland Opera through complex challenges, including financial restructuring and navigating the global pandemic. She is also a board member of the Cultural Advocacy Coalition of Oregon, where she supports the arts and cultural sectors statewide.

# PROJECT TEAM



**Brian Wilson**

**Executive Director, Portland's 5 Centers for the Arts (Metro)**

Brian has spent over two decades turning imaginative ideas into unforgettable experiences. His career launched with producing global events for legendary properties like *Star Trek*, *Star Wars*, *Battlestar Galactica*, and *Xena: Warrior Princess*. From intergalactic adventures, Brian shifted to the aviation world, serving as Deputy Director for a large aviation museum, where he oversaw daily operations and orchestrated high-profile fundraising events.

Seeking more entertainment excitement, Brian joined The Walt Disney Company as an entertainment stage manager, enhancing his skills in live entertainment. He later brought his leadership to venue management at the Anaheim Convention Center working such events as BlizzCon, VidCon, and Disney D23 before moving into the theater world at Portland's 5 Centers for the Arts.

Brian is an active member of the International Association of Venue Managers (IAVM), a certified venue professional, and is currently serving on their Performing Arts Committee.



**Chariti Montez**

**Director, Office of Arts & Culture (City of Portland)**

Chariti started working in public libraries at age 16 and has been hooked on public service ever since. With a love of and background in both music and architecture, Chariti started working at the City of Portland in 2010. Over the last 15 years she has worked in permitting at the Bureau of Development Services, managed Summer Free For All's cultural programming at Portland Parks & Recreation, served as Commissioner Dan Ryan's Senior Policy & Strategic Initiatives Advisor, and led the creation of the City's Safe Rest Villages as the Houselessness Strategies Manager.

In that same time period, Chariti has performed in, produced, or promoted hundreds of shows – mostly Jazz, Brazilian, and Mexican folk music – in small to mid-size venues across Portland.

Chariti now serves as the Director of the City's new Office of Arts & Culture, guiding a team focused on arts education, cultural planning, events, grantmaking, public art, and the City's performing arts venues.



**Rachael Lembo**  
**Deputy Director, Portland's Centers for the Arts (Metro)**

Rachael Lembo, Deputy Director at Portland's Centers for the Arts, studied business and modern dance equally in college. In New York, she bridged her finance skills and love of arts at the Brooklyn Academy of Music and Tribeca Enterprises, parent company of the Tribeca Film Festival. After moving back to Portland, she explored new areas, becoming a CPA at Talbot, Korvola & Warwick, then moving into local government where she has worked in venues, capital asset management, planning & development and housing. She was thrilled to rejoin Portland's Centers for the Arts in fall 2024.



**Soo Pak**  
**Arts, Culture & Special Events Manager, Portland Parks & Recreation (PP&R) and the Office of Arts & Culture (City of Portland)**

Soo Pak is the City of Portland's Arts, Culture & Special Events Manager. She oversees PP&R's arts centers, outdoor cultural programs, artist residencies, and community partnership programs. She is also the project manager for the Performing Arts Venues Workgroup—charged with recommending alternative operating models for Portland's Centers for the Arts. Additionally, she is a project lead for the community vision to redevelop Interstate Firehouse Cultural Center (IFCC) into an expanded center for Black arts and culture.

Soo has dedicated 25+ years of her professional life to the arts with roles in management, communications, programming, and operations. Previously, she served as a Vice President at the multi-arts center, Brooklyn Academy of Music (BAM), where she was involved in four capital expansion projects within the Brooklyn Cultural District. She has served in various roles at nonprofit arts organizations including Boston Center for the Arts, L'Alliance New York, the Museum of Fine Arts Boston, and the Whitney Museum of American Art. Her husband and daughter are artists.



**Ben Duncan**  
**Vice President, Kearns & West**

Ben Duncan brings nearly two decades of working at the intersections of social, environmental, and economic systems and racial and ethnic disparities. He facilitates public and non-profit management focused on policy and program design, organizational culture change, and best practices in Environmental Justice and DEI (Diversity, Equity, and Inclusion). Ben brings expertise in executive leadership to Kearns & West. Ben develops effective and inclusive processes in complex political and organizational environments and in partnering with organizations of all levels — from executive leadership to front line employees and communities to develop collaborative solutions.



**Colin Baker**  
**Associate, Kearns & West**

Colin Baker is an Associate at Kearns & West supporting community engagement, facilitation, mediation, and analytics to projects in the energy, community and regional planning, land use and natural resources, climate adaptation and resiliency, public health, and arts sectors. Colin leverages his skills in research and analysis, project management, strategic process support, and writing and editing to support clients with designing, implementing, and understanding effective engagement and facilitation strategies. He brings a decade of experience in the education and philanthropic fields as a portfolio manager, nonprofit fundraiser, and teacher. Colin holds a Bachelor of Arts in public policy from Duke University.

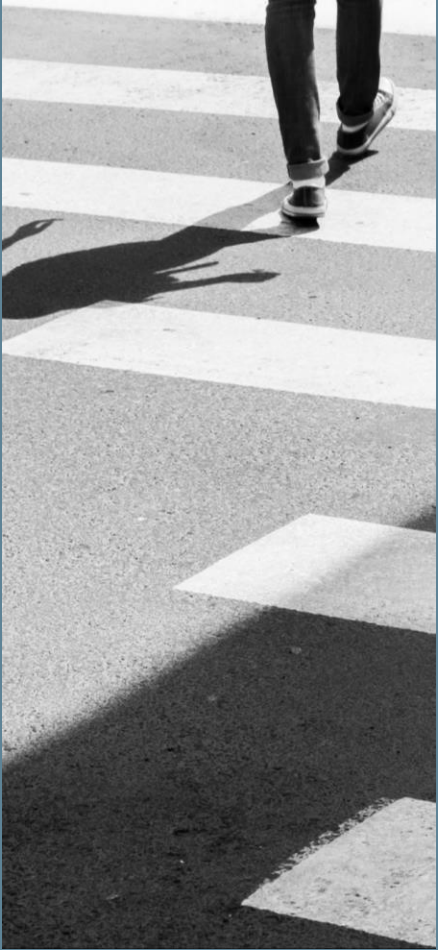


# Performing Arts Venues Workgroup – Kickoff Meeting

January 22, 2025



Metro



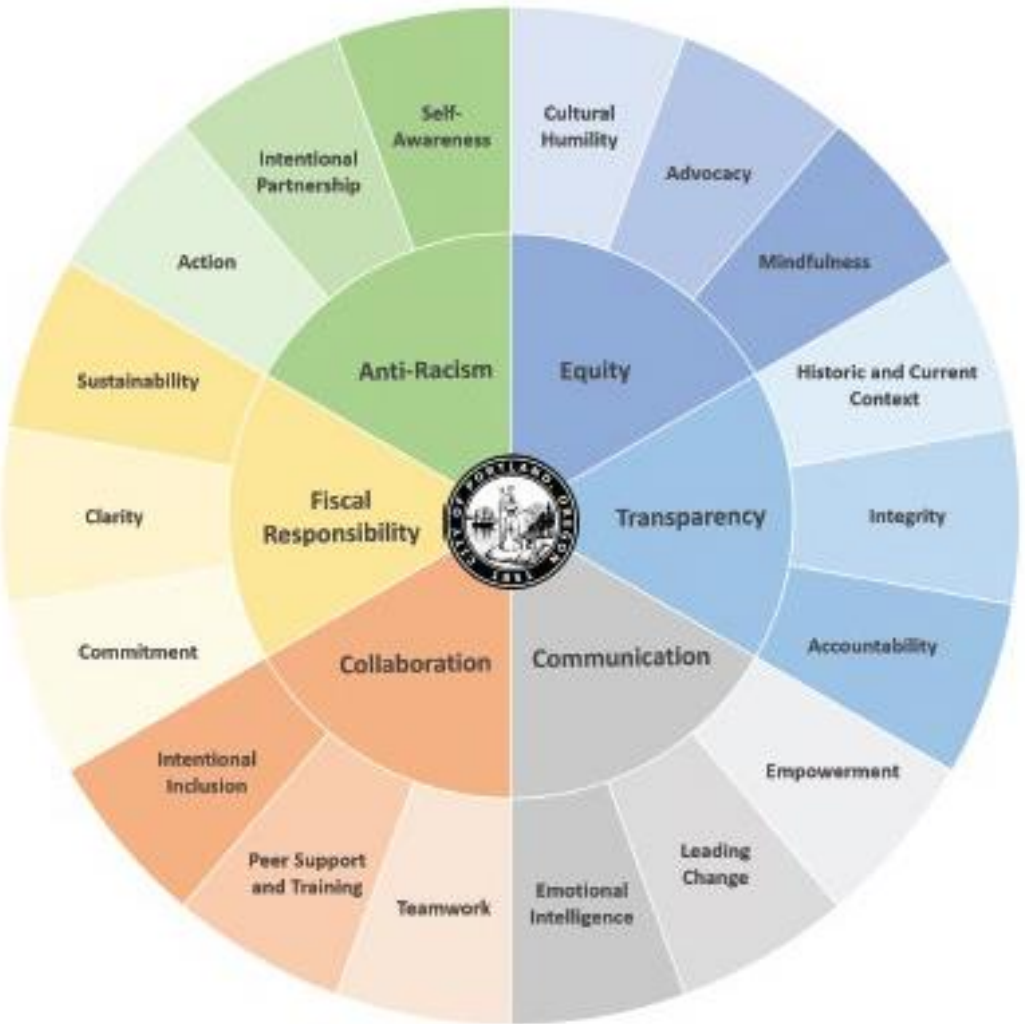
# Agenda

- **Welcome and Agenda Review**
- **Introductions**
- **Core Values and Group Agreements**
- **Background and Context**
- **Workgroup Vision, Purpose, and Goals**
- **Meeting Cadence and Schedule**
- **Closing and Next Steps**
- **Adjourn**

# Introductions

- Name
- Pronouns
- Affiliation(s)/who you represent
- Why you joined
- Vision for a thriving performing arts community in Portland

# Core Values, Commitments & Guiding Principles



COMMITMENTS  
**Keep our promises and build back better**

GUIDING PRINCIPLES  
**Racial justice**  
**Climate justice and resiliency**  
**Shared prosperity**



# Group Agreements – How we show up

---

1. Listen to understand, not to respond.
2. W.A.I.T. ["Why Am I Talking?"]
3. Assume good intentions but attend to impact.
4. Be willing to make mistakes and be forgiving of those who do.
5. Allow for, and appreciate, disagreement of opinions, ideas, methods – respectfully.
6. Personal stories stay, lessons can be shared.
7. Bring forward issues/concerns as early as possible
8. Permission to speak in "rough draft" *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – What we bring

---

1. We are visionary and we will be bold
2. We prioritize the value to the public good – our love of the arts, the importance of Downtown and the future of Portland
3. We come to be part of a team
4. We will be aggressively curious about each other's ideas – with intent to expand and/or improve
5. We are hard on the structures but soft on the people
6. We make time for joy
7. Honor the history – learn from the past as we imagine the future *[added during meeting]*
8. We are entitled to our own opinions but not our own facts *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – In between meetings

---

1. Media inquiries about process will be directed to City of Portland
2. If/when we have homework between meetings, we commit to coming prepared
3. Hold respect for the workgroup space and the power of the work we can do *together*
4. \_\_\_\_\_

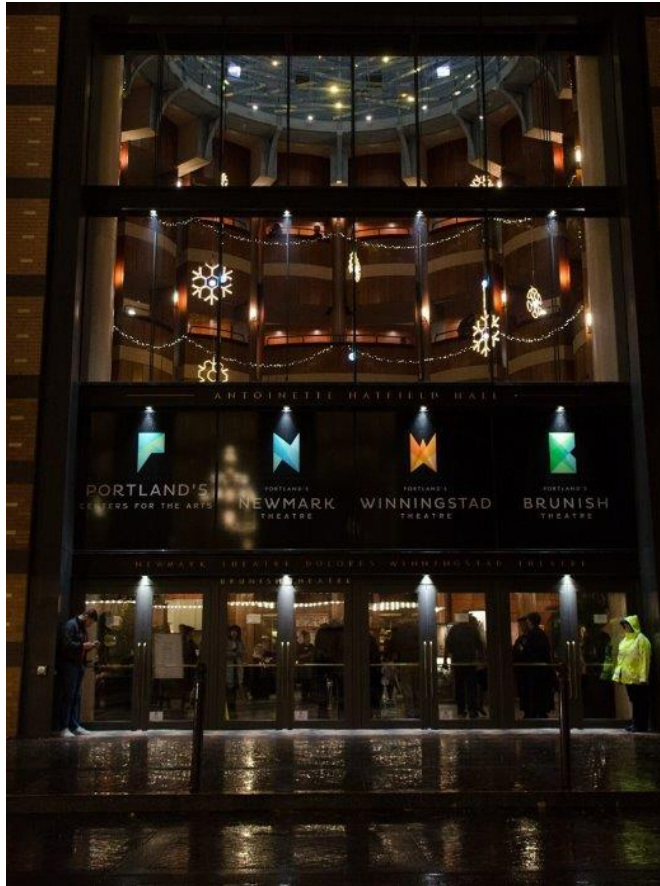
# Background & Context

Chariti Montez, City of Portland  
Brian Wilson, Metro



# Portland's 5 Centers for the Arts

---



**Keller Auditorium (1917)**

**Arlene Schnitzer Concert Hall (1928)**

**Antoinette Hatfield Hall (1987)**

- **Newmark Theatre**
- **Dolores Winningstad Theatre**
- **Brunish Theatre**

# City of Portland / Metro/ MERC/ Portland'5 Relationships

---

## **City to Metro:**

Metro is the regional government that serves the Portland metropolitan area. The City of Portland collaborates with Metro through IGAs on management and operations of city-owned facilities.

## **Metro to MERC:**

The Metropolitan Exposition Recreation Commission (MERC) is an oversight body within Metro, and MERC oversees management of the Portland'5 Centers for the Arts venues.

## **MERC to Portland'5:**

MERC oversees Portland'5 which is a department of Metro responsible for the day-to-day operations, programming, and maintenance of the Portland'5 Centers for the Arts venues.

# Current Status

---

- **Consolidation Agreement – last updated 2013**
- **Funding**
- **2022 Metro Audit of Portland's IGAs**

# Questions?

---

# Workgroup Vision, Purpose and Goals

Chariti Montez, City of Portland



# Resolution Directives

## Directive #1

Convene a Performing Arts Venue Workgroup with key stakeholders from Metro, Portland's regional arts and culture community including users, labor partners and visitors of City-owned arts facilities.

## Directive #2

Workgroup to assess immediate and long-term operations, maintenance, and planning, aligning with regional goals for cultural and economic development.

## Directive #3

Engage subject matter experts to analyze business models and governance and explore alternative operating models.

Keller Auditorium  
Portland's 5 Centers for the Arts



# Resolution Directives

## Directive #4

Ensure collaboration among all appropriate Service Area staff with the Deputy City Administrator of Vibrant Communities.

## Directive #5

Present short-term recommendations to the City Administrator by June 30, 2025.

## Directive #6

Present recommendations on IGA renegotiation to the City Administrator by June 30, 2025.

Dolores Winningstad Theatre  
Portland's Centers for the Arts



# Meeting Cadence and Schedule

---

Ben Duncan, Kearns & West



# Proposed Meeting Structure and Cadence

- 2-hour meetings
- Every other Wednesday until mid- to late May 2025
- In person preferred, but virtual when necessary

# Proposed Meeting Schedule

January	February	March	April	May	June
1/22 (today)	2/5	3/5	4/2	5/14	Week of 6/2: Workgroup recommendations presented to DCA and GM of Visitor Venues
	2/19	3/19	4/16	5/28 (if needed)	By 6/30: Workgroup recommendations presented to City Administrator
			4/30		

# Closing and Next Steps

Ben Duncan, Kearns & West



## P'5 Workgroup Meeting Summary

### 1/22/25 Kickoff Meeting

#### Meeting Objectives

1. Get to know workgroup members and staff
2. Establish and clarify values and group agreements
3. Learn about the background and context of Portland'5 and IGA
4. Understand the vision, purpose, and goals of the workgroup
5. Answer initial questions
6. Determine next steps and action items

#### Agenda

Topic and Lead	Description	Time
<b>Opening and Agenda Review</b> Ben Duncan, Kearns & West	Meeting opening and agenda review  Opening Remarks from City and Metro	3:00 – 3:05 pm (5 mins)
<b>Introductions</b> Ben Duncan, Kearns & West	Member and staff introductions: <ul style="list-style-type: none"> <li>• Name</li> <li>• Pronouns</li> <li>• Affiliation(s)/who you represent</li> <li>• Why you joined</li> <li>• Your vision for a thriving performing arts community in Portland</li> </ul>	3:05 – 3:45 pm (40 mins)
<b>Core Values and Group Agreements</b> Ben Duncan, Kearns & West	Describe core values for the process Review proposed group agreements	3:45 – 4:00 pm (15 mins)
<b>Background and Context</b> Chariti Montez, City of Portland	Historical and legal background to the Portland'5 and IGA  Q and A	4:00 – 4:35 pm (35 mins)
<b>Workgroup Vision, Purpose, and Goals</b> Chariti Montez, City of Portland	Understanding the vision, purpose, and goals of the workgroup Resolution  Q and A	4:35 – 4:50 (15 mins)
<b>Meeting Cadence and Schedule</b>	Review proposed meeting cadence and schedule	4:50 – 4:55

Ben Duncan, Kearns & West		(5 mins)
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:55 – 5:00 pm (5 mins)

## Meeting Summary

### Opening and Agenda Review

Ben Duncan, Facilitator from Kearns & West, started the meeting and reviewed the agenda.

Craig Stroud, General Manager of Visitor Venues at Metro, shared opening remarks on behalf of Metro, highlighting the longtime relationship between Metro and the City of Portland to improve hospitality in the area. Craig noted that the Workgroup is not charged with reaching consensus on its recommendations and does not need to determine the public financing needed to support its recommendations. He noted the charge of the group includes discussion of “what” funding could support structurally and operationally, but the Workgroup is not scoped to determine or discuss the “how.”

Brian Wilson, Interim Executive Director of Portland’s (P’5), introduced himself and shared that he will be stepping down from his role midway through the Workgroup process due to personal reasons.

Ben noted that Workgroup meetings are not open to the public and are not recorded. He noted that meeting summaries will be provided to members after each meeting, capturing content and any action items.

### Introductions

Workgroup members and Metro and City staff introduced themselves, sharing their professional and/or personal affiliations, why they joined the Workgroup, and their visions for a thriving performing arts community in Portland. Members represent a wide spectrum of backgrounds and experiences in the performing arts.

Key themes shared across comments included:

- A shared passion and commitment to a thriving, accessible, and equitable arts community
- Seizing the opportunity to ensure the long-term viability of City venues so that they remain cultural and economic hubs for the city and region far into the future.
- Appreciation for the expertise, historical context, and connection to arts in the room and the importance of bringing unique perspectives to the Workgroup to create recommendations that improve the performing arts community for *all* involved, from musicians, actors, dancers and stagehands to venue operators, show producers, local government and the broader public.

### Core Values and Group Agreements

Chariti Montez, City of Portland, reviewed the City’s core values, and Brian shared Metro’s commitments and guiding principles to ground the Workgroup.

Ben proposed group agreements to the Workgroup and invited members to add others, which included:

- Permission to speak in “rough draft”
- Honor the history – learn from the past as we imagine the future
- We are entitled to our own opinions but not our own facts

Members assented to the proposed group agreements.

### Background and Context

Chariti provided an overview of the venues under consideration by the Workgroup, including:

- Keller Auditorium
- Arlene Schnitzer Concert Hall (ASCH)
- Antoinette Hatfield Hall (AHH)
  - Newmark Theatre
  - Dolores Winningstad Theatre
  - Brunish Theatre

Brian shared a summary of the history of Portland’5. He also outlined the relationships between the City of Portland, Metro, Metropolitan Exposition Recreation Commission (MERC), and P’5 as they relate to the work of the Workgroup. Brian also answered Workgroup member questions about these entities and their roles related to performing arts in Portland in general and P’5 specifically.

Chariti presented background on and changes to the Consolidation Agreement and inter-governmental agreements (IGAs) related to P’5 over the years. She also shared information about the public funding mechanisms for P’5, and the 2022 Metro audit of the IGAs.

Brian and Chariti fielded questions from Workgroup members about the specifics of the IGAs, public funding mechanisms, and the 2022 Metro audit. They also committed to sharing background documents on these topics with Workgroup members to ensure that members had a shared understanding of some of the foundational documents that will be discussed in the process.

### Workgroup Vision, Purpose, and Goals

This portion of the agenda will be covered at the next Workgroup meeting.

### Meeting Cadence and Schedule

Ben reviewed the meeting structure and cadence, including weekly meetings on Wednesdays from 3:00 to 5:00 pm through mid-May 2025. He noted that in-person participation is preferred.

### Closing and Next Steps

Ben thanked members for their participation and shared a brief overview of the topics to be covered at the next meeting, including more details about the vision, purpose, and goals of the Workgroup.



# Performing Arts Venues Workgroup – Meeting Two

February 5, 2025

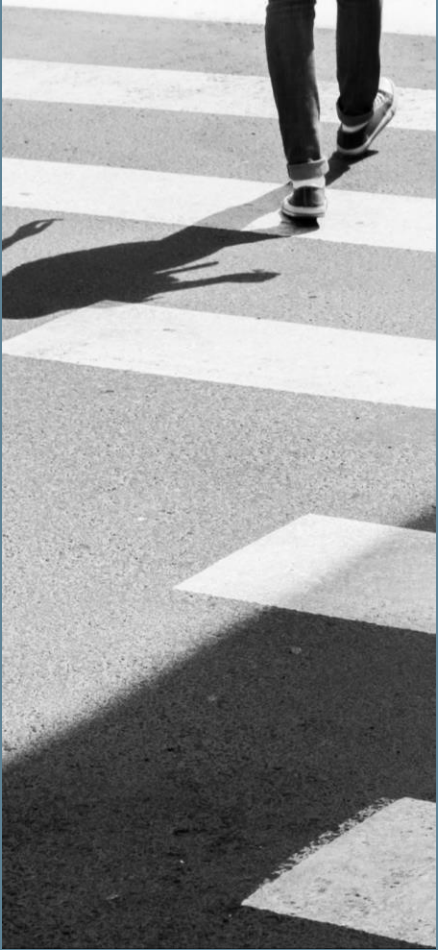


# Introductions

- Name
- Pronouns
- Affiliation

# **Opening Remarks**

**Sonia Schmanski**, Deputy City Administrator for Vibrant Communities, City of Portland



# Agenda

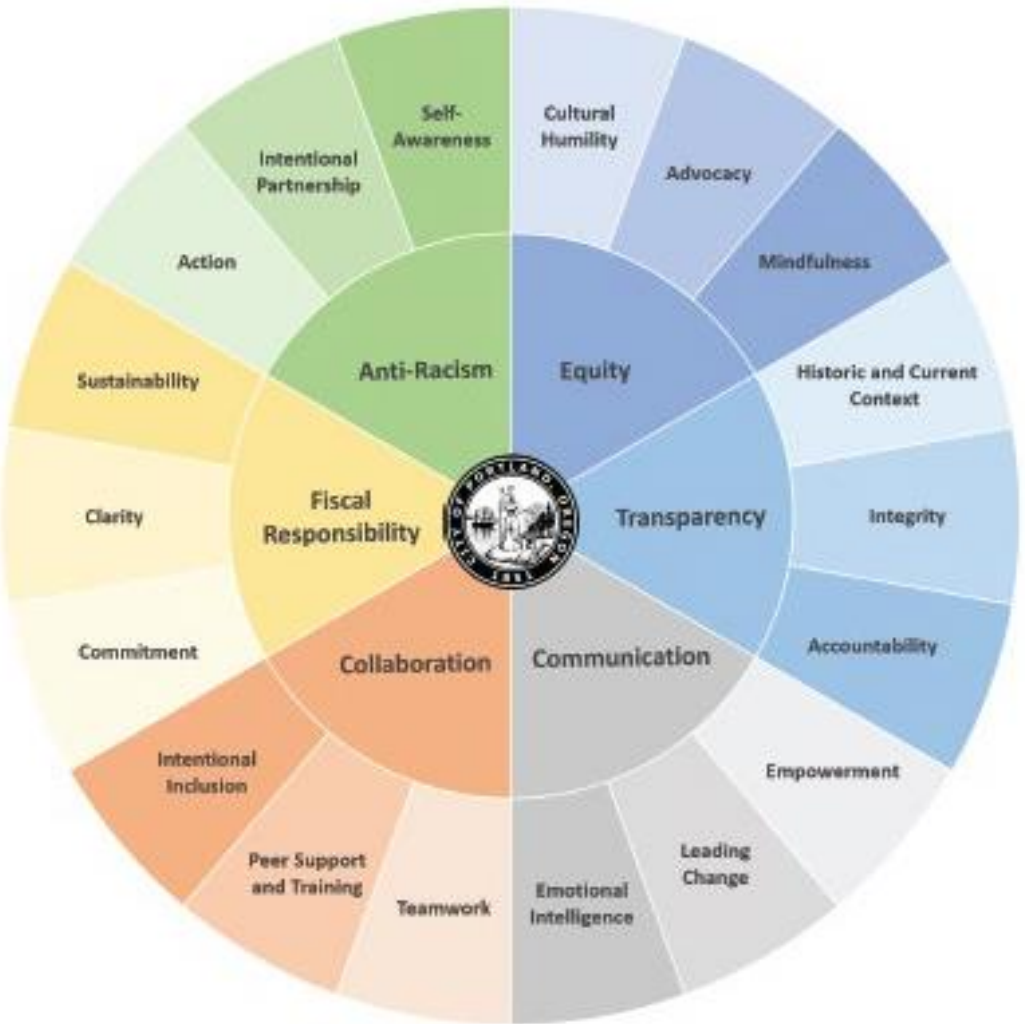
- Opening, Introductions, and Agenda Review
- Core Values and Group Agreements
- Workgroup Vision, Purpose, and Goals
- Key Topics and Questions for the Workgroup
- Closing and Next Steps

# Core Values and Group Agreements

Ben Duncan, Kearns & West



# Core Values, Commitments, and Guiding Principles



COMMITMENTS  
**Keep our promises and build back better**

GUIDING PRINCIPLES  
**Racial justice**  
**Climate justice and resiliency**  
**Shared prosperity**



# Group Agreements – How we show up

---

1. Listen to understand, not to respond.
2. W.A.I.T. ["Why Am I Talking?"]
3. Assume good intentions but attend to impact.
4. Be willing to make mistakes and be forgiving of those who do.
5. Allow for, and appreciate, disagreement of opinions, ideas, methods – respectfully.
6. Personal stories stay, lessons can be shared.
7. Bring forward issues/concerns as early as possible
8. Permission to speak in "rough draft" *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – What we bring

---

1. We are visionary and we will be bold
2. We prioritize the value to the public good – our love of the arts, the importance of Downtown and the future of Portland
3. We come to be part of a team
4. We will be aggressively curious about each other's ideas – with the intent to expand and/or improve
5. We are hard on the structures but soft on the people
6. We make time for joy
7. Honor the history – learn from the past as we imagine the future *[added during meeting]*
8. We are entitled to our own opinions but not our own facts *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – In between meetings

---

1. Media inquiries about process will be directed to City of Portland
2. If/when we have homework between meetings, we commit to coming prepared
3. Hold respect for the workgroup space and the power of the work we can do *together*
4. \_\_\_\_\_

# Workgroup Vision, Purpose, and Goals

---

Chariti Montez, City of Portland  
Brian Wilson, P'5



# Resolution Directives

## Directive #1

Convene a Performing Arts Venue Workgroup with key stakeholders from Metro, Portland's regional arts and culture community including users, labor partners and visitors of City-owned arts facilities. (City and Metro)

## Directive #2

Workgroup to assess immediate and long-term operations, maintenance, and planning, aligning with regional goals for cultural and economic development. (City and Metro)

## Directive #3

Engage subject matter experts to analyze business models and governance and explore alternative operating models. (City)

Keller Auditorium  
Portland's 5 Centers for the Arts



# Resolution Directives

## Directive #4

Ensure collaboration among all appropriate Service Area staff with the Deputy City Administrator of Vibrant Communities. (City)

## Directive #5

Present short-term recommendations to the City Administrator, MERC and Metro Council by June 30, 2025. (City and Metro)

## Directive #6

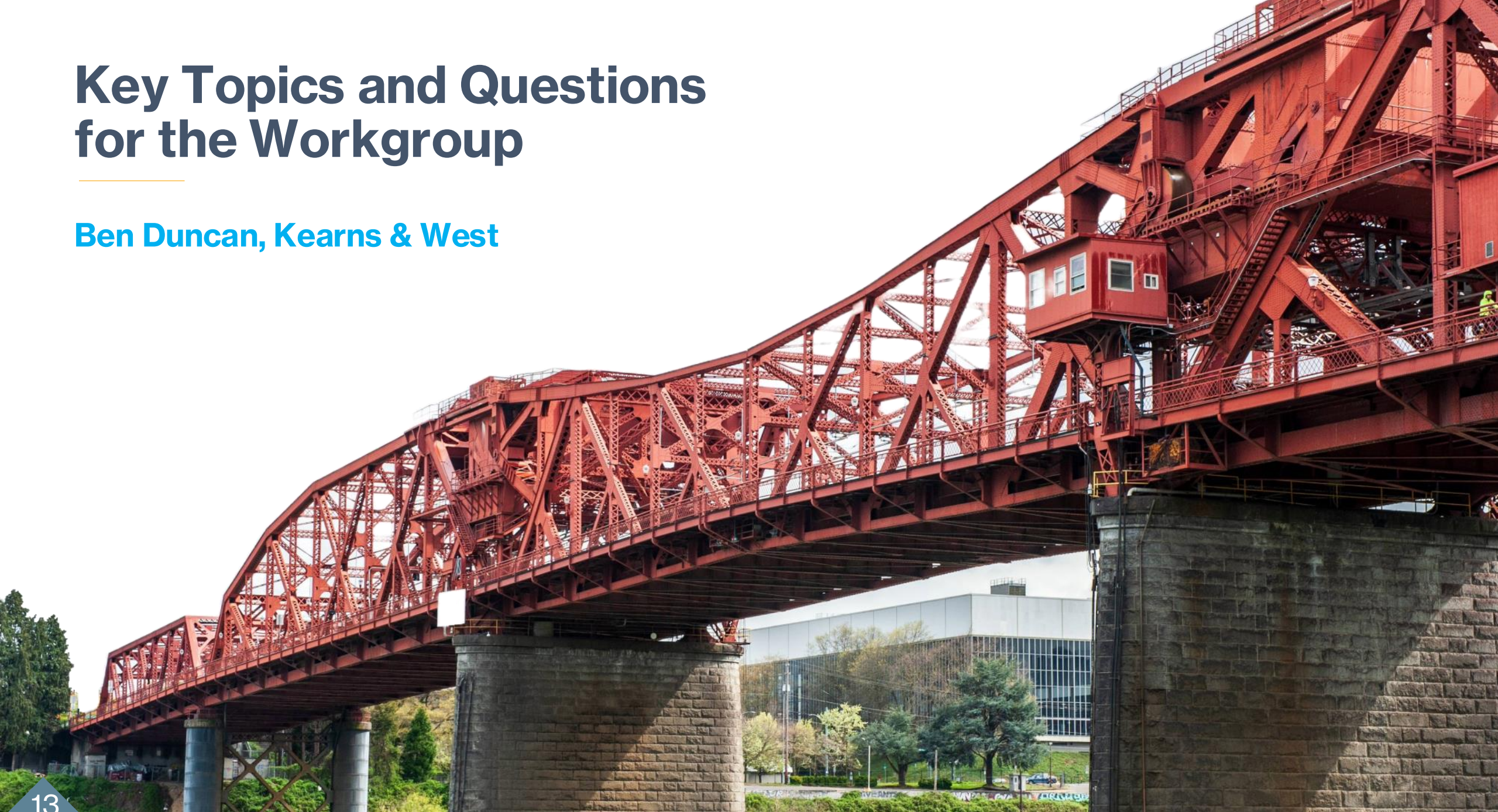
Present recommendations on IGA renegotiation to the City Administrator, MERC and Metro Council by June 30, 2025. (City and Metro)

Dolores Winningstad Theatre  
Portland's Centers for the Arts



# Key Topics and Questions for the Workgroup

Ben Duncan, Kearns & West



# Key Topics and Questions

---

## *Topics*

- Operations (e.g., calendar access, discounted rental rates, etc.)
- Maintenance (e.g., building needs, capital improvements, etc.)
- Planning (e.g. vision for long-term sustainability)
- Alignment with regional goals for cultural and economic development (e.g., Governor's task force recommendations, downtown activation, etc.)

## *Questions*

- Based on the Workgroup's purpose and goals, what do user groups need and/or want to be successful in P'5 venues?
- Short-term needs and/or wants?
- Long-term needs and/or wants?

# Closing and Next Steps

Ben Duncan, Kearns & West



# Upcoming Meetings

---

- **February 19** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **March 5** at The Portland Building (1120 SW 5th Avenue, **Room 1500**)
- **March 19** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **April 2** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **April 16** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **April 30** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **May 14** at The Portland Building (1120 SW 5th Avenue, Room 216)
- **May 28** at The Portland Building (1120 SW 5th Avenue, Room 216)

## P'5 Workgroup Meeting Summary

2/5/25

### Meeting Objectives and Agenda

1. Revisit core values and group agreements
2. Understand the vision, purpose, and goals of the Workgroup
3. Discuss key topics and questions for the Workgroup to cover
4. Determine next steps and action items

Topic and Lead	Description	Time
<b>Opening, Introductions, and Agenda Review</b> Ben Duncan, Kearns & West	Introductions  Sonia Schmanski, Deputy City Administrator for Vibrant Communities, City of Portland  Agenda review	3:00 – 3:15 pm (15 mins)
<b>Core Values and Group Agreements</b> Ben Duncan, Kearns & West	Review core values, commitments, guiding principles, and group agreements	3:15 – 3:20 pm (5 mins)
<b>Workgroup Vision, Purpose, and Goals</b> Chariti Montez, City of Portland Brian Wilson, P'5	Understanding the vision, purpose, and goals of the Workgroup Resolution  Q and A	3:20 – 3:45 pm (25 mins)
<b>Key Topics and Questions for the Workgroup</b> Ben Duncan, Kearns & West	Topics <ul style="list-style-type: none"> <li>• Operations</li> <li>• Maintenance</li> <li>• Planning</li> <li>• Alignment with regional goals for cultural and economic development</li> </ul> Questions <ul style="list-style-type: none"> <li>• Based on the Workgroup's purpose and goals, what do user groups need or want to be successful in P'5 venues?</li> <li>• Short-term needs and/or wants?</li> <li>• Long-term needs and/or wants?</li> </ul>	3:45 – 4:50 pm (65 mins)
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:50 – 5:00 pm (10 mins)

## Meeting Notes

### Opening, Introductions, and Agenda Review

Ben Duncan, Facilitator from Kearns & West, opened the meeting, and Workgroup members briefly introduced themselves.

Sonia Schmanski, Deputy City Administrator for Vibrant Communities, City of Portland, shared opening remarks on behalf of the City of Portland. She thanked Workgroup members for engaging in the process. She named that there are inherent tensions and challenges in the Workgroup's charge and expressed her confidence in the Workgroup to present well-grounded recommendations to the City Administrator at the end of the process. Sonia acknowledged that funding is a challenge for operations and planning and that the Workgroup should discuss and identify funding gaps and needs but not focus on recommending specific mechanisms to address those gaps and needs.

Workgroup members then asked questions and shared comments, including:

- Comment: I am happy that funding will be part of the conversation and think the Workgroup should discuss it.
- Question: Does the work of the Workgroup dovetail with anticipated feasibility study for the Future of the Keller project?
  - Answer: Yes, and we acknowledge that the process could feel a little jumbled in terms of sequence.
- Question: Craig Stroud said at our previous meeting that the Workgroup is not supposed to discuss funding. Can you please clarify?
  - Answer: Craig's message was that the Workgroup's task is to present recommendations that identify funding gaps and/or needs, but that its task is not to present recommendations for how the City and/or Metro should address those funding gaps and/or needs, e.g. creating a new bond, tax, or special funding district.
- Question: Which elements of the IGA are up for consideration, and which are not? What is the purpose of the Workgroup's recommendations and how will they be used after the Workgroup process ends?
  - Answer: City leaders have a sincere desire to use the perspectives of individuals deeply experienced with P'5 – aka the Workgroup members – about how to move forward with P'5, and City leadership is ready to take the recommendations seriously. The IGA should be considered, and there is no prescribed direction to consider or not consider it.
- Question: The operation of a building and the building itself are inextricably linked. Operating and capital budgets are linked. A building and a capital plan are linked. With that, this group should discuss unmet capital needs and funding issues/gaps, but not how those needs, issues, and/or gaps are funded, right?
  - Answer: Yes, that is right.
- Comment: I am heartened to hear that this group agrees about needing to analyze the current financial structure and recognizing that it is broken. We need a baseline for the current structure, and I hope this group considers new models to improve it.
- Comment: I want to clarify that the IGA includes three buildings and five venues, not only one building and venue.
- Comment: A lot that arts organizations can no longer afford to use P'5 venues, on top of deteriorating buildings that need more money for significant updates. This group should

discuss how to solve these problems because empty buildings and venues do not do any of us any good.

- Question: Can we clarify what the Workgroup is charged with producing? Is it something goal-oriented like a business plan for improving the venues or is it a list of issues?
  - Answer: It is not simply an issues list. Ideally, the Workgroup should name where it thinks P'5 should go moving forward, which could be framed as future goals.

Ben then reviewed the meeting agenda.

### Core Values and Group Agreements

Ben revisited the core values, commitments, and guiding principles from the City and Metro and reminded Members of the group agreements they committed to at the previous meeting.

### Workgroup Vision, Purpose, and Goals

Chariti Montez, Director of the Office of Arts & Culture, City of Portland, provided an overview of the City and Metro parallel resolutions establishing the Workgroup and its purpose. She highlighted two key questions the Workgroup should explore:

- How can P'5 operate better in its current model, with City ownership and Metro management of P'5 venues?
- What other operating models exist, and is there an alternative operating model that would better serve our shared goals?

Chariti then reviewed the six directives named in the resolution:

1. Calls for the formation of a workgroup that brings together staff from the City and Metro, along with representatives from arts and culture communities and labor partners.
2. Tasks the Workgroup with considering opportunities and challenges to immediate and long-term operations, maintenance, and planning of the P'5 venues, while aligning with regional goals for cultural and economic development.
3. Affirms the City's commitment to engage subject matter experts to conduct a business model and governance analysis that includes a study of alternative operational models.
4. Ensures collaboration among all appropriate Service Area staff with the Deputy City Administrator of Vibrant Communities.
5. Directs the Deputy City Administrator of Vibrant Communities (Sonia Schmanski) and the General Manager of Visitor Venues (Craig Stroud) to identify and present short-term recommendations for improvement to the City Administrator, MERC and Metro Council by June 30, 2025.
6. Directs the Deputy City Administrator of Vibrant Communities (Sonia Schmanski) and the General Manager of Visitor Venues (Craig Stroud) to identify and present longer-term conditions that would need to be addressed during an IGA renegotiation process to the City Administrator, MERC and Metro Council by June 30, 2025.

Questions/Comments:

- Question: What is the timing for the subject matter experts' input into this process? Ideally, it would be in the middle of this process and not at the end after we have done considerable

work. And how will their input be incorporated into our work? Can we have access to the same information they receive?

- Answer: The City is currently in the procurement process, so the timing will ideally be in the middle of the Workgroup process. Yes, and the project team will share the work of the Workgroup with the subject matter experts.

### Key Topics and Questions for the Workgroup

Ben presented the key topics and questions Workgroup members should consider when addressing the key topics.

#### *Key Topics*

- Operations
- Maintenance
- Planning
- Alignment with regional goals for cultural and economic development

#### *Key Questions*

- Based on the Workgroup's purpose and goals, what do user groups need and/or want to be successful in P'5 venues?
- Short-term needs and/or wants?
- Long-term needs and/or wants?

Chariti then provided additional context and examples of the key topics.

#### Questions/Comments:

- Question: Does Calendar access mean prioritization on venue calendars?
  - Answer: Yes

Ben shared that Workgroup members would form four small groups to have breakout discussions on the key topics and questions and then explained the process for doing so.

#### Questions/Comments:

- Question: I am confused about the lens from which we are supposed to approach this exercise – us as individuals, the organizations/companies/entities that we represent, Portlanders broadly, etc.?
  - Answer: Approach the exercise from multiple perspectives and do your best to hold those simultaneously while grounding yourself in group agreements (what we bring to the room).
- Who are the user groups?
  - Answer: The user groups are the various stakeholders that interact with/use the venues, including: commercial presenters, nonprofits presenters, resident presenters, the audience, labor, the broader community, people who cannot access P'5 venues for any reason, etc.

The Workgroup then divided into four small groups and had discussions addressing the key topics and questions named above.

After small group discussions, the Workgroup reconvened and a representative from each small group presented their group's discussion. An overview of themes from the small group presentations is below.

### *Operations*

- **Venue affordability and accessibility for user groups**
  - Increase the affordability of P'5 venues to improve accessibility for arts organizations of all sizes (seconded by Group 3 and Group 4)
    - Right size venue costs with venue size, e.g. smaller theaters meant for smaller nonprofit arts organizations should be priced accordingly
  - Eliminate barriers to scheduling and programming that have historically prevented arts organizations from performing in P'5 venues (seconded by Group 3)
- User group/arts organization experience
  - More effective day-of support for user groups
  - Allow resident organizations to have more agency in their venues
  - Provide user groups with greater visibility and transparency into the operations of the venues, e.g. how scheduling and concessions work, how buildings are staffed, etc.
  - Create an inventory of the experiences of arts organizations performing in P'5 venues to identify themes with pain points, barriers, issues and bright spots/what's working well
  - Create a safe and comfortable environment for the cast and crew
  - Provide increased visibility/ time horizon into the actual costs of renting a venue, e.g. 2 to 3 years out vs. only 1 year out
- Audience experience and accessibility
  - Optimize audience experience at venues (points of sale, concessions, bathrooms, etc.) so they want to return to future performances (seconded by Group 4) and are willing to pay more for tickets
  - Adopt strategies that will increase ticket sales and merchandise now and into the future so that venues are at maximum capacity (noting the connection between ticket prices and audience numbers and arts organizations' ability to rent venues)
  - Consider discounted prices and/or subsidized tickets for lower income patrons
  - Access for people with disabilities, low income and other communities historically or contemporaneously excluded from participation
- **Funding Structure and Budgeting**
  - More sustainable funding model that includes public-private partnerships at the local, regional, national, and international (seconded by Group 2)
  - Establish a funding structure that supports and invests in top tier arts organizations at every level/size (to help create and sustain a thriving arts ecosystem and economy)
  - Adopt a funding model that better equips P'5 to survive market fluctuations
  - Create centralized development/fundraising infrastructure at the enterprise level
- **Activating venues beyond traditional performances/minimizing "dark days"**
  - Allow for more creative uses for P'5 spaces when not being used for a performances

- Enable access to the venues as spaces for cultural connection, particularly those at the societal margins and expanded uses as cultural resources
  - Explore new use opportunities (and therefore new revenue streams) for venues on “dark days”
- Ticketing System
  - Modernize the ticket purchasing system

#### *Maintenance*

- Prioritize regular building maintenance and updates
- Ensure funding for deferred maintenance obligations
- Create greater visibility into deferred maintenance and building needs
- Conduct facility condition assessments for all P’5 venues (like the one conducted for the Keller)

#### *Planning*

- Governance
  - Rethink governance structure and consider establishing an independent governing board
  - Consider a management model that is less governmental
  - Consider a governance structure that does not necessarily clump all 5 venues together
  - Allow for more flexibility within the IGA
- Communications, marketing and engagement
  - Improved communications strategies using common language and grounded in the common values and goals (consider P’5 merchandise)
  - Empower youth to engage with, inform and influence the types of arts opportunities that exist
- Performance planning for long-term sustainability
  - Offer art that is more reflective of generational/audience demand (more experiences closer to emerging demographics of patrons, stories that better reflect these demographic experiences)
- Organizational values and goals
  - Create a set of core values and goals and procedures for implementing them.

#### *Alignment with regional goals for cultural and economic development*

- Cultural district/tourist destination
  - Establish P’5 venues as a tourist destination and invest in a cultural district
- Performing arts boosting Downtown economy
  - Support for resident arts organizations as drivers of economic opportunities
  - Increase ticket sales bolster the broader Downtown economy and community – ancillary benefits to nearby restaurants, hotels, etc.

#### *Additional Information Needs for Workgroup Members*

- P’5 operating budget, including costs and revenue
- Operating allocated by venue volume (to get a sense of a budget for each venue)

- Utilization data across P’5 venues, broken down by type of user group

#### Questions/Comments:

- Question: Is revenue data collected separately by venue?
  - Answer: It is collected by venue for revenue collected from events. Some revenue is shared across P’5, however, e.g. funding from the City or account interest.
- Question: Who decides what portion of revenue goes to each venue? Is there a strategic plan for each venue?
  - Answer: Shared revenue pays for shared costs, e.g. P’5 staff works across the venues so it is a shared cost. Only a small portion of our calendar is P’5 programming. P’5 focuses on booking shows, and only a small percentage of shows are produced or planned by P’5. There is no strategic plan.
- Question: I am confirming that the operating budget is shared across all five theaters to help support the smaller venues, right?
  - Answer: Yes, commercial operations in larger halls support the smaller venues that primarily have nonprofit performance groups. Revenue from bigger venues and commercial acts supports the whole of P’5.
- Comment: The Workgroup has to remember that our purpose together is to “grow the pot” and “expand the pie” when it comes to performing arts in Portland. Even though it is tempting to talk with a scarcity mindset, we have to remember that for every dollar spent on a performance ticket, \$12 is spent on transportation to the show, meals and drinks before/after the show, etc.

#### Closing and Next Steps

Ben thanked members for their participation and shared an overview of the schedule of upcoming meetings.

Next steps include:

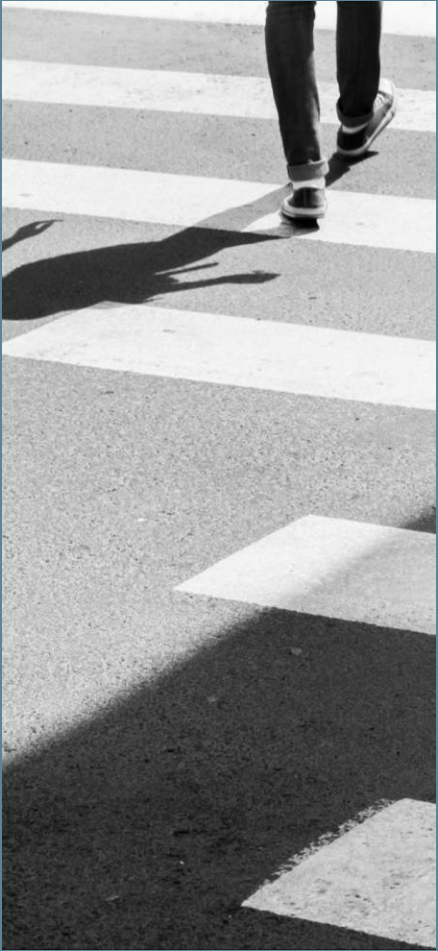
- Information requests
  - Budget (costs and revenue) by volume of venue
  - Utilization information by venue (and by user group if possible)
- Meeting summary that members can review that includes a summary of the needs and wants for each topic shared during the meeting



# Performing Arts Venues Workgroup – Meeting Three

February 19, 2025





# Agenda

- Opening and Agenda Review
- Core Values and Group Agreements
- Review Meeting Notes
- Current Operating Model: Budget and Revenue
- Workgroup Analysis
- Closing and Next Steps

# P'5 Workgroup's Summary Directive

To propose options for an alternative operating and governance model for P'5, as relates to operations, maintenance and planning, that are aligned with regional goals for cultural and economic development

Keller Auditorium  
Portland'5 Centers for the Arts



# Meeting Sequencing

---

## Grounding

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 Consider alternative models/options
- #5 Consultant - kick-off, “state of the arts”/trending, Workgroup intake
- #6 Consultant - present options & recommendations
- #7 Consultant - follow-ups, finalize

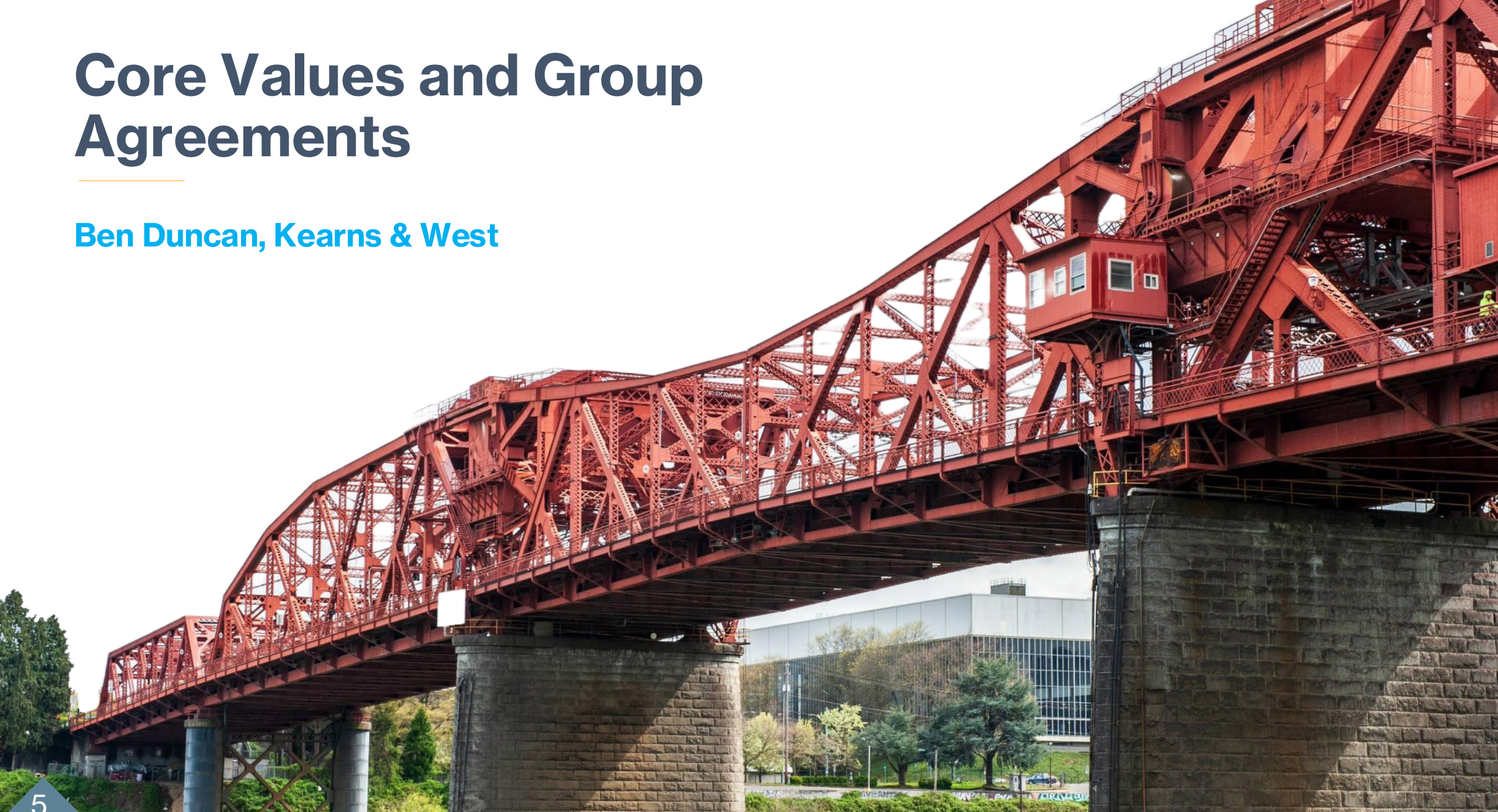
## Workgroup Recommendations

- #8 Develop
- #9 Draft
- #10 Finalize, submit

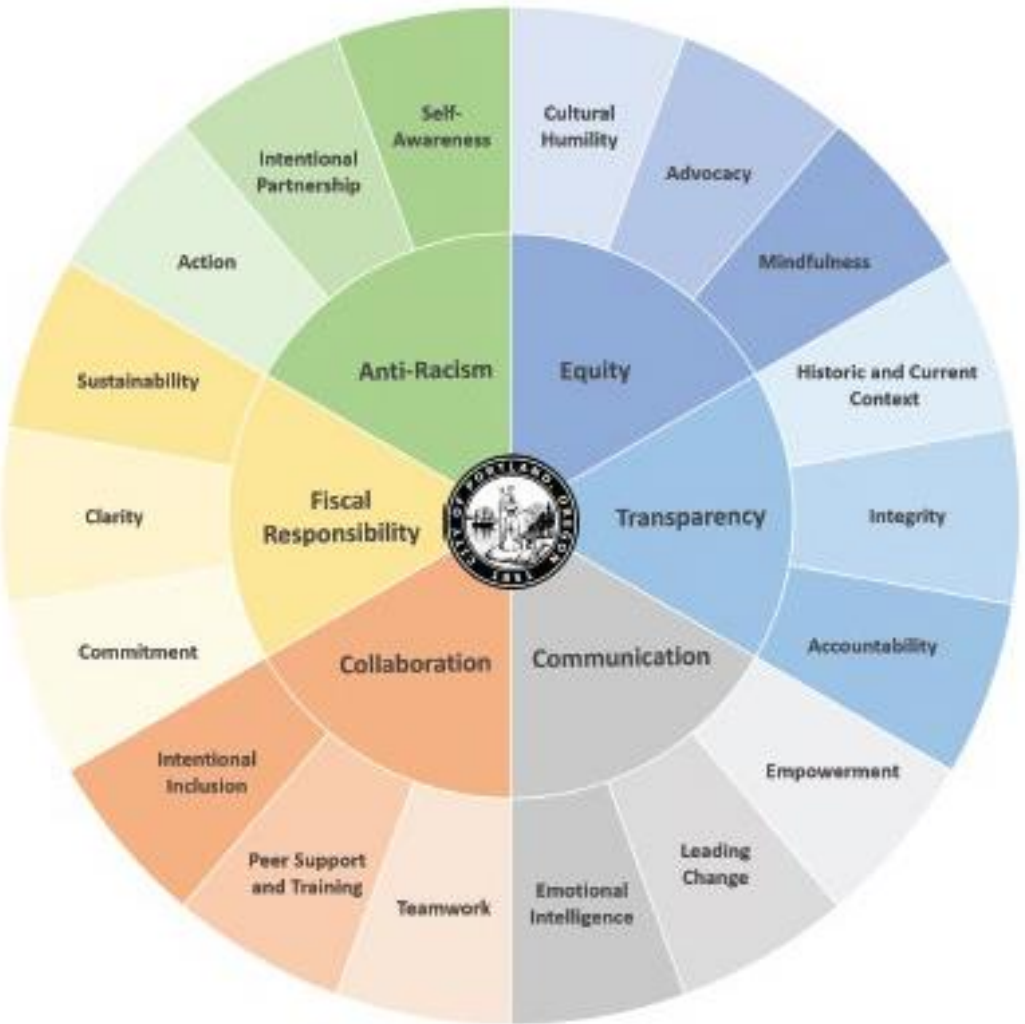
# Core Values and Group Agreements

---

Ben Duncan, Kearns & West



# Core Values, Commitments, and Guiding Principles



COMMITMENTS  
**Keep our promises and build back better**

GUIDING PRINCIPLES  
**Racial justice**  
**Climate justice and resiliency**  
**Shared prosperity**



# Group Agreements – How we show up

---

1. Listen to understand, not to respond.
2. W.A.I.T. ["Why Am I Talking?"]
3. Assume good intentions but attend to impact.
4. Be willing to make mistakes and be forgiving of those who do.
5. Allow for, and appreciate, disagreement of opinions, ideas, methods – respectfully.
6. Personal stories stay, lessons can be shared.
7. Bring forward issues/concerns as early as possible
8. Permission to speak in "rough draft" *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – What we bring

---

1. We are visionary and we will be bold
2. We prioritize the value to the public good – our love of the arts, the importance of Downtown and the future of Portland
3. We come to be part of a team
4. We will be aggressively curious about each other's ideas – with the intent to expand and/or improve
5. We are hard on the structures but soft on the people
6. We make time for joy
7. Honor the history – learn from the past as we imagine the future *[added during meeting]*
8. We are entitled to our own opinions but not our own facts *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – In between meetings

---

1. Media inquiries about process will be directed to City of Portland
2. If/when we have homework between meetings, we commit to coming prepared
3. Hold respect for the workgroup space and the power of the work we can do *together*
4. \_\_\_\_\_

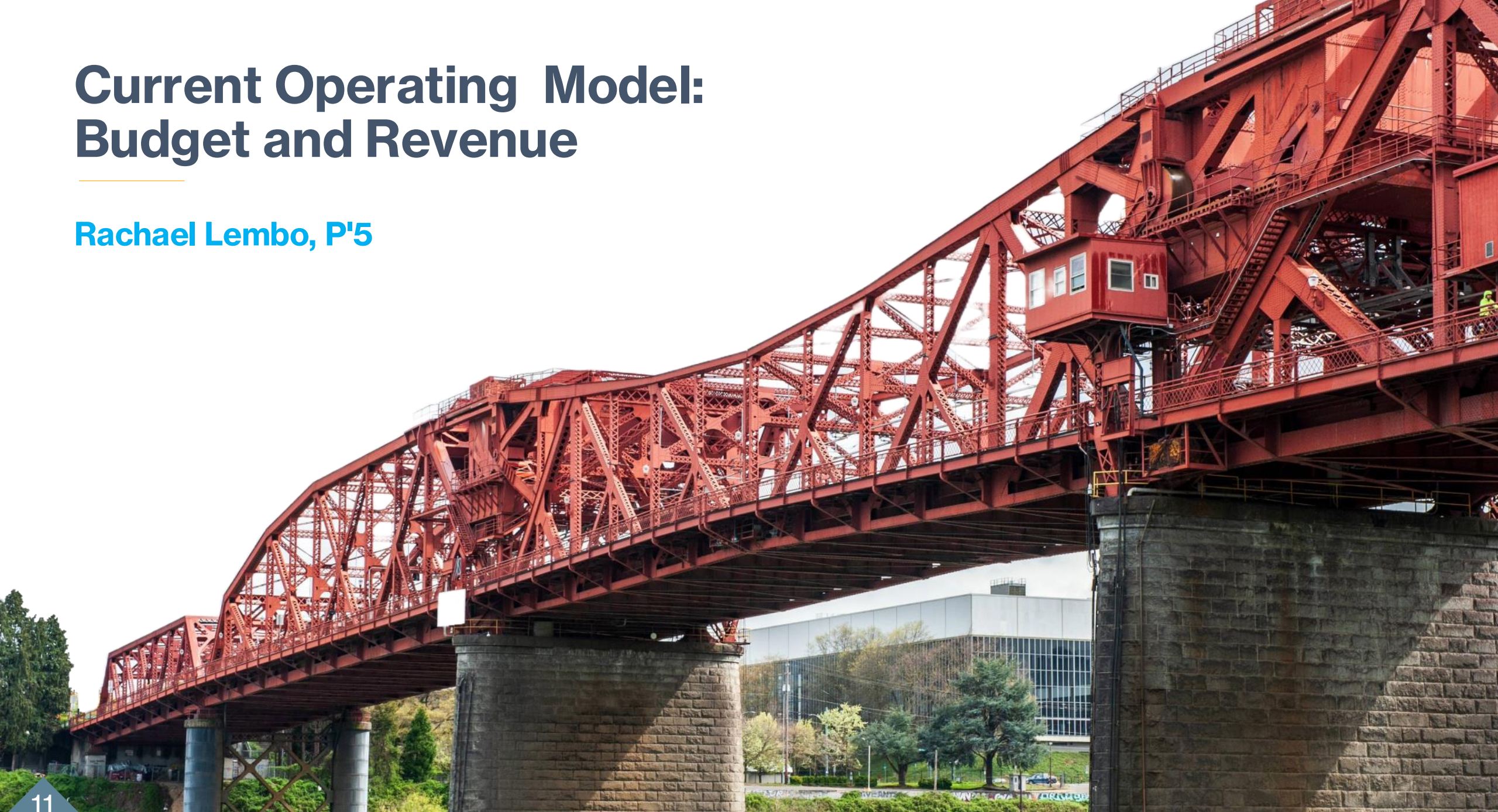
# Review Meeting Notes

Ben Duncan, Kearns & West



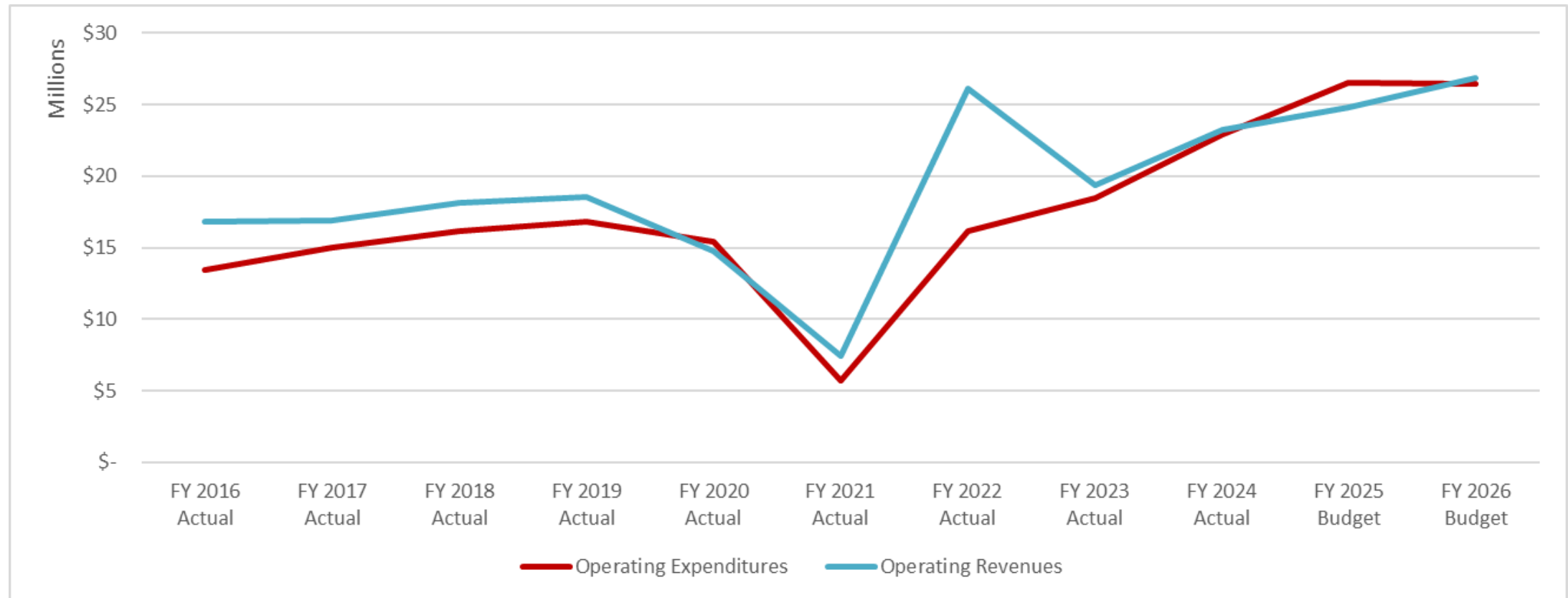
# Current Operating Model: Budget and Revenue

Rachael Lembo, P'5



# Portland'5 FY25-26 Budget Overview

Portland'5 is facing structural budget issue in operations. Post-pandemic costs are up considerably, and revenues are struggling to keep up.



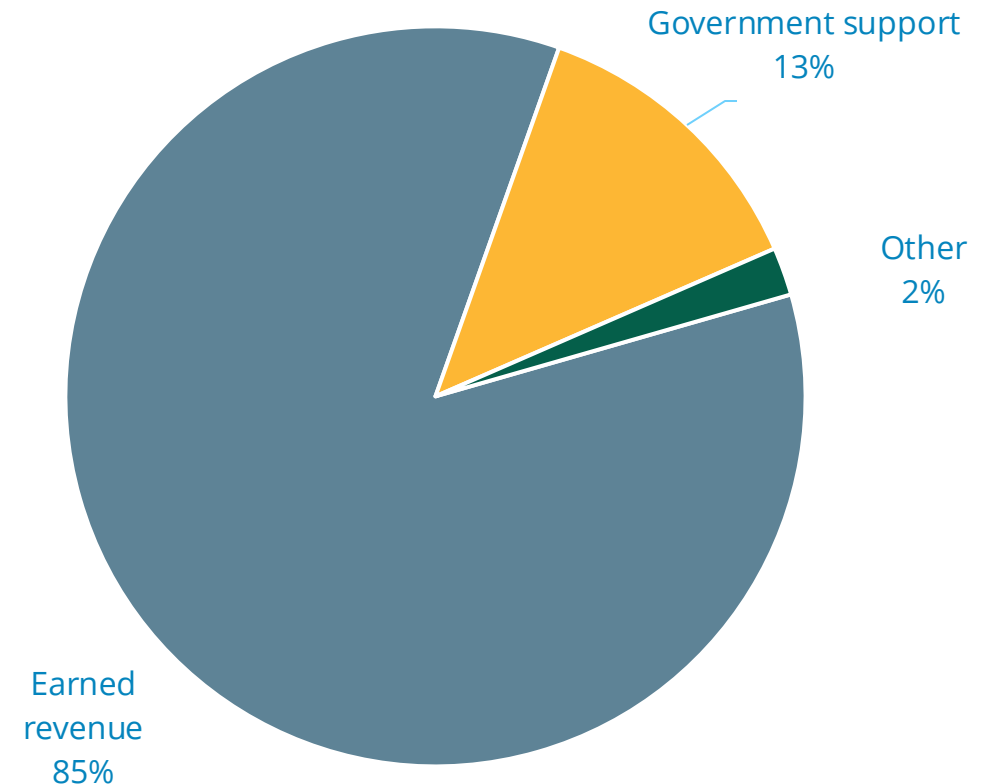
# Portland's FY25-26 Budget Overview

- Portland's draft operating budget for FY25-26 is \$27 million
- Next we'll drill down into these budget lines

Draft FY25-26 Budget ( <i>in millions</i> )	
Earned Revenue	\$22.9
Government Support	\$3.5
Other	\$0.5
<b>Total Operating Revenue</b>	<b>\$27.0</b>
Personnel	\$12.9
Materials & Services	\$9.2
Metro support costs	\$4.5
<b>Total Operating Expense</b>	<b>\$26.5</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>\$0.5</b>
<b>Net Capital</b>	<b>(\$1.5)</b>
<b>Net Total Surplus/(Deficit)</b>	<b>(\$1.0)</b>

# Portland's FY25-26 Budget – Operating Revenue

- The vast majority of P5's revenue is Earned revenue – from clients, patrons, and P5 Presents.
- Government support is from the City of Portland (\$1.2M) and hotel/vehicle rental taxes (\$2.3M).

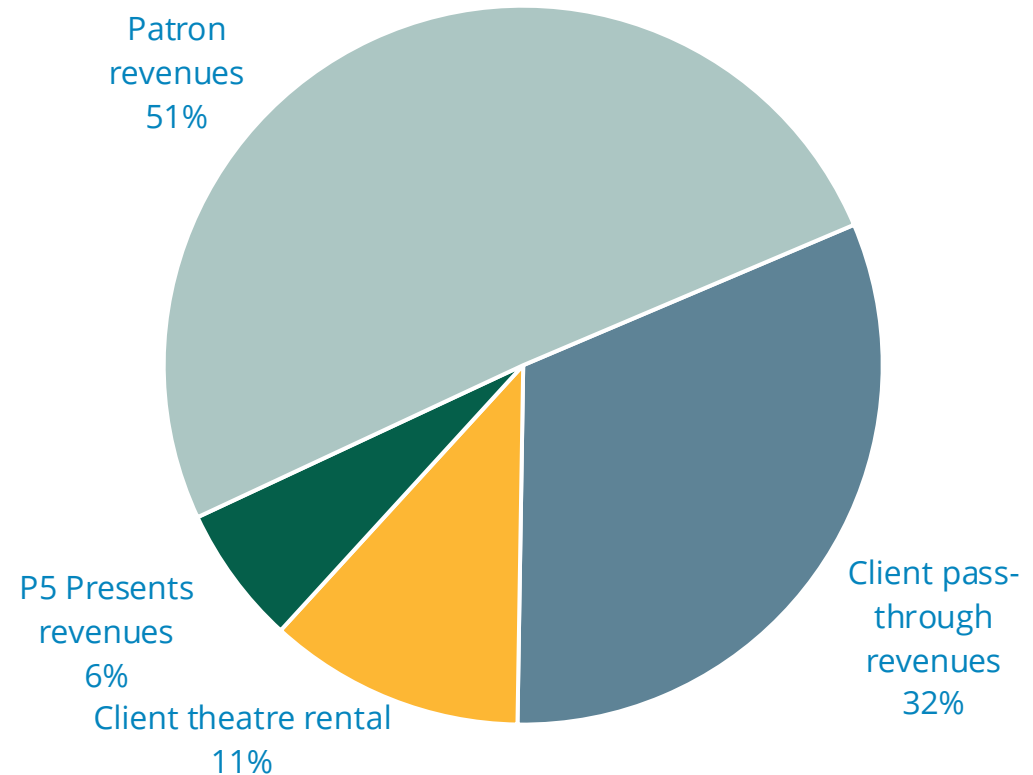


# Portland's FY25-26 Budget – Earned Revenue

Earned revenue includes:

- **Patron revenues** such as ticket service charges, user fee (charged per ticket), and commissions on food & beverage and merchandise.
- **Client pass-through revenues** that cover event-driven labor and services.
- **Client theatre rental.**
- **P5 Presents** ticket sales.

*Note: non-profits receive discounted theatre rental, user fees, and do not pay P5 ticket service charges if they sell their own tickets.*



# Portland's FY25-26 Budget – Earned Revenue

## Client pass-through revenues

- Revenues billed to cover direct event expenses, such as:
  - Stagehands
  - Front of house admissions
  - Security agents and peer security
  - Stagedoor attendants
  - Ticket sellers
  - A portion of custodian and engineers
  - Equipment rental

Client pass-through (in millions)	
Client pass-through revenues	\$7.3
Direct event personnel expense	\$5.3
Direct event materials & services expense	\$1.9
<b>Net revenue from Client pass-through</b>	<b>\$0.1</b>

# Portland's FY25-26 Budget – Earned Revenue

## P5 Presents revenues

- Shows promoted by Portland's
- Portland's does have financial risk for these events
- Focus is on booking events that generate revenue – in addition to ticket revenues events generate patron revenues (not shown on this slide)
- 10-20 shows/year
- Also includes summertime Music on Main event

P5 Presents <i>(in millions)</i>	
P5 Presents ticket revenues	\$1.4
P5 Presents materials & services expenses	\$1.3
<b>Net revenue from P5 Presents</b>	<b>\$0.1</b>

# Portland's FY25-26 Budget Overview

## General Operations

- Revenues not tied to specific expenses, including:
  - Patron revenues
  - Client theatre rental
  - Government support
  - Other (interest, sponsorships, etc)
- Used to cover general management and administration costs

General Operations ( <i>in millions</i> )	
Patron revenues	\$11.6
Government support	\$3.5
Client theatre rental	\$2.6
Other	\$0.5
<b>Total General Revenues</b>	<b>\$18.3</b>
Mgmt & Admin personnel	\$7.6
Mgmt & Admin materials & services	\$6.0
Metro support costs	\$4.5
<b>Total Mgmt &amp; Admin Expenses</b>	<b>\$18.0</b>
<b>Net General Operations</b>	<b>\$0.3</b>

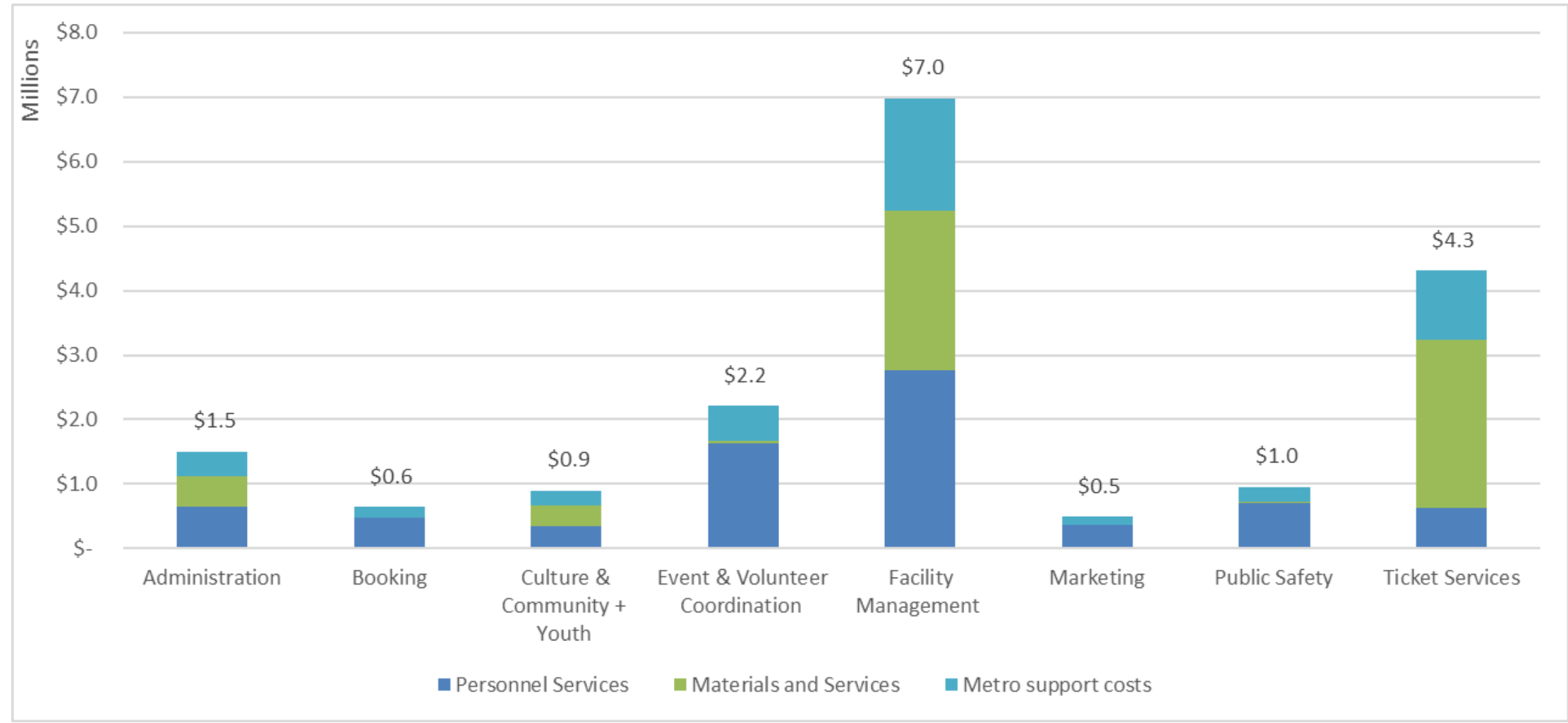
# Portland's FY25-26 Budget Overview

Management & Administration departments include:

Dept	Functions
Administration	Leadership, land lease
Booking/Programming	Venue scheduling and contracting, client outreach and support, event settlements, managing in-house presenting
Culture & Community and Youth	Events, community outreach and engagement, public programming, organizational culture, social equity strategy, grant management, and Community & Youth Councils
Event Coordination	Production management, admissions (guest services), house management and volunteer coordination
Facility Management	Engineering, custodial, building maintenance, capital project support
Marketing	Website management, social media, email marketing, media plans
Public Safety	Security agents, stagedoor, event security
Ticket Services	Advance and day of box office sales, ticketing software, merchant fees, patron communication, and customer service
Metro Support costs (allocated)	HR, IT, Finance, Legal, Capital Project support, Government Affairs

# Portland's FY25-26 Budget Overview

Management & Administration costs include:

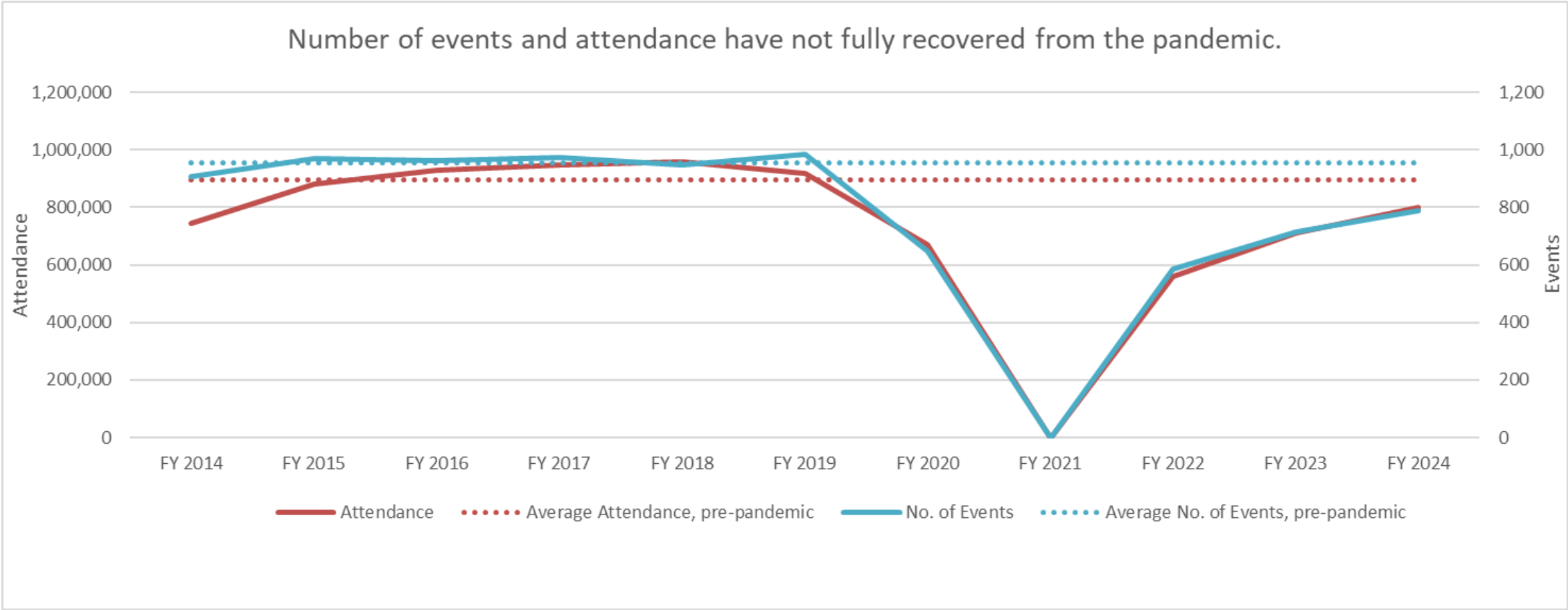


# Portland's 5-year Capital Improvement Plan

---

- 13 projects, total of \$5.1 million (~\$1 million/year)
- Only the highest priority projects, with focus on:
  - Patron and employee safety
  - Event continuity
- Not reflective of true need of capital investment
- Additional funding is needed to address deferred maintenance
  - At least 60+ known deferred maintenance items. Upcoming Facility Condition Assessment will provide a complete and accurate review.

# Portland'5 Usage and Attendance



# Keller Auditorium Usage (FY23-24)

45% of usage is Non-profit

- **Non-profit Resident Companies:**

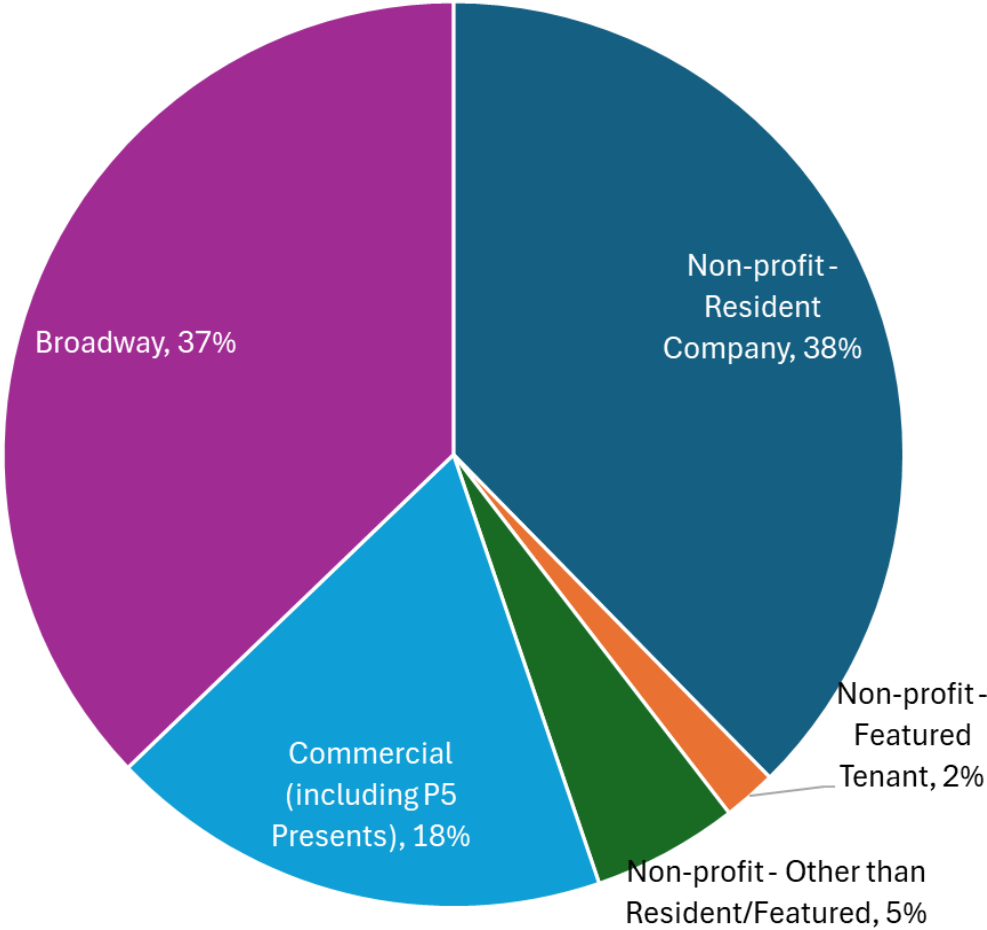
- Oregon Ballet Theatre
- Portland Opera

- **Non-profit Featured Tenants:**

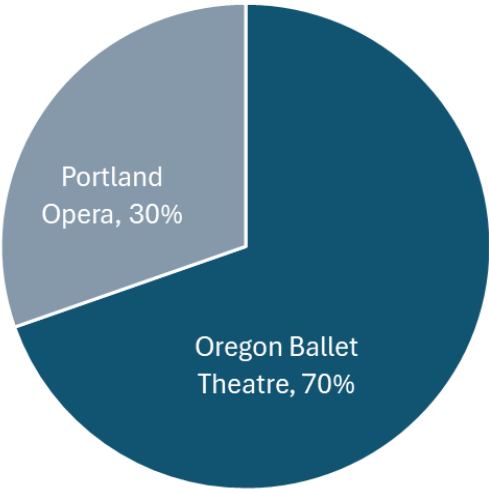
- Literary Arts
- PDX Jazz
- White Bird

- **Non-profit other than Resident/Featured:**

- Chinese Friendship Association of Portland
- Shen Yun - Oregon Falun Dafa Association
- Rasika Inc
- TEDx Portland



38% Non-profit Resident Company Breakdown



# Arlene Schnitzer Concert Hall Usage (FY23-24)

**81% of usage is Non-profit**

- **Non-profit Resident Companies:**

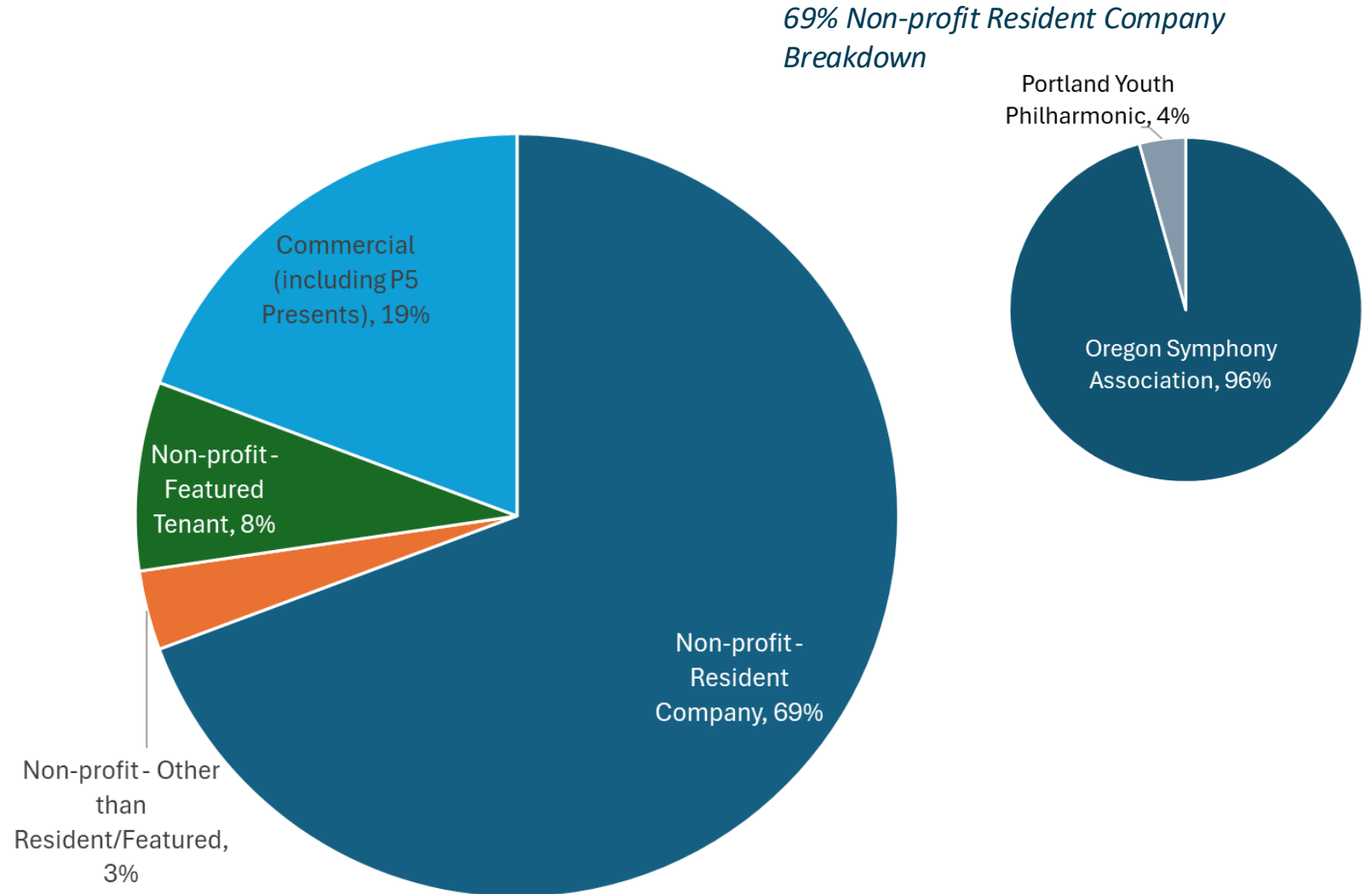
- Oregon Symphony
- Portland Youth Philharmonic

- **Non-profit Featured Tenants:**

- Literary Arts
- Metropolitan Youth Symphony
- PDX Jazz
- White Bird

- **Non-profit other than Resident/Featured:**

- Oregon Historical Society
- Portland Gay Men's Chorus

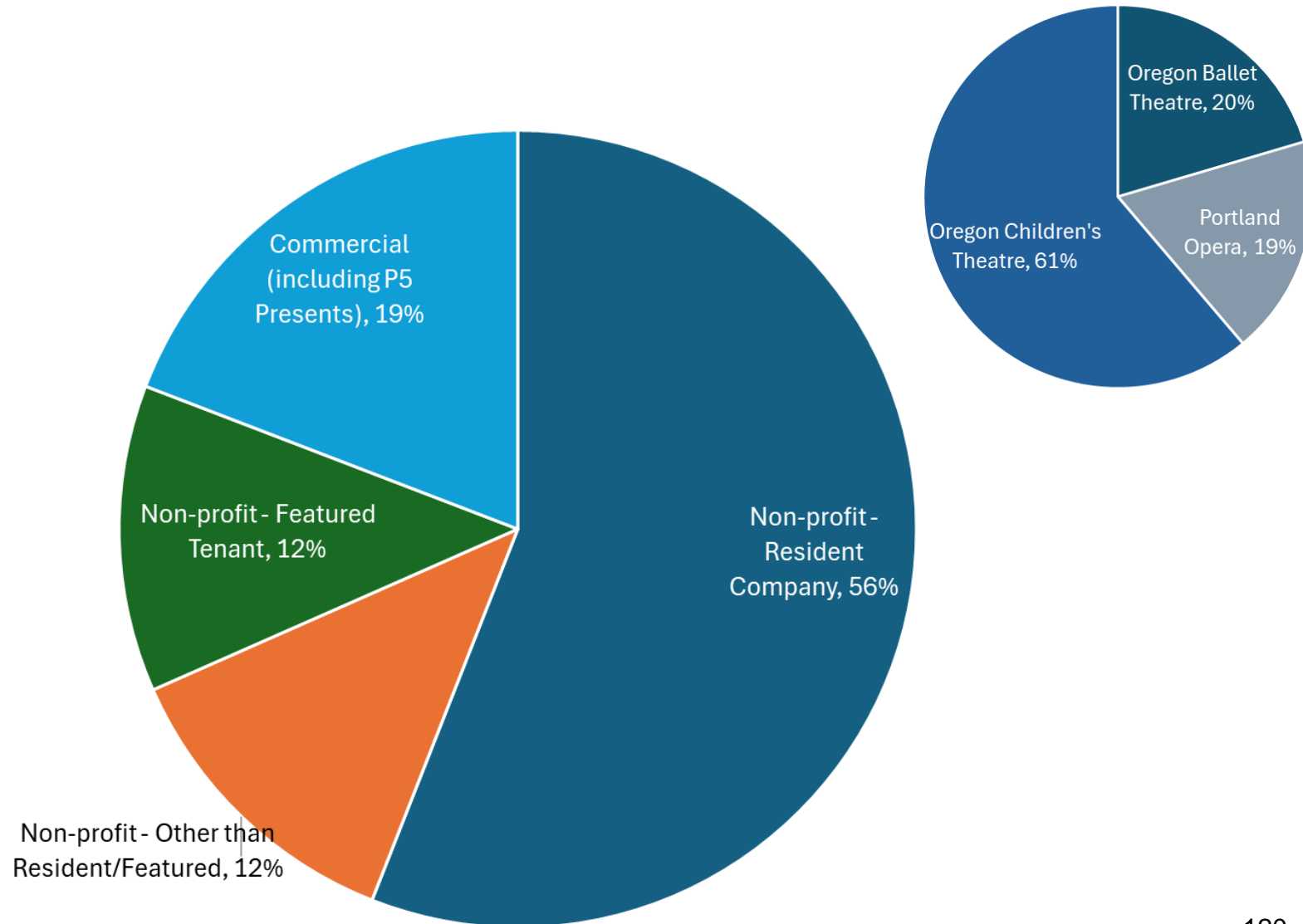


# Newmark Theatre Usage (FY23-24)

## 81% of usage is Non-profit

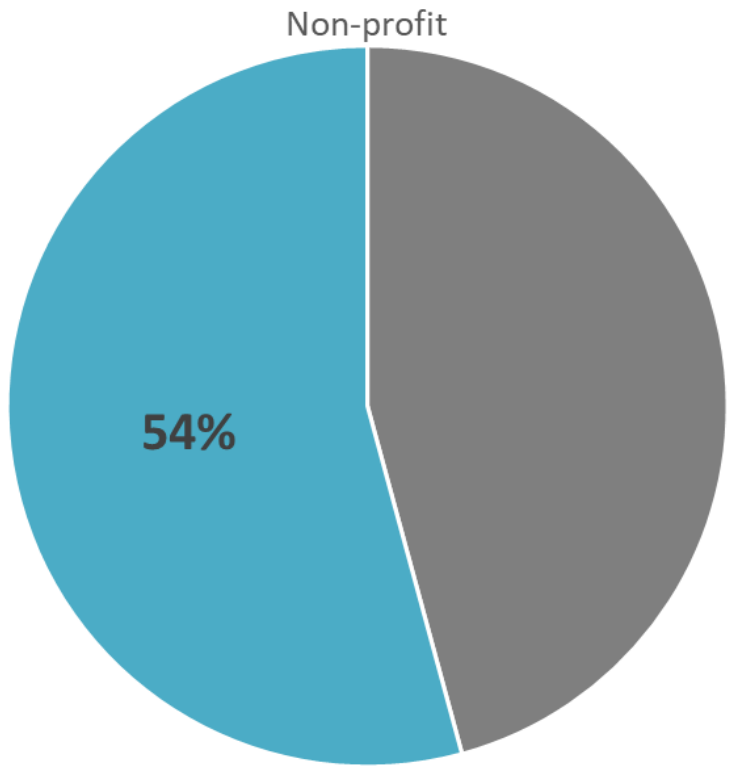
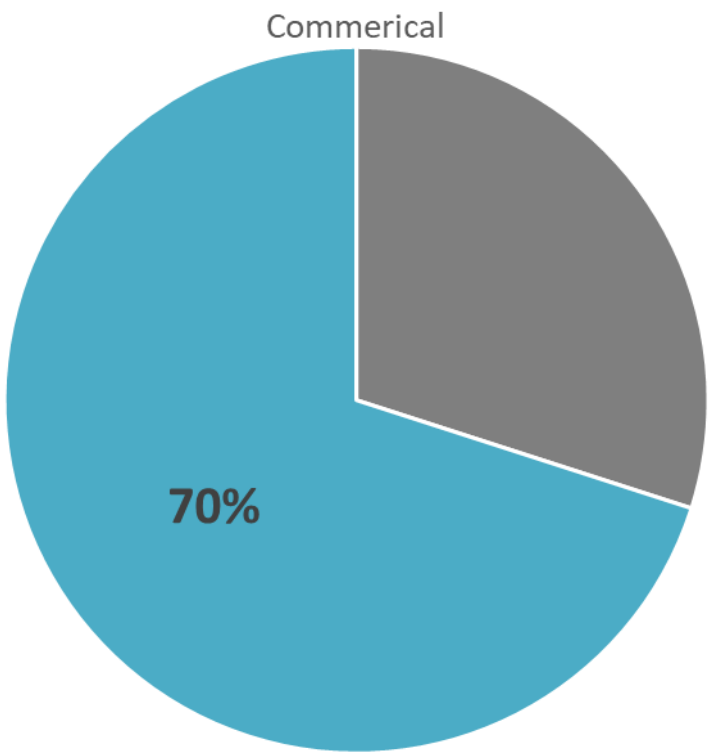
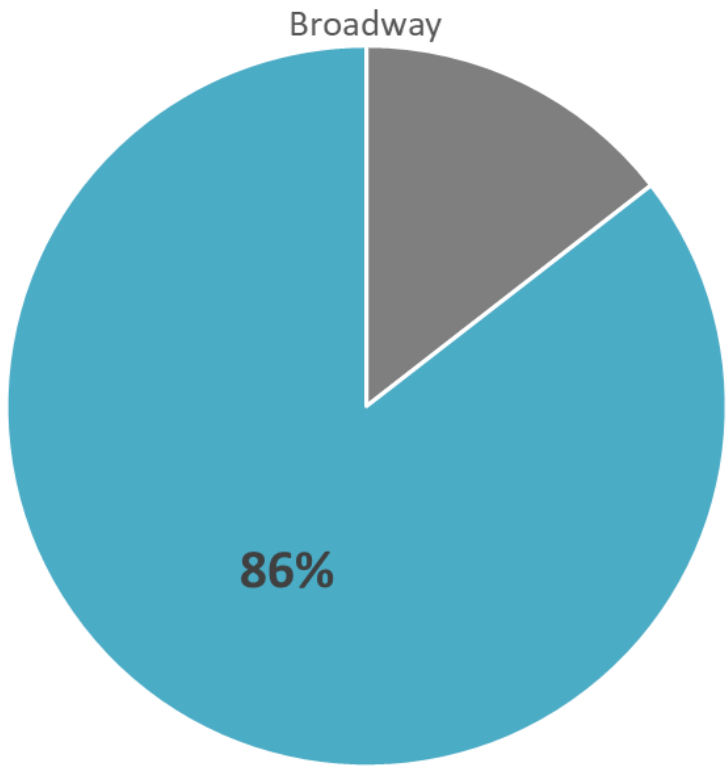
- **Non-profit Resident Companies:**
  - Oregon Ballet Theatre
  - Oregon Children's Theatre
  - Portland Opera
- **Non-profit Featured Tenants:**
  - Jefferson Dancers
  - Literary Arts
  - Metropolitan Youth Symphony
  - PDX Jazz
  - White Bird
- **Non-profit other than Resident/Featured:**
  - NW Dance Project
  - OHSU Foundation
  - Portland Choir and Orchestra
  - Portland Gay Men's Chorus
  - Northwest Academy

## 56% Non-profit Resident Company Breakdown



# Attendance by client type - % of Seats Filled (FY23-24)

*Keller Auditorium, Arlene Schnitzer Concert Hall, Newmark Theatre*  
*excludes non-ticketed events (student shows, open rehearsals)*



# City Rental Rate Subsidies for Nonprofits

- One-time City Council allocation of \$350,000 for FY22-23 and FY23-24
- One-time Office of Arts & Culture allocation of \$283,538 for FY24-25

Dolores Winningstad Theatre  
Portland's 5 Centers for the Arts



# Workgroup Analysis

Ben Duncan, Kearns & West



# Workgroup Analysis

---

What are the key obstacles to revenue and programmatic sustainability?

# Closing and Next Steps

Ben Duncan, Kearns & West



# Upcoming Meetings

Meeting no.	Date/Time	Location
4	Wed. March 5, 3 to 5 pm	The Portland Building, <b>Room 1500</b>
5	Wed. March 19, 3 to 5 pm	The Portland Building, Room 216
6	Wed. April 2, 3 to 5 pm	The Portland Building, Room 216
7	Wed. April 16, 3 to 5 pm	The Portland Building, Room 216
8	Wed. April 30, 3 to 5 pm	The Portland Building, Room 216
9	Wed. May 14, 3 to 5 pm	The Portland Building, Room 216
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216

## P'5 Workgroup Meeting Summary

February 19, 2025

### Meeting Objectives and Agenda

1. Workgroup review of previous meeting visioning and future state summary
2. Understanding of budget structures, revenue streams and governance currently in place
3. Discussion and analysis of governance and programmatic models that can align with vision from previous meeting

Topic and Lead	Description	Time
<b>Opening and Agenda Review</b> Ben Duncan, Kearns & West City/Metro	Open meeting and review agenda, PTAG vision, and meeting sequencing	3:00 – 3:15 pm
<b>Core Values and Group Agreements</b> Ben Duncan, Kearns & West	Review core values and group agreements for the process	3:15 – 3:20pm
<b>Review Meeting Notes</b> Ben Duncan, Kearns & West All	Confirm 2/5 meeting summary content	3:20 – 3:25 pm
<b>Current Operating Model: Budget and Revenue</b> Brian Wilson and Rachael Lembo, Metro	Understand the budget and revenue models and data for venues, resident/non-profit users, and corporate users Q and A	3:25 – 4:25 pm
<b>Workgroup Analysis</b> Ben Duncan, Kearns & West	Based on Budget and Revenue presentation: <ul style="list-style-type: none"><li>• What are the key obstacles to revenue and programmatic sustainability?</li></ul>	4:25 – 4:55 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:55 – 5:00 pm

### Action Items

- City to provide the scope of work to which consultants responded.
- City to ensure consultants can speak to best practices/standards for revenue mix (earned, contributed, etc.) and support services as a percentage of total expenses.
- P'5 to provide an analysis of revenues and expenses broken out by venue and a breakdown of dark days by season and days of the week.

## Meeting Summary

### Opening, Introductions, and Agenda Review

Ben Duncan, facilitator from Kearns & West, opened the meeting and reviewed the agenda.

Soo Pak, Arts, Culture & Special Events Manager, Office of Arts & Culture, Portland Parks & Recreation, reminded the Workgroup of its directive and reviewed an approximate sequencing of the ten Workgroup meetings:

- Meetings 1 – 3: Grounding (introductions, ground-setting, users' needs & wants, understanding current operating model)
- Meetings 4 – 7: Models/Options (consider alternative models/options, consultant work - “state of the arts”/trending, present options & recommendations)
- Meetings 8 – 10: Workgroup recommendations (develop, draft, finalize)

Soo shared that the consultant will help the Workgroup understand the current “state of the arts,” including programming trends, audience behavior changes, funding landscape changes, and more.

Workgroup members then asked questions and shared comments, including:

- What is the consultant’s skillset and scope?
  - The City issued a rough scope and asked consultants to submit proposals. All consultants have come recommended to the City. We are considering three that have experience in theater and venue operations and strategy.
- Can the Workgroup know who the three finalist consultants are?
  - They are Theater Projects, Keen Independent Research, and AMS. If any members have any significant concerns about any of these consultants, please send an email to the City team.
- How was the request for proposals distributed?
  - The City did not issue an RFP because we can directly solicit consultants for projects under \$25,000. This allows us to select a consultant more quickly than a traditional RFP process. We are also not required to choose the lowest bid contractor and instead can choose the consultant we believe will best meet the needs of the project.
- Is the consultant presenting options for operating models at meeting six? Are they meant to guide the group in a particular direction?
  - The consultant is intended to be informative, but not to persuade or guide the Workgroup in any specific direction.
- The Workgroup can use meeting four (the next meeting) before the consultant starts in order to come up with and discuss our own ideas for operating model options.
- Can the Workgroup see the scope of work that consultants are responding to?
  - Yes, we will provide that.
- Is there a rationale for separating the Workgroup and the consultant decision process?
  - Yes, we decided to conduct the consultant selection process separately from the Workgroup primarily due to timing. This allows the City to move more quickly to hire a consultant, bring them up to speed on the project, and have them contribute within the tight timeline of this Workgroup.

### Core Values and Group Agreements

Ben revisited the core values, commitments, and guiding principles from the City and Metro and reminded Members of the group agreements they previously committed to.

### Review Meeting Notes

Ben asked members of the Workgroup if they had questions about and/or proposed changes to the February 5 meeting summary. Members had no questions or proposed changes and agreed that the meeting summary was satisfactory.

### Current Operating Model: Budget and Revenue

Rachael Lembo, Deputy Director of P'5, presented the current operating model of P'5. She shared a ten-year overview of operating expenditures versus revenues, from FY16 to FY26. She noted that post-pandemic costs have increased significantly, and revenues have struggled to keep up.

After presenting the FY26 budget overview, Rachael focused on the FY26 operating revenue for P'5, highlighting that most revenue (86%) is earned revenue from clients, patrons and P'5 Presents. She noted that P'5 is mostly a scheduling and venue rental operation, and performances by P'5 Presents, and the Department of Culture and Community represent a small portion of total performances at P'5 venues (approximately 20 of the 789 total performances in 2024). The primary goal of P'5 Presents is to generate revenue.

Workgroup members then asked questions and shared comments, including:

- Does P'5 have a capital reserve and an operating reserve?
  - There is only one reserve for both capital and operations. P'5 tries to use the reserve for capital as much as possible.
- You mentioned that P'5 Presents performances are typically scheduled to fill dark days. How early does P'5 schedule those performances? There are nonprofit groups that try to get bookings but are told that there is no availability.
  - P'5 Presents shows are usually in larger venues. On average, those performances are scheduled 6 months out. Resident companies get first pick of performance dates, then nonprofits have second pick, and then P'5 Presents are slotted into the schedule last. P'5 Presents do not take away dates from nonprofits presenters.
- When you mentioned the 790 events, are those distinct performances?
  - Yes, that is a count of distinct performances.
- Are there hybrid shows that the P'5 Foundation presents in collaboration with other groups?
  - The Foundation funds youth programming but does not program shows. Culture and Community shows are funded by the operations budget, and Youth Arts Programming partners with Bookings to organize those performances.
- Does the Foundation work to bring people to resident companies' shows, e.g. provide staffing or marketing support?
  - Typically, resident companies have their own teams to do this.
- Looking at the pie chart of the operating revenue, revenue earned is disproportionately high compared to contributed revenue, which does not appear on the chart at all, something

that is not normal for most venues. This should be an important consideration when thinking about a consultant. We do not see contributed revenue, aka philanthropic revenue, on the pie chart at all, and we should work with a consultant who can speak to this.

- Of the twenty shows combined put on by P'5 Presents and Culture & Community last year, how many organizations are represented? How many organizations are represented among the Culture and Community shows?
  - Typically, the twenty shows would be put on by twenty different organizations. Culture & Community put on two events in FY23-24.

Government support comprises 13% of total FY25-26 revenue, consisting of \$1.2M from the City of Portland and \$2.3M from hotel/vehicle rental taxes. Other sources of revenue (e.g. interest, sponsorships, P'5 Foundation) comprise 2% of annual revenue. Rachael noted that P'5 would like to see this "Other" category of revenue grow, specifically contributed revenue; however, P'5 currently focuses on maximizing its earned revenue.

Workgroup members then asked questions and shared comments, including:

- For large capital and/or building maintenance or repairs, e.g. if a P'5 building needs its roof to be repaired, does the City contribute more than the \$1.2M annual sum to help with those repairs?
  - The answer depends on how much money is in P'5's reserves and the City's current financial situation. For example, the Schnitzer has a new roof being installed, and the P'5 was able to obtain \$1M in additional funding through the Portland Clean Energy Community Benefits Fund because the new roof has various energy efficiency upgrades. It is important to note that the cost of this new roof eliminated nearly all of P'5's reserves, and then the City was able to fill in funding gaps. The City will not always be able to meet these needs.
- What are the key obstacles for growing contributed revenue?
  - Under P'5's current model operating as a government body, it is constrained in how it can raise funds. However, P'5 is also limited in that it does not actually have tax-funded programming. P'5 operates as an earned revenue enterprise fund, much like many utilities, in which earned revenue (e.g. people paying for electricity, water, etc.) as a model makes sense. Groups or organizations that operate venues like P'5 as nonprofits have a full development/fundraising team, which P'5 does not have.
- Is there a corpus from the P'5 Foundation for P'5 to draw on?
  - No, there is not.
- Is there movement to grow the Foundation's fundraising capacity?
  - Its fundraising efforts quieted during the pandemic, and they fully picked back up since. In short, P'5 Foundation fundraising is not very active.

Rachael then covered FY25-26 earned revenue in more detail for, including patron, client pass-through, client rental, and P'5 Presents revenues. She explained that client pass-through revenues are intended to cover expenses with little profit generated from these. Rachael then shared more about P'5 Presents revenues.

Rachael delved into the FY25-26 general operations budget, noting that these revenues are not tied to specific expenses and are used to cover Management and Administration departmental costs. These departments include: Administration (leadership, land lease), Booking/Programming, Culture & Community and Youth, Event Coordination, Facility Management, Marketing, Public

Safety, Ticket Services, and Metro Support costs (HR, IT, Finance, Legal, Capital Project Support, and Government Affairs).

She then shared more details about each department's costs in the FY25-26 budget, highlighting that Facility Management costs are the highest of all departments, with Ticket Services second highest. Building repair costs are high due to age of buildings and deferred maintenance.

Workgroup members then asked questions and shared comments, including:

- What Metro support costs go to Ticket Services?
  - For example, before Hamilton performed for the first time, Metro's IT staff was at the Keller for a week to make sure the internet and computers were ready to handle the significant increase in ticket sales. Another example, is when the Ticket Services department negotiates a new contract with a ticket services provider, then Metro's legal department will be involved.
- Understanding Metro support costs as a percentage of overall annual expenses would be important to know. This is a common model, and it would be good to have the consultant share a target or sustainable percentage.
  - Metro support costs were 17% of P'5's total costs in FY23-24.
- Is there an example a City of Portland bureau that pays for support services like P'5 does to Metro that we could compare to?
  - For the Office of Arts & Culture, this projected share is approximately 25% of general fund revenue for FY26. This is a rough estimate.
- How is the \$4.5M of Metro support services costs allocated across the different P'5 departments?
  - Allocation is done proportionally. So if a department has larger expenses, it will typically need to pay more in Metro support services costs. Another factor is the number of full-time employees in a department. These employees cost more because they have access to Metro HR, IT, etc.
- When you need to hire in advance of big events, do all of those staff members fall within Metro support or do they fall in personnel costs?
  - Typically, those would be personnel costs.
- Does the Ticket Services department cover ticket sales only?
  - Yes, it is just the box office.
- Does P'5 sell tickets for every organization or performance group that uses P'5 venues?
  - P'5 sells a lot of tickets but not all performance tickets, especially for nonprofits. Broadway has its own subscription that it sells. P'5 does sell all the single/one-off tickets for all commercial shows.
- Are there revenue opportunities for ticket sales?
  - A significant portion of P'5 income comes from the fees we charge customers buying tickets.
- To what extent are Metro support services costs passed on to performance organizations/companies? Are these costs charged to P'5 and then passed through to the companies directly?
  - Generally, no. For example, if internet went out while a client was using a venue and IT had to be called in to fix it, P'5 would not charge the client. But if a client makes special requests above and beyond what P'5 offers that would require an outside contractor, e.g. high security internet, then P'5 would likely pass that cost on to the client.

- Can you speak to any trends among the general operations budget over the last several years?
  - Costs have increased over the last few years, largely related to personnel costs. Metro has focused on cost of living and ensuring its employees are being paid enough to maintain their standard of living. Increases in the Public Employees Retirement System (PERS) have also contributed to higher costs. Increased wages have also indirectly increased Metro support services costs for P'5.
- Is there a breakdown of which staff received cost of living increases and which did not? It would be especially interesting to see if there were employees who might not have needed increases but received them anyways.
  - That is a complicated question to answer because there are multiple unions representing P'5 workers, e.g. the custodian union, and because the topic could involve confidential personnel matters. P'5 has focused on cost of living increases for the workers at the lower end of the wage scale. Metro also recently conducted a pay equity study.
- It is important to note that Metro-issued pay equity increases were made at the government level and are impacting an entity that is effectively operated as an earned revenue business. These government-made decisions were made and are impacting a business, and the increased costs associated with those decisions are passed along to companies and other performance groups and users.
- We should also be grateful that Metro made these increases so that its employees are not houseless, have access to relatively affordable healthcare, and have retirement options.
- As a government, Metro is focusing on raising wages, which demonstrates a concern for citizens' well-being, and Metro should also create new sources of revenue to support these increased costs (e.g. taxation).

Rachael then presented on P'5's five-year capital improvement plan, which will start next fiscal year and focuses on the 13 highest priority projects that focus patron and employee safety and event continuity. She noted that the plan will not address all projects, which comprises over 60 deferred maintenance items. Additional funding is needed to address these items, and an upcoming facility condition assessment (target completion is end of 2025) will provide a more complete view of these needs.

Workgroup members then asked questions and shared comments, including:

- What is an example of event continuity?
  - Event continuity relates to maintenance or facility issues that would prevent a show from happening, e.g. nonfunctional elevator or HVAC system.
- Without a facility condition assessment, it will be difficult to speak to maintenance needs with a great deal of certainty.
- Where does accessibility fit into the capital improvement plan? Is there an ADA accessibility plan?
  - There is no ADA transition plan, but accessibility is on the list of items. P'5 addresses smaller accessibility needs within its annual budget (e.g. painting the edges of stairs yellow) to continuously make small improvements, even if there are larger accessibility needs that are not funded, e.g. a new ramp at the Keller.
- In general, accessibility is a challenge at all the P'5 venues, and none of them are fully accessible.

- It seems like P'5 is tasked with operating as a business, but it does not have all the tools that a business would. With an aggregated budget, does P'5 have sufficient visibility into the budgets and expenses across the separate venues? For example, the ways to strategize for success for a black box theater are different than strategizing for a Broadway house. Are there any metrics, performance data, and budget differentiation across venues?
  - P'5 can differentiate its budget by venue to some extent. It is easier to do with revenue and more difficult to do with some expenses. But it has not been possible to do it in the exact way you describe it. Though there are disadvantages to running five theaters across three venues, it should be noted that this model has its advantages too. For example, with its current model, P'5 can have a Culture and Community department that can strategize and plan programming across multiple theaters of different sizes and capabilities, enabling P'5 to offer programming that it might not be able to if it were operating just one theater.
- Operating multiple venues and buildings can have big advantages. The three P'5 facilities are like a three-legged stool, where the three buildings can support each other. I am concerned that this Workgroup is working under the assumption P'5 is a business trapped in a government's body. Some of the net revenue figures presented today show me that P'5 is doing well in some regards. \$100,000 in net revenue is not bad for the business of operating venues. My point is that I do not think that P'5 is necessarily failing, but I know that the Workgroup still needs to make recommendations about a better model.
- At the previous meeting, there was discussion about sharing revenue and expenses broken out by venue, even if it cannot be done perfectly, e.g. estimating by venue volume and/or seat count. Will that still be made available to the Workgroup?
  - Yes, we will prepare that for the next meeting.

Rachael then shared usage and attendance data for P'5 overall and the three largest theaters (Keller, Schnitzer, and Newmark). She highlighted the percentage of usage that is nonprofit versus commercial and shared examples of nonprofit resident companies, nonprofit featured tenants, and other nonprofit users. Rachael shared the following information about dark days at these three theaters in FY23-24:

- Keller: 42% of days were dark
- Schnitzer: 35% of days were dark
- Newmark: 47% of days were dark

Workgroup members then asked questions and shared comments, including:

- Could you give an example of a commercial user that is not P'5 Presents or Broadway?
  - These are often touring artists and comedians, e.g., Jackson Browne, Kevin Hart.
- Given the dark days at Keller, are there sufficient days available for groups who want to rent it?
  - Dark days are those when there is no scheduled performance or rehearsal or when the venue is closed for maintenance. Yes, there are plenty of days available.
- Do you have the number of dark days that were for maintenance or facility projects?
  - I do not have that information. As an example, P'5 closed the Schnitzer over most of the summer for the roof project. P'5 typically does large projects in the summer when the performance season is slower. Also, touring commercial shows tend to fill in the blanks on the calendar between the resident companies' performances. P'5 is at the mercy of when touring shows are coming through Portland, though. So, if there is an opening in the calendar when a show is coming through town, then it

works out to host that show. But if resident companies are performing during that time, then they take precedent over the touring commercial show.

- For summer touring shows, many artists prefer outdoor venues, and there is a shortage of outdoor venues in Portland.
- Can you differentiate between dark days on weekends and weekdays?
  - This can depend on the theater and performing group. For example, the Opera could use a space for three weeks for a show but only have performances and rehearsals several days per week, but the Symphony could sit for three to five days and have rehearsals and performances during all those days.
- The organization I represent is protective of its days in the venue because there is little incentive to relinquish them, unlike in other cities. In New York City, for example, the Symphony would share in the P and L for the Lincoln Center, which incentivized the Symphony to give up a performance or rehearsal date for a big show that would bring in revenue for the Symphony. Or, sometimes a touring commercial presenter can pay nonprofit resident companies directly to move their dates.
- Does P'5 hold dates that could be high profit for commercial performances?
  - No, resident companies have priority, and commercial performances are scheduled second after resident companies, with the exception of Broadway.
- There should be clarity on the usage of the term “nonprofit” in these conversations. The organization I represent does not feel represented by the examples of nonprofits in the presentation. When thinking about the percentage of dark days, there could be opportunity for smaller nonprofits to use those days, which would get the number of dark days closer to zero, outside of maintenance dark days. We need to expand the use of the term “nonprofit” for these conversations to be inclusive the organizations that are not currently presenting at P'5 venues. The current nonprofits listed are entrenched in the city and are preventing smaller organizations from getting more access and growing. This situation should be considered when we use the term “community” related to P'5.
  - We are talking about access to performance spaces, and a lot of the points you raise are part of the mission of Culture and Community department at P'5. Part of the limitation is resources, but P'5 does engage smaller organizations that it has never worked with previously.
- I am surprised to hear that that some nonprofits are keeping others out of P'5 performance spaces. I like to think that is not what was meant by that comment.
- There are sometimes double days when a venue is used twice in the same day, e.g. when the Symphony has a rehearsal during the daytime and there is a performance that evening. Also, the original purpose of the Newmark was specifically to create performance spaces for smaller organizations.

Rachael then shared more details about the Newmark and highlighted its purpose as a venue for smaller, local performance arts groups. Given this focus, there is a higher percentage of nonprofit performances and fewer commercial performances compared to the Keller and the Schnitzer.

She then presented FY23-24 attendance at these three venues by client type: Broadway, commercial, and nonprofit. She noted that commercial attendance has mostly recovered to pre-pandemic levels, but nonprofit attendance has not. Rachael stated that this is a challenge shared between the nonprofit users and P'5 because they both want to fill more seats and sell more tickets.

Workgroup members then asked questions and shared comments, including:

- Could the Workgroup see dark days broken out by season? It would be good to know if nonprofits are getting scheduled but on days that are not as desirable because they are not top selling days and/or seasons.
  - Yes, we can provide that.

Chariti Montez, Director of Office of Arts & Culture, City of Portland, presented on City rental rate subsidies for nonprofit performing groups. Metropolitan Exposition Recreation Commission (MERC) approves rental rates for P'5, and approved new rates in 2020 with step increases over the following three years, but those were paused until July 2022 due to the pandemic.

The City Council allocated a one-time \$350,000 subsidy to be spent over two years (FY22-23 and FY23-24) to keep nonprofit rental rates at FY21-22 rates. The Office of Arts and Culture then allocated a one-time subsidy of \$283,538 for FY24-25 for general operating support to the resident companies and most of the nonprofits presenting at P'5. After this subsidy expires, nonprofits will likely experience a large increase in rates.

- Was the Office of Arts & Culture allocation in addition to general operating support grants?
  - Yes.
- How were these funds allocated?
  - These funds were in addition to base awards and investment awards, and were based on information and data provided to the City by P'5 staff.
- It sounds like these nonprofits are heading towards a funding subsidy cliff. Is that correct or is there any chance of an additional subsidy for the coming year?
  - That is correct, to the best of my knowledge.

### Workgroup Analysis

The Workgroup did not have time to cover this section, and it will be covered at a future meeting.

### Closing and Next Steps

Ben thanked members for their participation and shared an overview of the schedule of upcoming meetings.

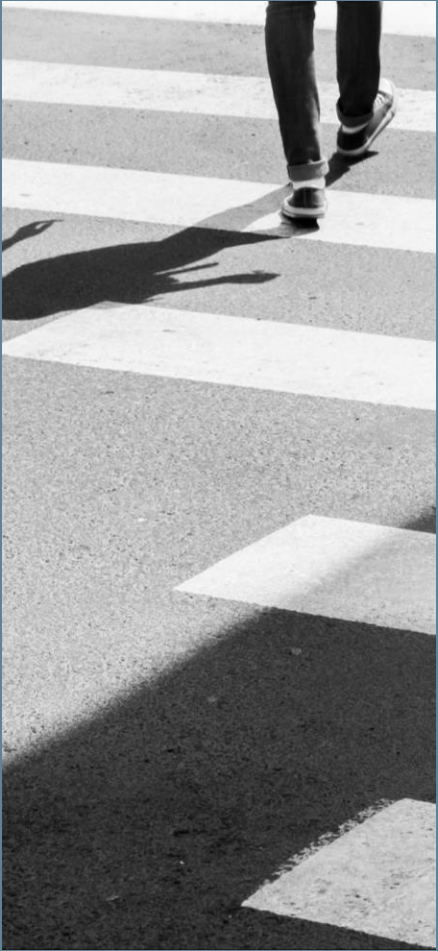
Soo reminded Workgroup members that the information provided so far is intended to be sufficient background for the Workgroup to start iterating and dreaming about other models at future meetings. She also informed members that they should contact her if they need additional information or have major questions.



# Performing Arts Venues Workgroup – Meeting Four

March 5, 2025





# Agenda

- Opening and Agenda Review
- Group Agreements
- Review Meeting Notes
- Follow Up to 2/19 Meeting
- Needs & Wants and Current State Themes
- Concept and Model Brainstorm: 1-2-4-All exercise
- Closing and Next Steps

# Meeting Sequencing

---

## Grounding

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 *Consider alternative models/options - Today*
- #5 Address consultant's questions for Workgroup
- #6 Consultant - kick-off, "state of the arts"/trending
- #7 Consultant - present options & recommendations
- #8 Consultant - follow-ups, finalize

## Workgroup Recommendations

- #9 Develop
- #10 Draft
- #11 Finalize, submit (*may need to add 11th meeting in May*)

# Group Agreements

Ben Duncan, Kearns & West



# Group Agreements – How we show up

---

1. Listen to understand, not to respond.
2. W.A.I.T. ["Why Am I Talking?"]
3. Assume good intentions but attend to impact.
4. Be willing to make mistakes and be forgiving of those who do.
5. Allow for, and appreciate, disagreement of opinions, ideas, methods – respectfully.
6. Personal stories stay, lessons can be shared.
7. Bring forward issues/concerns as early as possible
8. Permission to speak in "rough draft" *[added during meeting]*
9. \_\_\_\_\_

# Group Agreements – What we bring

---

1. We are visionary and we will be bold
2. We prioritize the value to the public good – our love of the arts, the importance of Downtown and the future of Portland
3. We come to be part of a team
4. We will be aggressively curious about each other's ideas – with the intent to expand and/or improve
5. We are hard on the structures but soft on the people
6. We make time for joy
7. Honor the history – learn from the past as we imagine the future *[added during meeting]*
8. We are entitled to our own opinions but not our own facts *[added during meeting]*
9. \_\_\_\_\_

# Review Meeting Notes

Ben Duncan, Kearns & West



# Current Operating Model: Follow up Responses

Rachael Lembo, P'5



# Building usage – Keller Auditorium

## Keller Auditorium FY2023-3024 use days

	% in use	% not in use
All days	58%	42%
Sept-June	65%	35%
Fri, Sat, Sun	64%	36%

July '23						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August '23						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September '23						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October '23						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November '23						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December '23						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

January '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February '24						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	

March '24						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May '24						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June '24						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

# Building usage - Arlene Schnitzer Concert Hall

## Arlene Schnitzer Concert Hall

FY2023-2024 use days

	% in use	% not in use
All days	65%	35%
Sept-June	76%	24%
Fri, Sat, Sun	77%	23%

July '23						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August '23						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September '23						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October '23						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November '23						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December '23						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

January '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February '24						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March '24						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May '24						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June '24						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

# Building usage – Newmark Theatre

## Newmark Theatre FY2023-2024 use days

	% in use	% not in use
All days	53%	47%
Sept-June	62%	38%
Fri, Sat, Sun	60%	40%

July '23						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August '23						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September '23						
S	M	T	W	T	F	S
						1 2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October '23						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November '23						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December '23						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

January '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February '24						
S	M	T	W	T	F	S
					1	2 3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29		

March '24						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April '24						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May '24						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June '24						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Note: An October multi-week run was cancelled in spring 2023.

## **Data requests in process**

### Profit & Loss by building

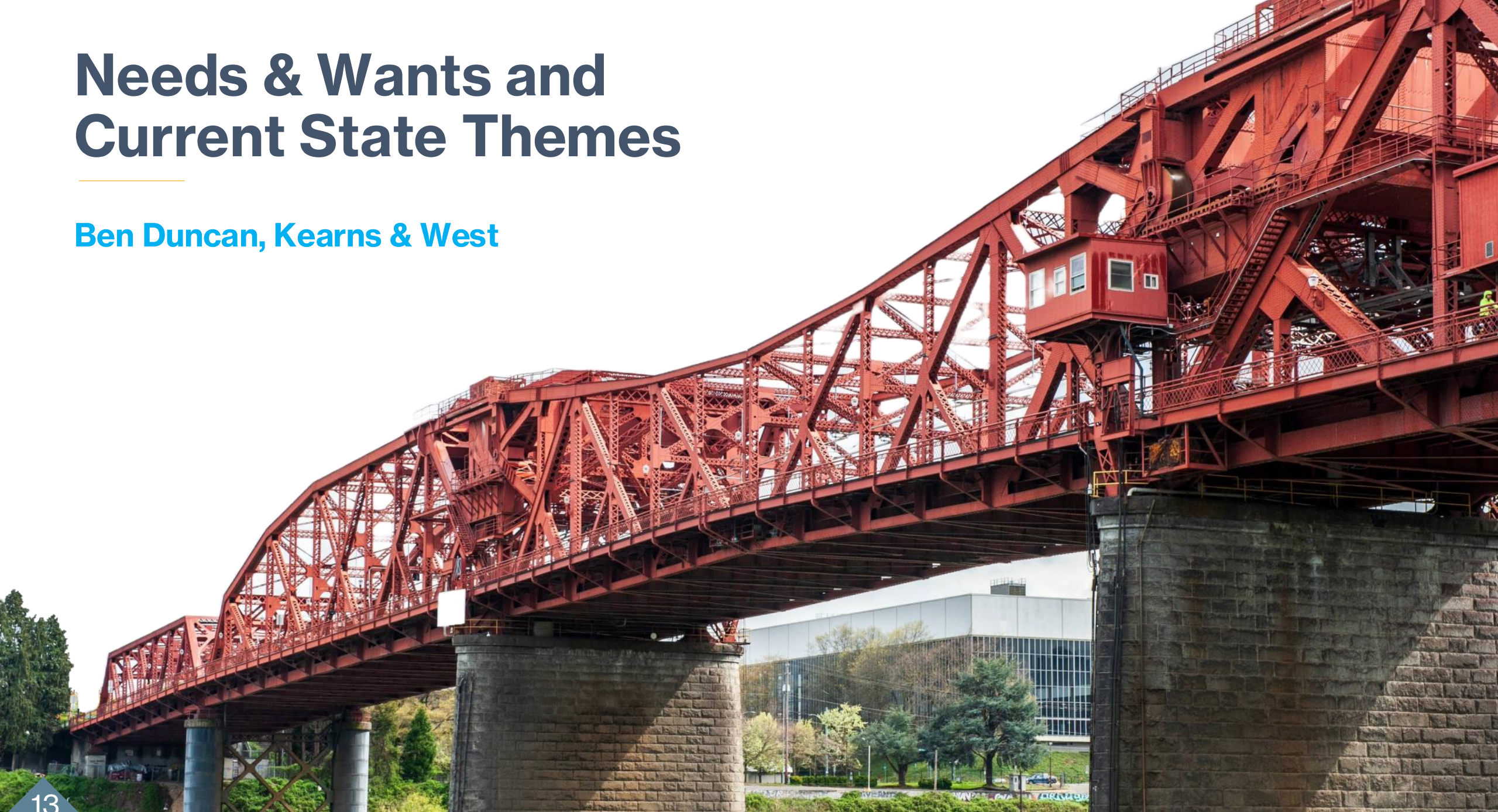
- Earned revenue and allocated expenses

### Building utilization

- Number of performances and attendance by event type (resident company, other non-profit, commercial/P5 Presents, Broadway)

# Needs & Wants and Current State Themes

Ben Duncan, Kearns & West



# Reflect back: Needs and Wants, and Current State

## Needs and Wants

- Venue affordability and accessibility for user groups
- Improved audience experience (ticketing, concessions, bathrooms, etc.) and access (ADA, low income, communities historically excluded)
- Funding structures and budgeting that produce revenue to sustain systems
- Activating venues beyond traditional performances
- Modernized ticketing systems
- Buildings adequately maintained
- Reconfigured governance model
- Performance planning for long-term sustainability
- Art for diverse audiences, reflecting diverse stories and interests
- P'5 as a tourist destination/cultural district that bolsters Downtown economy

## Current State

- Earned revenue-based operating model (85%)
- Scheduling: resident companies, then featured tenants, then other non-profits, P5 Presents and commercial
- FY24 Nonprofit usage
  - Keller: 45% (Broadway is 37%)
  - Schnitzer & Newmark: 81%
- FY24 Attendance, percentage of seats filled (3 largest venues)
  - Nonprofit: 54% | Commercial: 70% | Broadway: 86%
- FY24 Dark days (no rehearsal/performance)
  - Keller: 42% | Schnitzer: 35% | Newmark: 47%
- Portland'5's expense budget includes direct event expenses (27%), P5 Presents expenses (5%), and Management & Admin (68%). Management & Admin includes Metro support costs, which are 17% of FY25-26 budget.
- Maintenance/capital improvements budget cannot address need: Capital Improvement Plan will address 13 of 60+ deferred maintenance items.

# Workgroup Analysis

---

Based on future needs and wants and the current state, what needs to be solved for?

What are the key challenges and obstacles to revenue and programmatic sustainability?

# 1-2-4-All Exercise

---

**No bad ideas** - Goal is to brainstorm, add, refine, and synthesize draft concepts, models to explore and/or that exist elsewhere, questions to inform consultants, draft recommendations, etc.

## Process

- **Individual work time (1)** - Brainstorm ideas for solutions, models to explore, etc. based on needs/wants and key challenges/obstacles
- **Pair and share (2)** - Discuss your ideas with the person next to you and combine, synthesize, refine, seek input, etc. Nothing needs to come off your lists of ideas!
- **Small groups (4)** - Combine your pair with another pair, and continue to refine, revise, seek feedback, etc. Collect group ideas on the easel paper.
- **Full-group share out (All)** - Each group of 4 shares their ideas

# Closing and Next Steps

Ben Duncan, Kearns & West



# Upcoming Meetings

Meeting no.	Date/Time	Location
5	Wed. March 19, 3 to 5 pm	The Portland Building, Room 216
6	Wed. April 2, 3 to 5 pm	The Portland Building, Room 216
7	Wed. April 16, 3 to 5 pm	The Portland Building, Room 216
8	Wed. April 30, 3 to 5 pm	The Portland Building, Room 216
9	Wed. May 14, 3 to 5 pm	The Portland Building, Room 216
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216

## P'5 Workgroup Meeting Summary

*Shared with Workgroup Members*

March 5, 2025

### Meeting Objectives

1. Reflect on previous discussions: Needs and Wants and Current State
2. Individual and small group “crowdsourcing” solutions and approaches to inform recommendations for the future state
3. Discussion of next steps

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening and Agenda Review</b> Ben Duncan, Kearns & West Soo Pak, City of Portland	Opening remarks, review agenda, meeting sequence Consultant selection update	3:00 – 3:10 pm
<b>Review Group Agreements</b> Ben Duncan, Kearns & West	Review group agreements for the process	3:10 – 3:15pm
<b>Review Meeting Notes</b> Ben Duncan, Kearns & West	Confirm 2/19 meeting summary content	3:15 – 3:20 pm
<b>Follow up to 2/19 Meeting</b> Rachael Lembo, P'5	Presentation on additional questions and data requests	3:20 – 3:35 pm
<b>Needs &amp; Wants and Current State Themes</b> Ben Duncan, Kearns & West	Previous discussion themes: needs/wants and current state Discussion: Challenges and obstacles?	3:35 – 3:45pm
<b>Concept and Model Brainstorm</b> All	1-2-4-All exercise: individuals, pairs and small groups brainstorm concepts, ideas, models and/or approaches to respond to the challenges and obstacles that P'5 currently faces.	3:45 – 4:55 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:55 – 5:00 pm

### Action Items

- Provide additional data on P'5, including:

- Profit and loss by building, along with calculation assumptions
- Number of FTE by department at P'5
- Number of performances and attendance by event type (e.g. resident company, nonprofit non-resident, commercial, Broadway)

### **Opening and Agenda Review**

Ben Duncan, facilitator from Kearns & West, opened the meeting and reviewed the agenda. Members introduced themselves, including Grant Vermillion filling in for David Peterson of the Portland Gay Men's Chorus.

Soo Pak, Arts, Portland Parks & Recreation, shared that the City had selected AMS as the consultant for the project. She shared that AMS will do ground work in March, then participate in workgroup meetings starting in April. Soo added that the Workgroup may need to have one more meeting than originally planned.

### **Follow up to 2/19 Meeting**

Rachael Lembo, P'5, presented usage data and calendars from the three largest P'5 venues: Keller, Schnitzer, and Newmark. The usage data was broken down by percentages in use/not use across all days of the year, from September to June (the busier season), and weekends. Rachael noted that the Schnitzer is the most used venue; noted the exception about booking for Newmark in October 2023

Rachael shared that P'5 has data on profit and loss by building, and she is working to ensure the validity of the data and will provide it to the workgroup. She will also share the assumptions made for expense allocations.

### **Concept and Model Brainstorm – Synthesis of Workgroup Member Ideas and Themes**

Key themes include:

- Models to increase revenue
- Greater activation of venues
- Venue improvements
- Updated governance model

#### Theme: Models to increase Revenue

Members outlined several strategies and concepts for increasing revenue across the venues. These include partnerships, philanthropic infrastructure, and revenue generation.

*Concept:* Establish a philanthropic body to advance current restricted and unrestricted needs as well as corpus development

- Member ideas
  - Increase philanthropic fundraising activities

*Concept:* Pursue strategic partnerships that increase revenue

- Member ideas
  - Explore private-public partnerships/private venue operator
  - Corporate partnerships to sponsor venues/theaters/events/series

#### Consultant asks

- Research funding model comparison to create analysis of cities who have financial sustainability from all revenue sources and create benchmarks of revenue mix
- Research models of corporate sponsorship (theaters, season sponsorships, yearly sponsorship)
- Research models that empower resident groups to have “skin in the game” and allow for leveraging philanthropic communities (e.g. Los Angeles, Dallas)

#### *Concept:* Stronger/increased marketing of P’5 venues and shows

- Member ideas
  - More marketing of spaces to commercial artists
  - Develop new audiences
  - Cross collaboration of marketing to better share out news and updates

#### Consultant ask

- Research marketing strategies that increase new patrons and sustain existing patrons – improving ticket sales
- Research marketing strategies that increase clients – improving booking and usage

#### Theme: Greater Activation of Venues

Members shared the desire to increase usage of P’5 venues and provided ideas on ways to do this, focusing on additional events and uses of P’5 spaces

#### *Concept:* Activating venues during “dark days” and slow periods (e.g. summer)

- Member ideas
  - Workshops and trainings (masterclasses, technical theater trainings)
  - Backstage tours
  - Classic movie nights
  - Wellness/fitness activities (e.g. yoga)
  - Reduced rental rates on dark days/slow periods to local/youth groups
  - Allow venues to be rented for galas, fundraisers, award ceremonies, conferences, corporate events
  - Parades
  - Monthly evening parties
  - Host speaker series
  - Nontraditional events, e.g. E-sports, silent discos
  - Annual festival, lock in’s
  - More events in lobby
  - Ghost/ghost tours
  - Placemaking in the parks/park blocks

#### Consultant asks

- Research on how venues in other cities increase usage of their venues, especially during “dark days” and slow periods (e.g. summer)
- Research whether nontraditional uses of venues in other cities provide net revenue to the venues

#### Theme: Venue Improvements

There is group recognition that the combination of backlog of deferred maintenance, accessibility, and useability all combine to create venue spaces that are not optimized for equitable access, user or patron experience

*Concept:* Ensure that resident non-profits can both afford space, and do not hold a disproportionate burden (e.g. increasing rental costs) for capital improvement

*Concept:* Ensure a better user experience

- Member ideas
  - Increased and improved restrooms
  - Improved concessions/food/beverage program
  - Upgrade ASL/captioning
  - Upgrade sound system
  - Upgraded energy efficiency
  - Re-entry during admission
  - Integration of AI

Consultant asks

- Research models that have effectively funded capital maintenance balanced between investment categories/generation (i.e. are there models where venues are not only relying on revenue generation/user rental costs to fund capital improvements?)
- Research how other cities have created discrete capital reserves that are restricted to long-term capital of the facilities (what funding models exist that replenish annually)

Theme: Updated governance model

*Concept:* Updated governance and operations model that meets the needs of a multi-venue performing arts infrastructure/ecosystem

- Member ideas
  - Insulated from political cycles and winds
  - Move governance from shared to City of Portland
  - Create an IGA that can – and does – evolve over time
  - State Operation of venues
  - Artist-led model that shifts control from Metro to artists and arts organizations that prioritizes artistic vision, equity, and financial sustainability – e.g. a cooperative arts/cultural trust
  - Employee-owned co-op
  - Non-profit management

Consultant asks

- Research comparable cities' governance models that meet broader system needs (e.g. jurisdiction, non-profit, corporate ownership/operations)
- Assess balance between administrative and programmatic staffing levels

*Concept:* Finding a booking/scheduling model that balances nonprofit, commercial, revenue-generating, etc. performances that ensure financial stability and provide space/time for smaller groups to perform

- Member ideas
  - Strategic revenue-based shows

Consultant ask

- Other booking models that P'5 can try to emulate

*Concept:* Efficient operations to allow for equitable access



# Performing Arts Venues Workgroup – Meeting Five

March 19, 2025



Metro



# Agenda

- Opening and Agenda Review
- Review Group Agreements
- Current Operating Model Follow Up
- Review March 5 Meeting Notes
- Consultant Key Research Questions
- Confirming Workgroup Key Research Questions
- Closing and Next Steps

# Meeting Sequencing

---

---

## Ben Duncan, Kearns & West



# Group Agreements – How we show up

---

---

Rachael Lembo, P'5



# P5 FY23-24 Estimated P&L by Building – Operating Earned Revenue

---

- Client revenues (theatre rental, pass-through labor/equipment rental)
- Some patron revenues (ticket service charges, food & beverage)
- P5 Presents ticket sales
  
- Ticket order fees - *allocated by attendance*
- Sponsorships – *allocated by attendance*
  
- Government support
- Other (interest, grants, miscellaneous revenue)

# **P5 FY23-24 estimated P&L by Building – Operating Expense V1**

---

- Pass-through labor/equipment rental expenses – allocated by pass-through revenues
- P5 Presents expenses – allocated by P5 Presents ticket sales
- General Administration & Management – allocated by attendance

# P5 FY23-24 estimated P&L by Building – Net Operations V1

<i>in millions</i>	Arlene Schnitzer Concert Hall	Keller Auditorium	Antoinette Hatfield Hall	Total
Revenue	\$7.5	\$9.0	\$2.6	\$19.2
Expense	\$10.4	\$8.8	\$3.8	\$23.0
<b>Net</b>	<b>(\$2.9)</b>	<b>\$0.3</b>	<b>(\$1.2)</b>	<b>(\$3.8)</b>

# P5 FY23-24 estimated P&L by Building – Operating Expense V2

---

- Pass-through labor/equipment rental expenses – allocated by pass-through revenues
- P5 Presents expenses – allocated by P5 Presents ticket sales
- General Administration & Management
  - Booking & Marketing – allocated by seating capacity and number of event runs
  - Events & Production – allocated by number of event runs
  - Facility Mgt & Security – allocated by seating capacity and attendance
  - Ticket Services – allocated by seating capacity and number of event runs (adjusted to exclude resident companies who sell their own tickets)
  - Administration, Culture & Community, and Metro support costs – allocated to the above departments based on total cost

# P5 FY23-24 estimated P&L by Building – Net Operations V2

<i>in millions</i>	Arlene Schnitzer Concert Hall	Keller Auditorium	Antoinette Hatfield Hall	Total
Revenue	\$7.5	\$9.0	\$2.6	\$19.2
Expense	\$10.1	\$7.9	\$5.0	\$23.0
<b>Net</b>	<b>(\$2.6)</b>	<b>\$1.2</b>	<b>(\$2.4)</b>	<b>(\$3.8)</b>

---

## Ben Duncan, Kearns & West



# March 5 Meeting Notes

---

## Soo Pak, City of Portland



# Questions from AMS

---

# Questions from AMS

---

---

## Ben Duncan, Kearns & West



# Models to Increase and Diversify Revenue

# Updated Governance Model

---

# Venue Improvements

---

- *Are there models where venues do not rely only on revenue generation/user rental costs to fund capital improvements?*

# Greater Activation of Venues

---

## Ben Duncan, Kearns & West



# Looking Ahead

---

# Upcoming Meetings

Meeting no.	Date/Time	Location
6	Wed. April 2, 3 to 5 pm	The Portland Building, Room 216
7	Wed. April 16, 3 to 5 pm	The Portland Building, Room 216
8	Wed. April 30, 3 to 5 pm	The Portland Building, Room 216
9	Wed. May 14, 3 to 5 pm	The Portland Building, Room 216
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216

## P'5 Performing Arts Venues Workgroup

### Meeting Summary

March 19, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Follow up actions from previous meeting
2. Review and affirmation of key research questions for the Consultant team

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening and Agenda Review</b> Ben Duncan, Kearns & West	Review agenda and discuss approach	3:00 – 3:10 pm
<b>Review Group Agreements</b> Ben Duncan, Kearns & West	Review group agreements for the process	3:10 – 3:15pm
<b>Current Operating Model Follow Up</b> Rachael Lembo, P'5	Share and discuss profit/loss by building	3:15 – 3:30 pm
<b>Review Meeting Notes</b> Ben Duncan, Kearns & West	Review edits and submissions from members. <ul style="list-style-type: none"><li>• Have we accurately captured the concepts and ideas that were generated?</li><li>• Any questions or clarity?</li></ul>	3:30 – 3:50 pm
<b>Consultant Key Research Questions</b> Soo Pak, City of Portland	Consultant pre-identified questions <ul style="list-style-type: none"><li>• Review identified questions that consultant is confirmed to include in analysis</li></ul>	3:50 – 4:15 pm
<b>Confirming Workgroup Key Research Questions</b> Ben Duncan, Kearns & West	Workgroup Research Questions <ul style="list-style-type: none"><li>• Confirm research questions from workgroup members</li><li>• Are any questions missing that are critical to our work?</li></ul>	4:15 – 4:45 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:45 – 5:00pm

## **Action items**

- N/A

## **Opening and Agenda Review**

Ben Duncan, Facilitator, Kearns & West, began the meeting with an overview of the process that the Workgroup has gone through so far to arrive at identifying key topics and questions for the Workgroup and consultant (AMS) to address.

Ben then reviewed the meeting agenda and noted that the project and facilitation teams have synthesized the Workgroup members' ideas and concepts shared during the meeting on March 5 and for the Workgroup to affirm during this meeting. He then explained that Workgroup members will brainstorm questions they would like AMS to research, in addition to the research questions and concepts that the Workgroup had previously identified.

Ben then reviewed the sequence of meetings, reminding the Workgroup that AMS will participate during the next meeting.

## **Review Group Agreements**

Ben reviewed the group agreements.

## **Current Operating Model Follow Up**

Rachael Lembo, P'5, presented FY23-24 estimated profit and loss by building, starting with operating earned revenue. Known revenues by building include client revenues, some patron revenues (e.g. ticket services charges, food and beverage), and P'5 Presents ticket sales. Allocated revenues by building are estimates allocated by attendance at each venue and include ticket order fees and sponsorships. Revenues not included in this analysis are government support and other miscellaneous revenue, e.g. interest and grants.

Rachael then shared two operating expense scenarios with different ways of allocating expenses by building. Expenses are allocated by building in the first scenario as follows:

- Pass-through labor/equipment rental expenses – allocated by pass-through revenues
- P5 Presents expenses – allocated by P5 Presents ticket sales
- General Administration & Management – allocated by attendance
- [Excludes capital expenses]

This expense allocation scenario results in the below net operations for each of the three largest venues: Schnitzer, Keller, and Hatfield:

<i>in millions</i>	Arlene Schnitzer Concert Hall	Keller Auditorium	Antoinette Hatfield Hall	Total
Revenue	\$7.5	\$9.0	\$2.6	\$19.2
Expense	\$10.4	\$8.8	\$3.8	\$23.0
<b>Net</b>	<b>(\$2.9)</b>	<b>\$0.3</b>	<b>(\$1.2)</b>	<b>(\$3.8)</b>

Rachael reminded the Workgroup that these scenarios only include earned revenue.

The second scenario allocates general administration and management expenses differently, as follows:

- Pass-through labor/equipment rental expenses – allocated by pass-through revenues
- P5 Presents expenses – allocated by P5 Presents ticket sales
- General Administration & Management
  - Booking & Marketing – allocated by seating capacity and number of event runs
  - Events & Production – allocated by number of event runs
  - Facility Mgt & Security – allocated by seating capacity and attendance
  - Ticket Services – allocated by seating capacity and number of event runs (adjusted to exclude resident companies who sell their own tickets)
  - Administration, Culture & Community, and Metro support costs – allocated to the above departments based on total cost
  - [Excludes capital expenses]

This expense allocation scenario results in the below net operations for each of the three largest venues: Schnitzer, Keller, and Hatfield:

<i>in millions</i>	Arlene Schnitzer Concert Hall	Keller Auditorium	Antoinette Hatfield Hall	Total
Revenue	\$7.5	\$9.0	\$2.6	\$19.2
Expense	\$10.1	\$7.9	\$5.0	\$23.0
<b>Net</b>	<b>(\$2.6)</b>	<b>\$1.2</b>	<b>(\$2.4)</b>	<b>(\$3.8)</b>

Rachael shared key takeaways, including that the revenue generated at the Schnitzer and Hatfield do not cover those venue's expenses, but Keller's revenue does. This enables P'5 to use Keller surplus revenue to cover expenses for other venues running a deficit like the Schnitzer and Hatfield, an advantage of running the venues as one larger organization.

Workgroup members then asked questions and shared comments, including:

- What is the status of the ground lease for the Hatfield? I wonder if there is an opportunity to renegotiate the lease to reduce the cost burden. Is the lease allocated across all buildings in the scenarios?

- Rachael responded that she does not recall exact details, but that the expense of the lease is shared across all P'5 buildings, largely because P'5's offices are in that building. The lease is negotiable but it is not clear if costs would change significantly.
- Why does the Keller have a surplus while the other venues run a deficit?
  - Rachael explained that The Keller hosts Broadway shows, which have the highest attendance of any event type at P'5. A significant number of days at the Schnitzer are booked by the Symphony, so there are fewer commercial shows there. The Hatfield's three theaters are relatively small, and it is hard to earn a surplus from ticket sales for such small venues.
- Is there a breakdown of dark days at the theaters in the Hatfield? I am not asking for that to be produced but am just curious if it is data P'5 has.
  - Rachael shared that this information was shared for the Newmark but not for the Brunish or Winningstad. P'5 has the data, but it would take additional staff time to analyze and prepare it.
- I would like to see information about the dark days at the Brunish and Winningstad theaters. There seems to be hesitancy about providing that data, but it would be helpful to get a sense of the under usage in all P'5 venues.
  - Rachael asked if this information would be helpful to the broader group and shared that the only hesitancy is related to staff capacity to compile that information. She emphasized that she and her staff want to provide as much information as possible to the Workgroup, as long as it helps the Workgroup achieve its goals.
  - A Workgroup member shared that they do not think dark day data on these venues is important to the bigger questions facing the Workgroup.
  - Ben added that it would be helpful to know if the dark days at the Brunish and Winningstad follow similar patterns to the dark days at the three larger venues already shared with the Workgroup.
  - Rachael agreed and explained that the Winningstad depended heavily on the Children's Theater, which is now gone, and the Brunish likely has more dark days than the other venues because it is the smallest. Generally, dark days at these theaters would follow the same patterns as the others, with dark days increasing in the summer and on weekdays.
  - Chariti Montez, City of Portland, reflected that supporting the Workgroup requires a significant amount of staff capacity at P'5, which is also heavily booked currently with many shows. She reminded the Workgroup that it does not need to figure out an operating budget for each venue or building, but it should focus on the overall P'5 operating model.
- Can you provide an estimate for how the P & L (profit and loss) would change if the calculations included government support and miscellaneous revenues?
  - Rachael shared that in FY23-24, the overall operations surplus was approximately \$500K, so the \$3.8M net across these buildings would be \$4.3M.
- Is the cost of running P'5 administration out of the Hatfield comparable to the cost of doing so out of another building downtown?

- Rachael answered that she is not sure, and P’5 has not considered other office spaces. It would also be challenging to answer that question because the Hatfield has maintenance issues that need to be addressed because of the three theaters in the building, regardless if offices were there or not. So, even if P’5 moved its offices out of the Hatfield, it would still incur similar maintenance costs.
- Were all administration costs for P’5 considered in these scenarios?
  - Rachael shared that they were.
- What is the definition of “resident companies?”
  - Rachael explained that these include the Oregon Symphony, Portland Opera, Oregon Ballet Theatre, Oregon Children’s Theatre, and Portland Youth Philharmonic. These organizations have been considered resident companies since before the IGA came into being. They have been long-term local nonprofits that have been based in P’5 theaters. They receive the largest discount for space rental. The resident companies have changed over time, but there is not a formal process to evaluate, renew, or change them out over time.
  - A Workgroup member added that resident companies must perform a certain number of days per year to qualify, and they used to be recruited, but that no longer occurs actively.

### **Review March 5 Meeting notes**

Ben opened this section of the meeting by asking Workgroup members for their reflections on the notes from the March 5 meeting.

Workgroup members shared comments and asked questions, including:

- I want to be sure the ideas and questions that Workgroup members have generated are framed and understood, especially now that the consultant will start using them to support this group. Many members are coming at this from a business perspective, so if the notes say “better concessions,” that is not just about serving better food to theater users, but it is also about how to better leverage food and beverage programs at the venues to earn more revenue for P’5. The ideas are meant to be creative and helpful ways to increase revenue and improve P’5 overall.
- I wonder if we should be considering the governance model before all other considerations. If we discuss ways to increase and diversify revenue, that assumes the current governance and operating model, and our ideas could become moot if the governance model changes. By addressing revenue and not governance, is the Workgroup implying that the current governance model is working?
  - Chariti clarified that the Workgroup’s directives include ways to address current issues with P’5 in its current governance and operating model in addition to exploring other governance and operating models. The former directive is meant to provide shorter-term recommendations, and the latter is longer term.
  - Rachael added that ideas to increase and diversify revenue are not necessarily workable with a new governance model and could be executed with any model, e.g. increased philanthropy.

- The Workgroup is faced with an interesting set of questions, e.g. whether we should go into the weeds or acknowledge the government model is working or not. I think there is a greater cultural issue with P'5. If we propose a new business model without addressing the language around who is included in P'5 spaces and who is not, then the Workgroup is missing the greater point. There are issues not being spoken to.
- What is the revenue from food and beverage per capita comparing types of shows, e.g. a comedian versus Broadway or a resident company performance? I would imagine AMS will ask for this information too.
  - Rachael shared that P'5 used to be a member of PACStats, an AMS-run database of performing arts center data, through 2023, so AMS likely has that type of data for P'5 through 2023. P'5 stopped its membership to reduce costs, so P'5 will provide AMS additional key information they will need, likely including food and beverage data.
- I believe that no one at Metro, MERC or P'5 thinks that the current model is working. We do not need to defend the IGA and relationship between the City and Metro and imply that it is working. Significant cuts are coming to P'5 with new budgets to be released by MERC soon, so Rachael will have to continue to run P'5 with fewer staff, so the Workgroup needs to be conscious of that with regards to our requests of her. Each member can approach the work of this group from their own perspectives, probably to the point of being myopic at times, so we and the facilitation team need to keep us at a high level. I think we are over-indexing on operations and not address the buildings. Capital investments will be critical to reduce the pressures on expenses. If P'5 is going to move to a revenue growth mode, then there needs to be significant investment in its buildings.
- What are we trying to accomplish with our conversation today? Would it be useful to identify the questions that the Workgroup wants AMS to research? Or are we asking other questions, e.g. is the current subsidy a reasonable amount for these types of venues? Is there a capital replacement plan, and if so, is it sufficient? Are P'5 buildings being fiscally optimized, and if so, according to what factors? There are a lot of questions we could address.
  - Ben clarified that the current conversation is to ensure that the key ideas and questions from the previous meeting were accurately and comprehensively captured in preparation for AMS. Addressing questions for AMS is where we will be going next in our meeting today.
- I do not think we need to completely focus on capital improvements to diversify and increase revenue. There are significant opportunities to use existing spaces and kitchens to create VIP experiences and upsell shows, conduct fundraising during intermissions or pre or post show. I think there is a lot that could be accomplished with the existing spaces.
  - A Workgroup member responded that they agree, but that these types of activities would generate incremental revenue. The maintenance needs of the buildings is a much larger and more expensive issue.
- Why were Los Angeles and Dallas referenced as comparison cities in the meeting notes? Those cities' performing arts centers have very different models.

- Ben explained that these cities came up during the brainstorm at that meeting. The high-level ask is to compare other cities' models.

### **Consultant Key Research Questions**

Soo Pak, City of Portland, shared an overview of AMS' role and explained that during their first meeting with the Workgroup, they will share a "state of the field" presentation that will include data on revenue and support mixes (philanthropy, government, sponsorships, etc.), costs, utilization and attendance. These data will be drawn from 30 to 40 other performing arts centers in U.S. and benchmarked against P'5. To prepare for this "state of field" presentation, AMS wants to know which topics the Workgroup most wants to learn about and which peer performing arts centers and/or cities across the country members are most interested in for comparison.

Workgroup members shared research questions, including:

- Who are P'5's peers, including those with multiple venues on one campus/complex and those with multiple venues not on the same campus, ideally with geographic similarity (city size, in an urban/downtown area)
- Other (multi)government models for civic theaters/PACs?
- Are there other peers dealing with or that have dealt with similar complexities related to public sector volatility?
- Peers that have been through a similar transition and/or reimagining of governance?
- Optimized mix of earned and contributed (philanthropic and government) revenue
- Sustainable event mix - what is the ideal mix of types of events to be sustainable?
- How peers create and maintain sustainable capital reserves and address deferred maintenance?
- Post-pandemic performing arts attendance - what kinds of events are trending? How is audience behavior changing? What types of shows are audiences going to and not? Are the demographics of audiences changing?
- Cost structures for nonprofit, for profit and government-run PACs
- What do philanthropic arms look like for government-run and nonprofit-run PACs?
- How do peers manage resident companies? How is "resident" defined? What types of benefits, discounts, and/or priority do they receive or not? Do they have a dedicated "home" venue or not?

Workgroup members shared peer cities and performing arts centers, including:

- Salt Lake City: An example of a two-government ownership/operations model with six venues.
- Hennepin Arts (Minneapolis): Nonprofit/trust owned and operated, purchased from city.
- Seattle Theater Group
- Denver
- Kansas City
- Eugene: An example of multiple city-run venues (two)
- University-based PACs
- Pittsburgh Cultural Trust

- Little Rock Main Street Corridor
- Milwaukee

### **Confirming Workgroup Key Research Questions**

The Workgroup then reviewed the topics and questions its members had previously devised, confirming their completeness and/or providing additional context. These topics and questions were divided into four broad categories:

- Models to increase and diversify revenue
- Updated governance model
- Venue improvements
- Greater activation of venues

Before addressing each category, Workgroup members asked clarifying questions and shared comments, including:

- Would the new Portland State performing arts building be incorporated into the IGA? Would it replace the Keller?
  - Chariti answered that the IGA will not automatically or necessarily incorporate the new Portland State venue. The Workgroup does not need to consider the potential new Portland State venue and the future of the Keller.
- I am concerned that we may be “putting the cart before the horse” with respect to making recommendations to improve P’5 and the IGA. If we make recommendations, what happens to them if P’5 ceases to exist under a new governance model or IGA?
  - A Workgroup member added that they are concerned that the group is focusing on smaller issues like revenue generation ideas when larger questions, e.g. capital investments and buildings and the IGA and governance model, need to be addressed.
  - Chariti clarified that the Workgroup is tasked with providing two types of recommendations: (1) improvements under the current model, and (2) improvements to the governance and operating model, e.g. renegotiating the IGA. The purpose of these two types of recommendations is because a new governance model could take years to decide on and implement, so the City is seeking improvements in the interim.

#### *Models to increase and diversify revenue*

- Funding model comparison that includes cities with venues that have achieved financial sustainability from all revenue sources, e.g. earned revenue, sponsorships, public, philanthropy; along with benchmarks for a sustainable mix of revenue sources
- Corporate sponsorship models, including but not limited to: theaters, season sponsorships, yearly sponsorships
- Funding models that empower resident groups to have “skin in the game” and allow for leveraging philanthropic communities (e.g. Los Angeles, Dallas)
- Marketing strategies that increase new patrons and sustain existing patrons (aka improving ticket sales) and that increase clients (aka improving booking and usage)

- Research on how other comparable venues use food and beverage and merchandise to increase revenue

Soo clarified to members that marketing and sponsorships models are out of scope for AMS.

Workgroup members shared their comments and questions, including:

- Because it is listed first, I am concerned that this topic is listed as a higher priority over the topic of governance, which is a more important question to me.
  - Ben clarified that the ordering of these topics is not meant to imply priority or ranking.

#### *Updated governance model*

- Comparable cities' governance models that meet broader system needs (e.g. jurisdiction, non-profit, corporate ownership/operations), including both multi-venue and venue-by-venue models.
- Assess balance between administrative and programmatic staffing levels
- Evaluate governance/operational models with an eye toward alignment of incentives and risks.
- Other booking models that P'5 can try to emulate

Workgroup members shared their comments and questions, including:

- Does programmatic staff include event staff?
  - Ben clarified that administrative staff are more related to management and office roles, while programmatic staff includes event staff.
  - A Workgroup member added that this point is largely about benchmarking FTEs in different buildings and departments, e.g. the number of FTEs in facilities, booking, box office, marketing, etc.
- This category could be the place to include the discussion of capital investments and operations because they are at the heart of the question about governance.
- What does "other booking models" include?
  - Ben and a Workgroup member clarified that this topic is to ask for comparisons of other performing arts centers mixes of presenter types, e.g. commercial, nonprofit, resident, etc.
- I think the City understands that the current governance model is not working well. The public may not understand that, however, so I think there should be a campaign to inform the public about P'5 needs.

#### *Venue improvements*

- Models with sufficiently funded capital maintenance balanced between investment categories/generation (e.g. earned revenue, philanthropy, public funds, private partnerships, etc.)
  - Are there models where venues do not rely only on revenue generation/user rental costs to fund capital improvements?

- Models with discrete capital reserves that are restricted to long-term capital of the facilities
- Funding models that replenish annually
- Examples of how AI is being used by venues both to reduce operational expenses and to increase revenue.

Workgroup members shared their comments and questions, including:

- Have facilities assessments been conducted yet? We need those to truly understand the costs of deferred maintenance.
  - Chariti shared that they have not.
- At what point does the land lease become untenable for whoever operates P'5?
- The P'5 is currently in an untenable position from a capital perspective. The Workgroup is currently looking at half of the formula with the information that Rachael has provided. We should also be looking at deferred maintenance needs, but the City does not have that information yet. MERC estimates that those needs are in the tens of millions of dollars. I want to clarify that we cannot ask AMS to dive into this topic too deeply because we cannot provide all the necessary information.
  - Chariti shared that the Workgroup can identify limitations to the information it had as part of its final recommendations.
  - Rachael added that AMS could still provide examples of capital plans that are working well, even if the Workgroup does not have a full picture of the current state of P'5 buildings. The Workgroup should not feel like it cannot provide any recommendations regarding capital plans.

#### *Greater activation of venues*

- Ways that venues in other cities increase usage of their spaces, especially during “dark days” and slow periods (e.g. summer)
- Revenue models for nontraditional uses of venues in other cities

Workgroup members shared their comments and questions, including:

- This topic is largely about event mix, which shows up in several areas. It could broadly be called “content strategy” and placed into one category. The economic benefits are the outcome of a strong operating and events strategy.
- Does MERC ask P'5 about dark days and how to minimize them?
  - Rachael shared that the topic of dark days comes up when presenting the P'5 budget. There is often discussion about ways to grow revenues and new audiences, along with limitations.
- Were there times in P'5's history when it was sustainably funded, and can we track what happened to make it unsustainable? What was done so that it was sustainable at one point, and what changed?
  - Rachael shared an anecdote about Brian Wilson (former executive director of P'5) found a staff report from the early 2000s that discussed how P'5 was struggling financially and had been unsustainable over the prior ten years.

- A Workgroup member shared that P'5 has not had a strategic plan in a long time, which could contribute to challenges with sustainability.

### **Closing and Next Steps**

Ben closed the meeting by previewing these core operating questions that the City/Metro will need to address. The Workgroup should keep these in mind when making recommendations. For discussion in future meetings.

- One or two governments?
- Who owns and/or operates P'5? (Govt, arts nonprofit, venue operator, etc.)
- One operator? Or more?

# Business Model and Governance Analysis for Portland's Centers for the Arts

## April 2<sup>nd</sup> Working Group Session

Steven Wolff, Principal

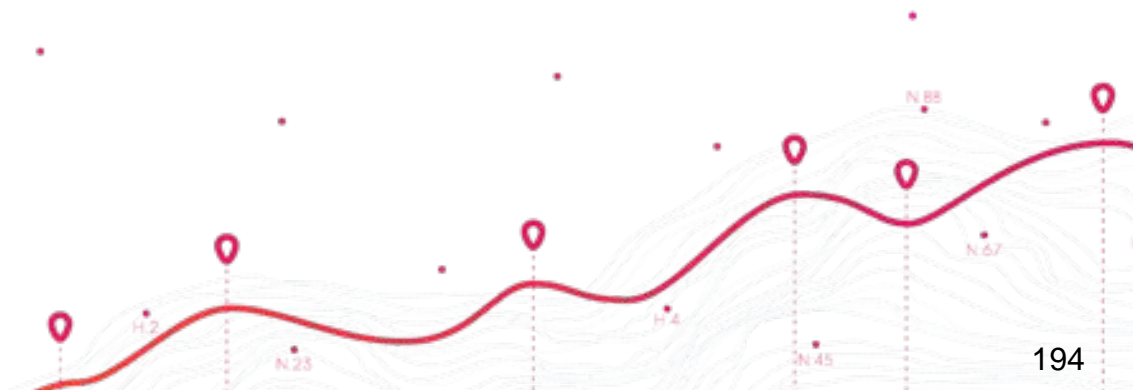
Bill Blake, Director

Lauren Frankel, Research Lead and Special Projects Manager

Yuwen Shen, Analyst



**AMS**  
PLANNING  
& RESEARCH





## A g e n d a

# Today

- Introductions
- Scope of work
- State of the industry (PACs)
- Comparative analysis of Portland'5
- Your questions
- Looking ahead – scenarios

# The Goal: get to scenarios

## Business Model and Governance Analysis for Portland's Centers for the Arts

### II. Current Conditions & Trends in PACs

- Present state-of-the industry data
- Discussion with Working Group (4/2)

March - April

### III. Scenarios & Exemplars

- Develop scenarios
- Research scenario exemplars
- Evaluate alignment with 'needs and wants'

April - May



# Putting Performing Arts Centers in context

# Performing Arts Centers Nationally

- Of a sample of ~50 significant North American PACs
  - 1/3 are publicly-owned
  - 90% are operated by private, not-for-profits
  - 60% were funded through public private partnerships

## Who are the players?

There are *three roles* anchoring an operating model.

### Owner

- Holds legal ownership of the facility
- May have responsibility for capital repairs and capital maintenance
- May provide some utilities or services
- The City of Portland is the Owner

### Operator

- Manages day to day operations of the facility
- Manages rental activity (if any) and maintains the master schedule
- Responsible for most utilities, cleaning, and general maintenance
- May provide services, such as a box office, concessions, catering, and event planning
- This is currently Portland's, a division of Metro

### Content Provider(s)

- Present or produce performing arts and/or entertainment performances
- May provide educational programming
- May provide community outreach or other non-performance activities
- This is currently resident companies, P'5, and renters

**One entity may serve in multiple or hybrid roles**

# Three basic models

Less

Risk Tolerance

More

## Landlord

- Passive operating model, often used in public sector.
- Typically no at-risk activity by the venue.
- Minimal pro-active booking of the facility.

## Host

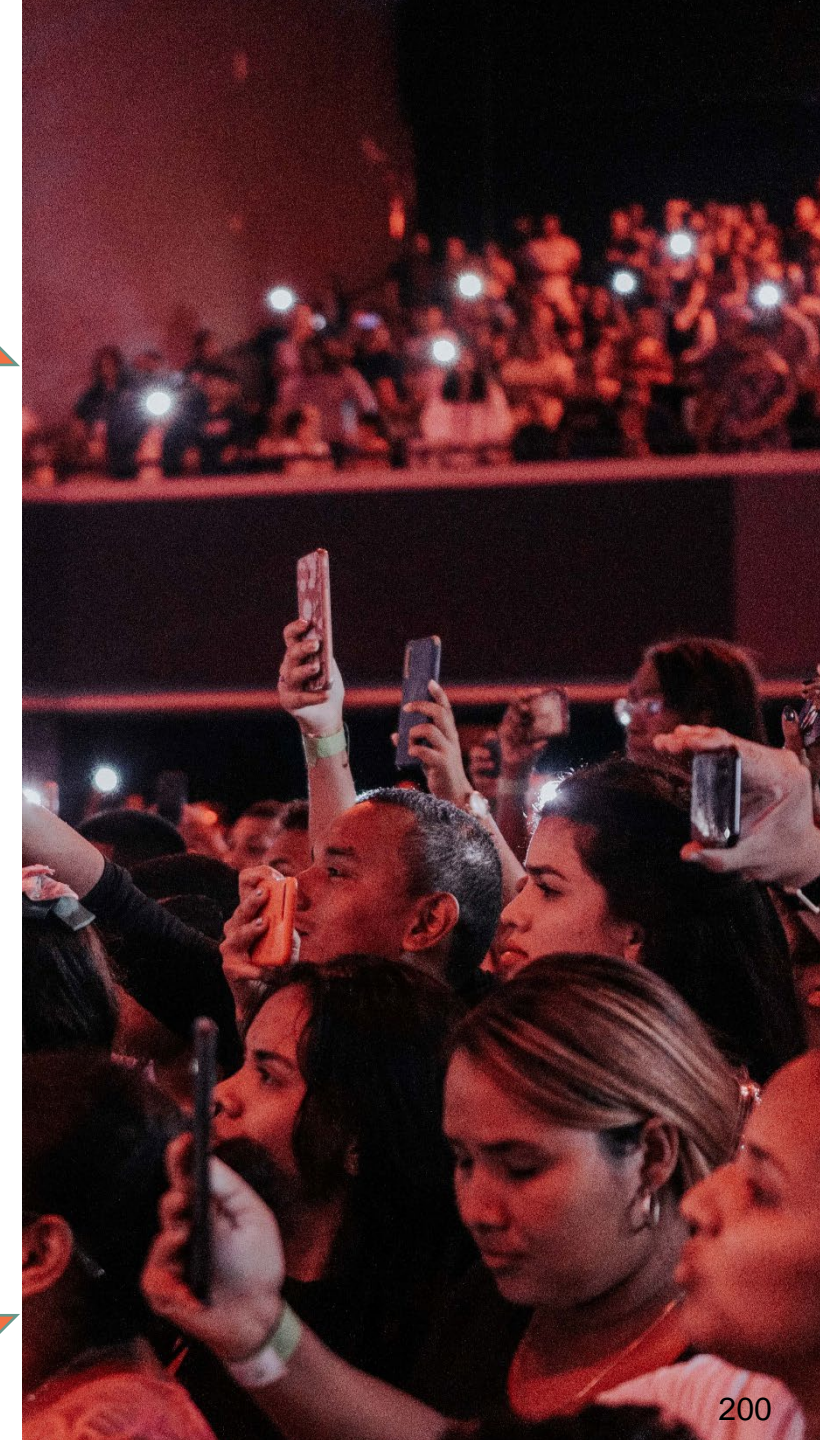
- “Intentional” relationship between major tenants and owner/operator.
- Tenants provide the majority of programming.
- Owner/operator has limited programming risk – and limited control.
- Pro-active booking of available calendar dates.

## Presenter

- Operator is responsible for operations *and* programming.
- Operator has programming and calendar control – and the majority of risk.
- Pro-active booking of available calendar dates.

Less

Control of Content



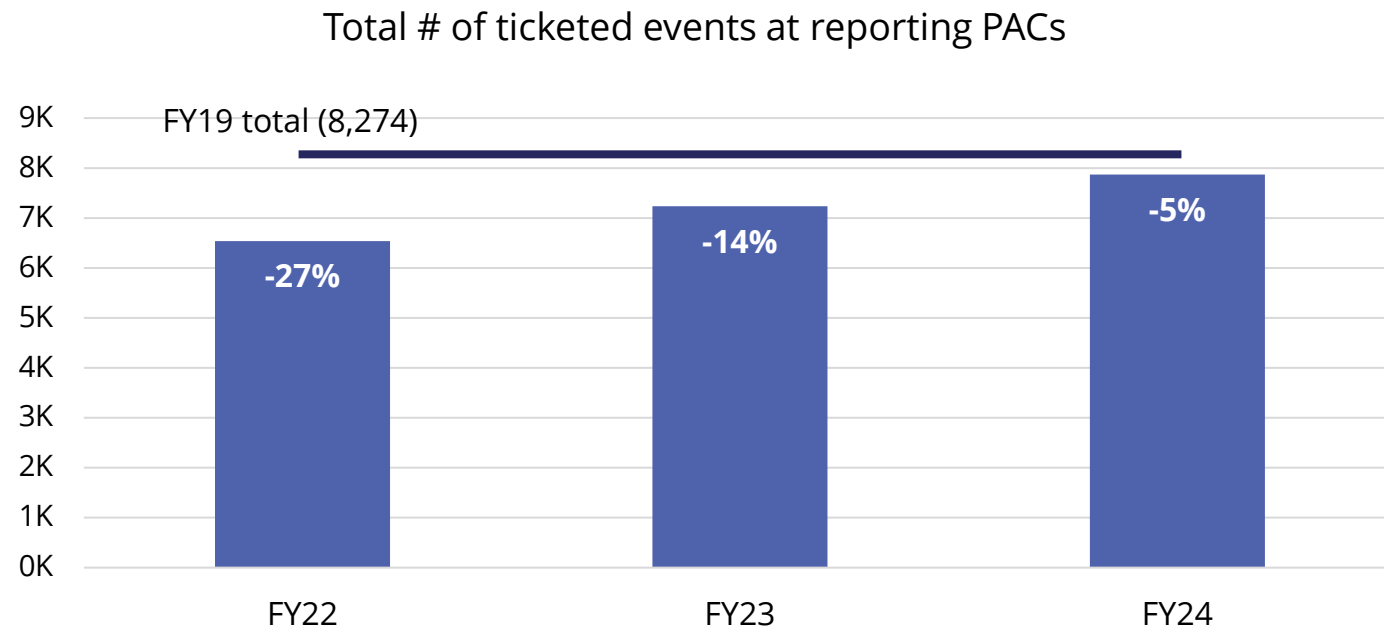
## Where are we in 2025?

Success appears to be highly correlated to the ability of PACs to take risk

- Performing Arts Centers have generally recovered more robustly than “producers from the pandemic shutdown
- There are clear shifts in programming mix with “popular” programming leading the way (and strong note about classical music).
- Despite rising costs, there is resistance to increasing ticket prices
- The impact of “current” economic stresses is creating significant uncertainty

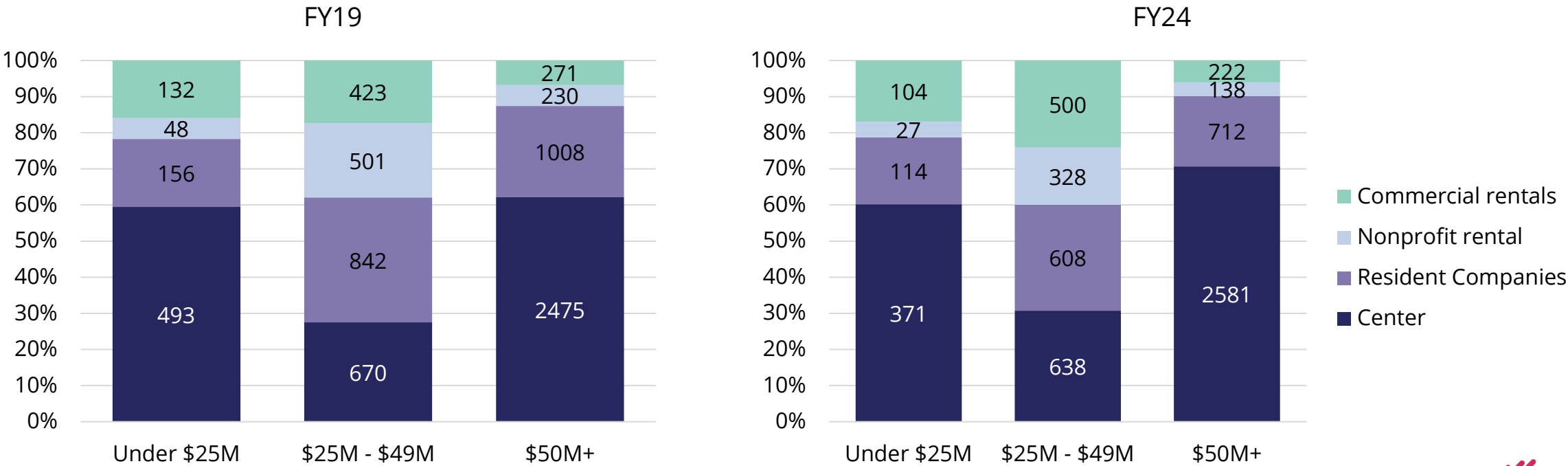
# Ticketed events are still below pre-pandemic levels

But they've been climbing steadily since the shutdowns



# Resident companies have a smaller share of events than before

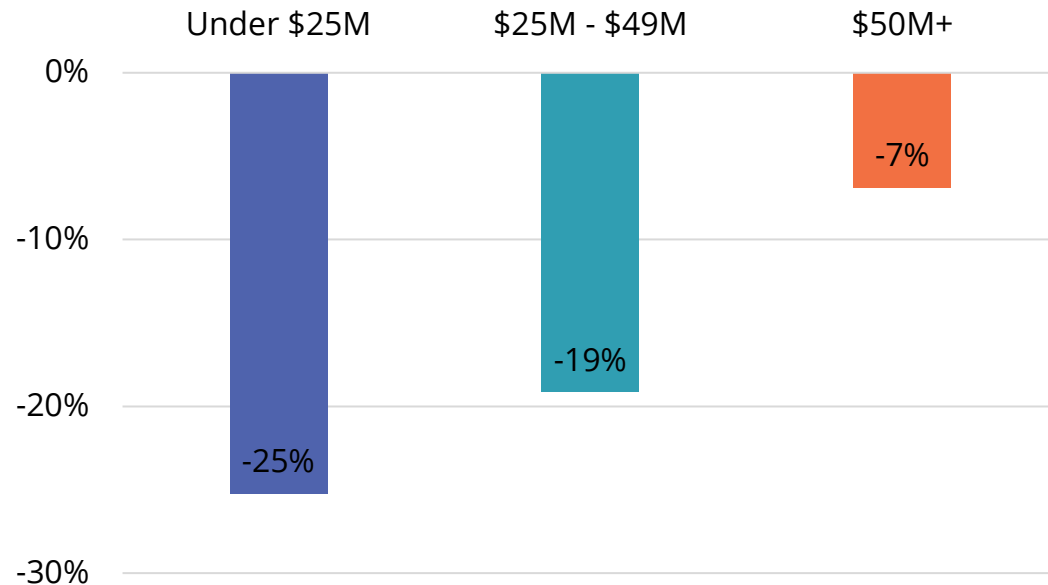
Nonprofit rentals have also been squeezed



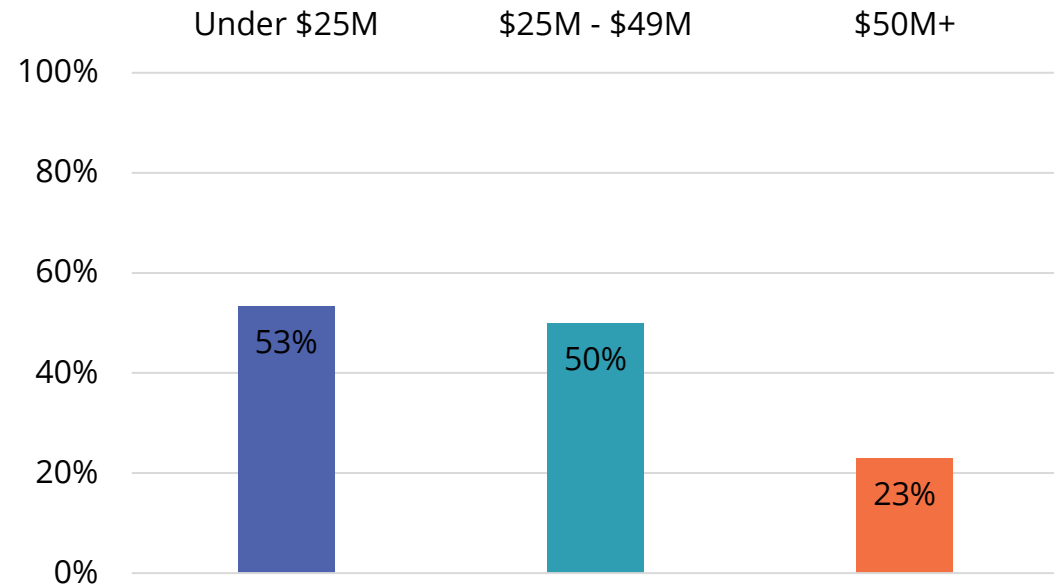
# Events are down further in the smaller budget groups

And their expenses per event have increased substantially

# of Ticketed Events – Average % Change from FY19 to FY24



Operating Expenses per Ticketed Event – Average % Change from FY19 to FY24

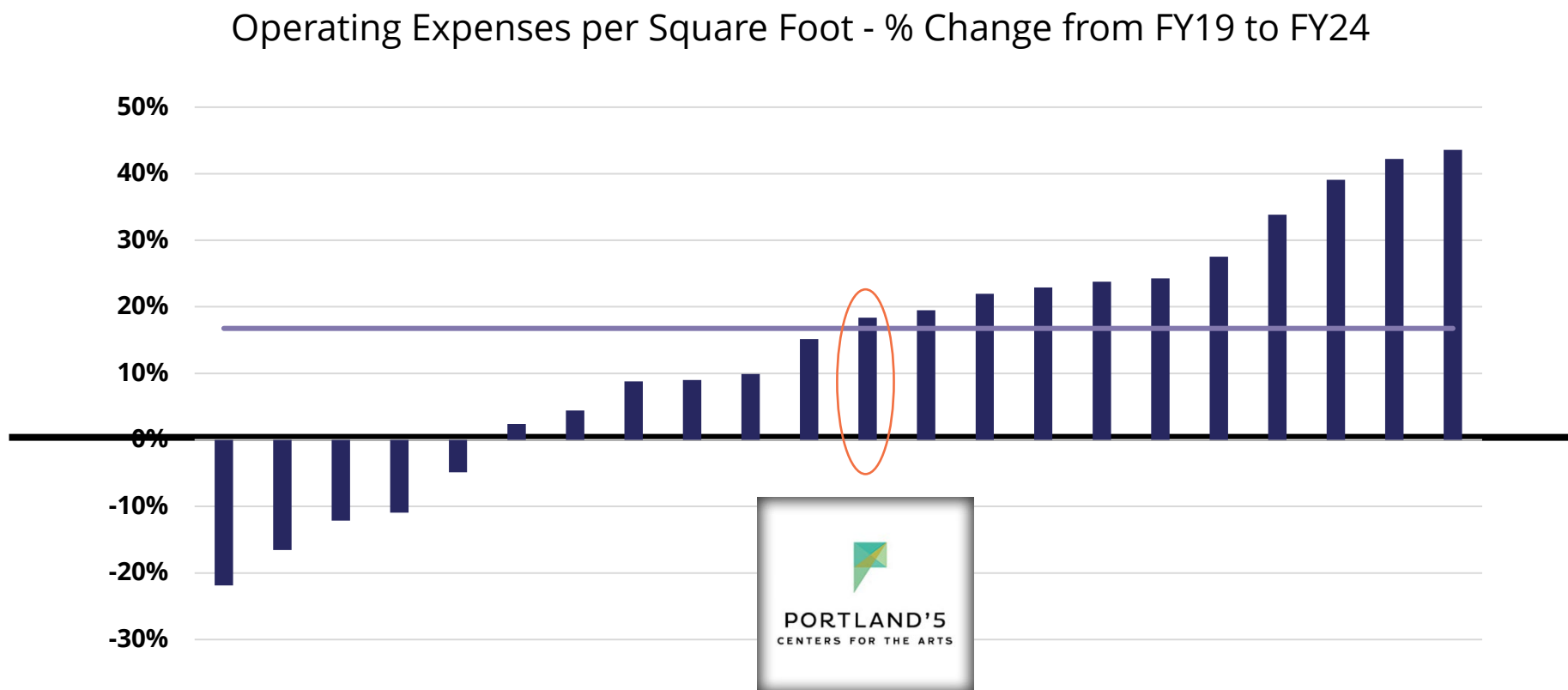




# Exploring Comparable PACs

# Expenses have risen since 2019 for most PACs

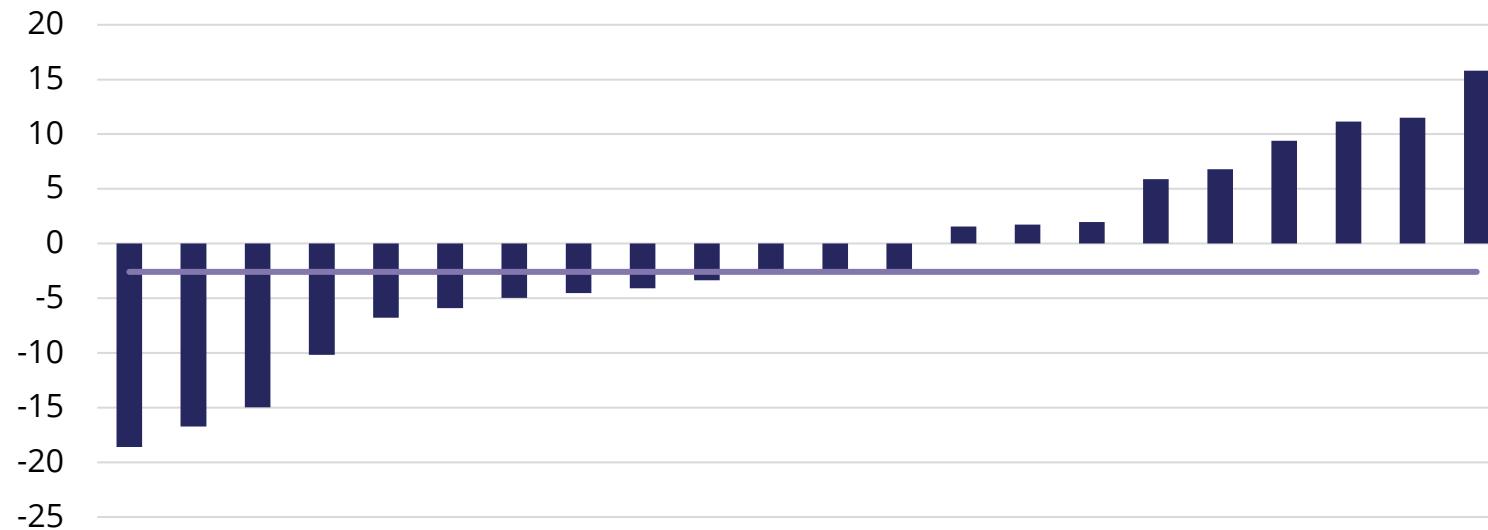
Median increase in operating expenses/sq. ft. was 17%; inflation between those years was 23%



# Operating margins for more than half have decreased

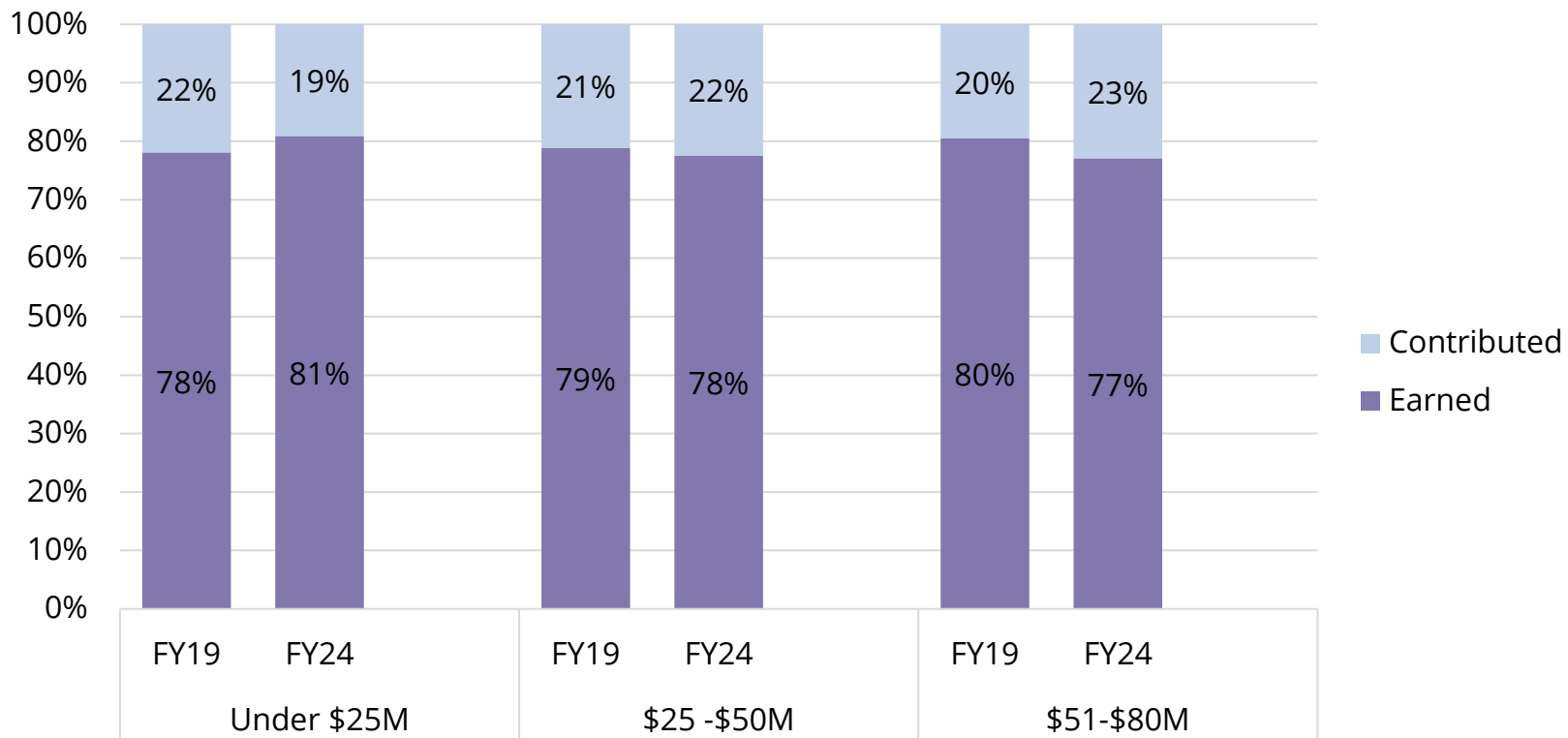
The median change in Gross Operating Margin was a 3-point drop

Change in Gross Operating Margin (percentage points), FY19 to FY24



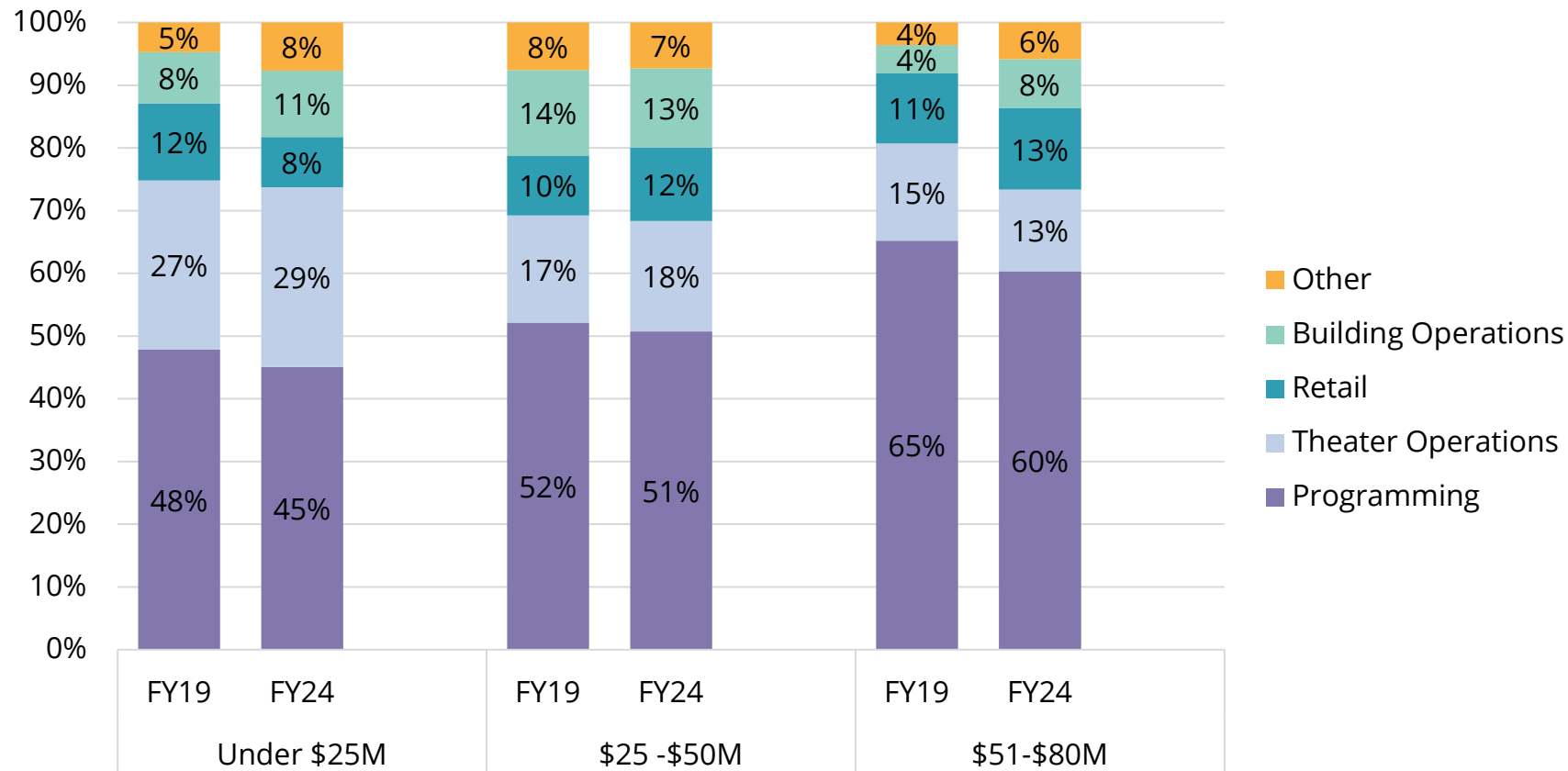
# Revenue mix has returned to pre-pandemic averages

All three budget groups average around 80% earned revenue



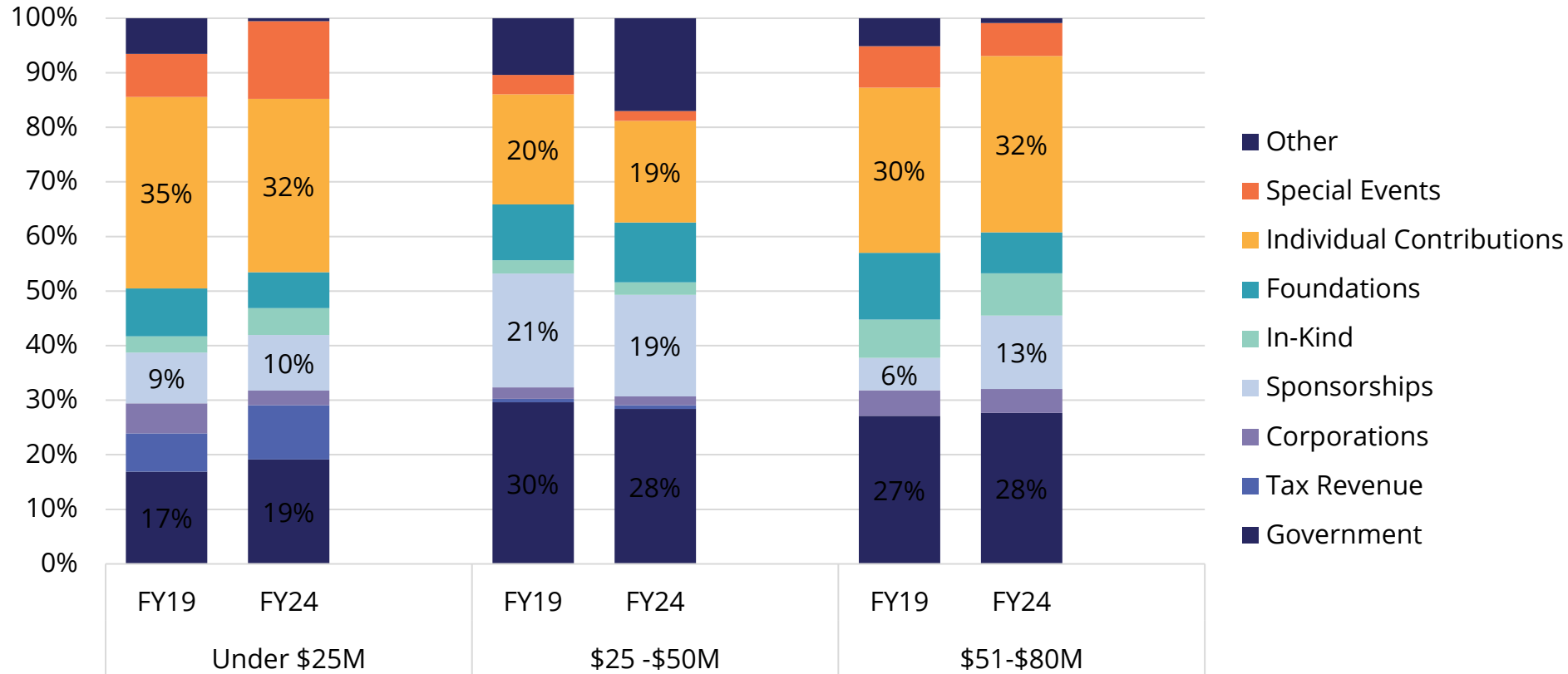
# Tickets and fees make up the bulk of earned revenue

Smaller Centers rely on rental activity



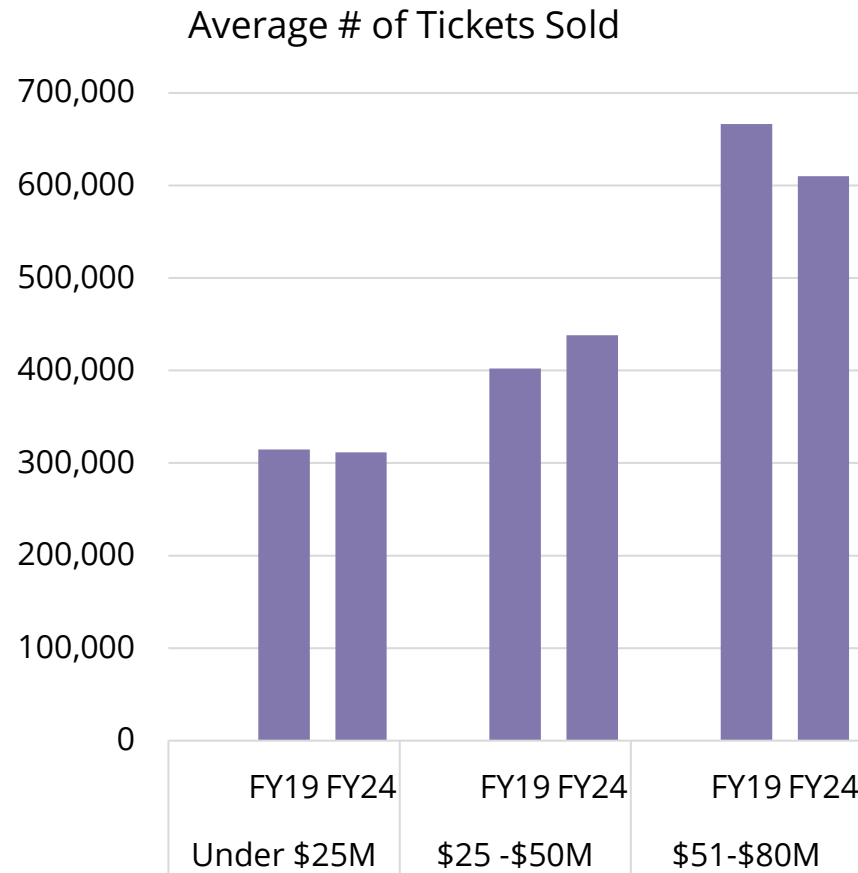
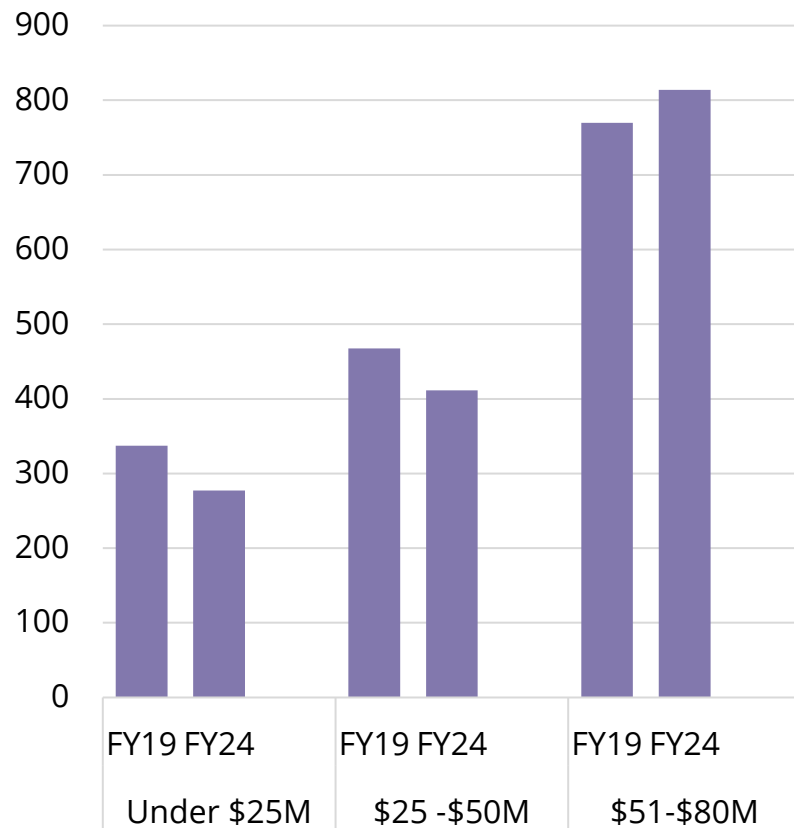
# Individual gifts and government funding are the largest pieces of contributed support

The mix of contributed revenue in FY24 looks similar to FY19



# Events are still down among small and mid-sized PACs

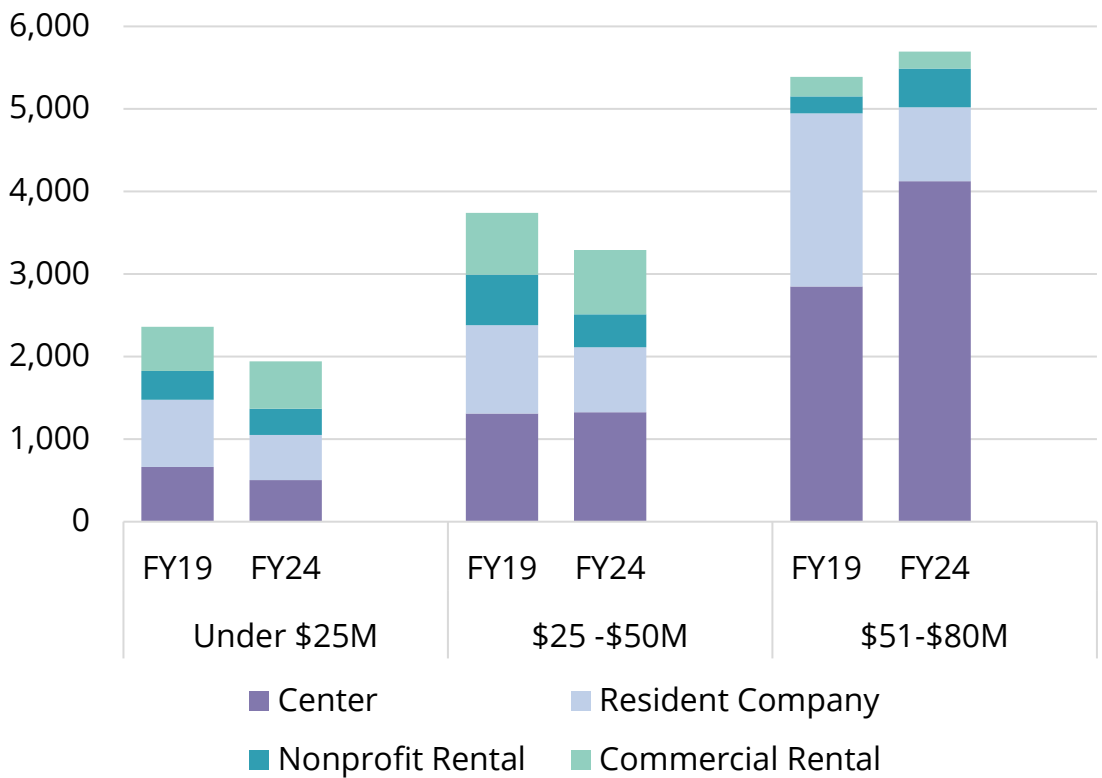
But ticket sales are close to or surpassing FY19 in those groups



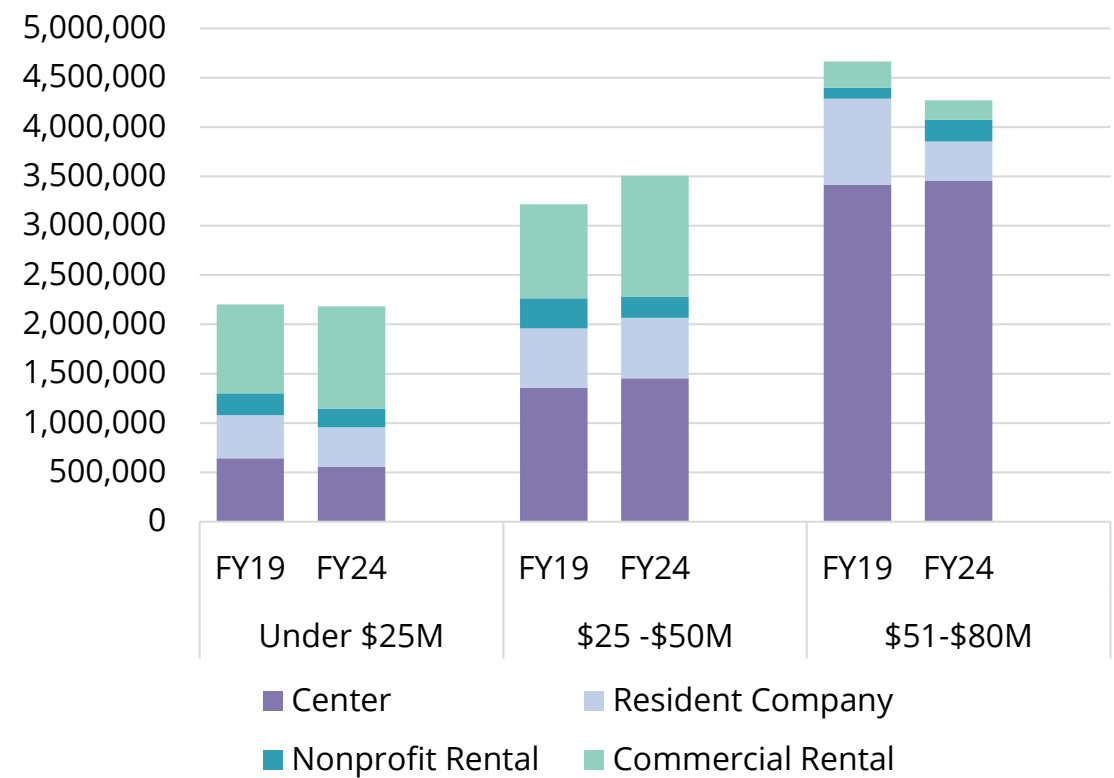
- The average **% of available tickets sold** went up **6 points** and **4 points** for the two smaller budget groups
- **Revenue per available seat** went up **25%** and **31%** on average, exceeding inflation

# Resident companies have seen the greatest decrease in utilization

Large PACs are filling in the gap with their own presentations



Total Tickets Sold by Presenter Type



# Key takeaways

- Operating expenses are up and outsized increases in building and theater ops may be constraining program spending
- Revenue – both earned and contributed – are not quite keeping pace with rising costs
- Smaller budget centers have not returned to pre-pandemic numbers of events
- Resident companies are greatest contributors to the decline in number of events, however...
- Audience expansion through concentration is possible – some PACs have reduced events and increased total tickets sold

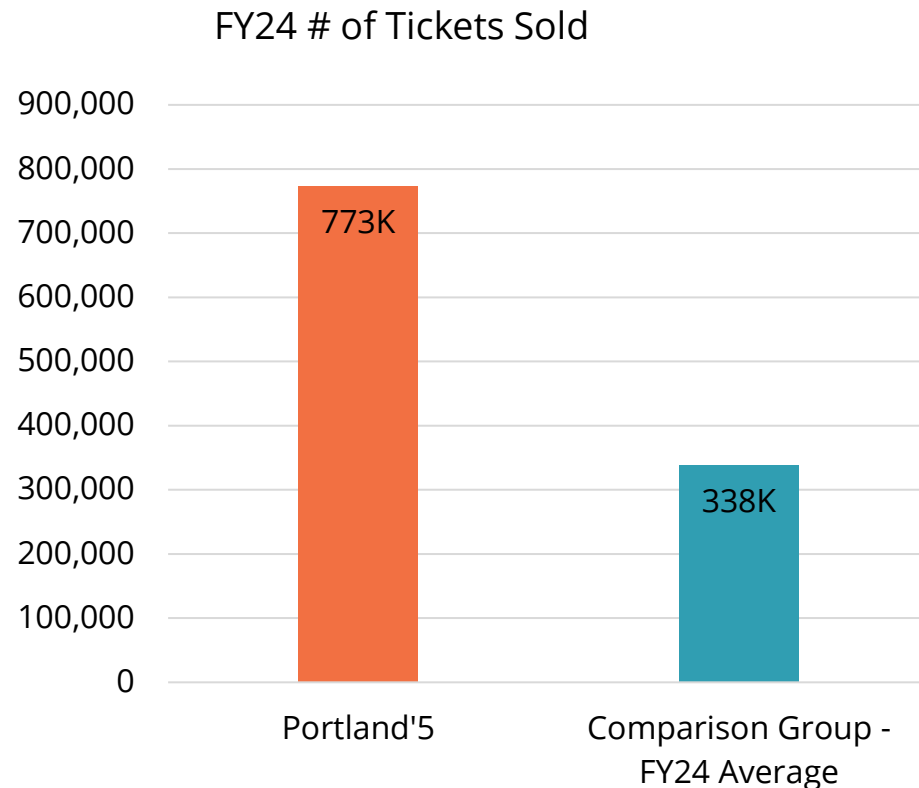
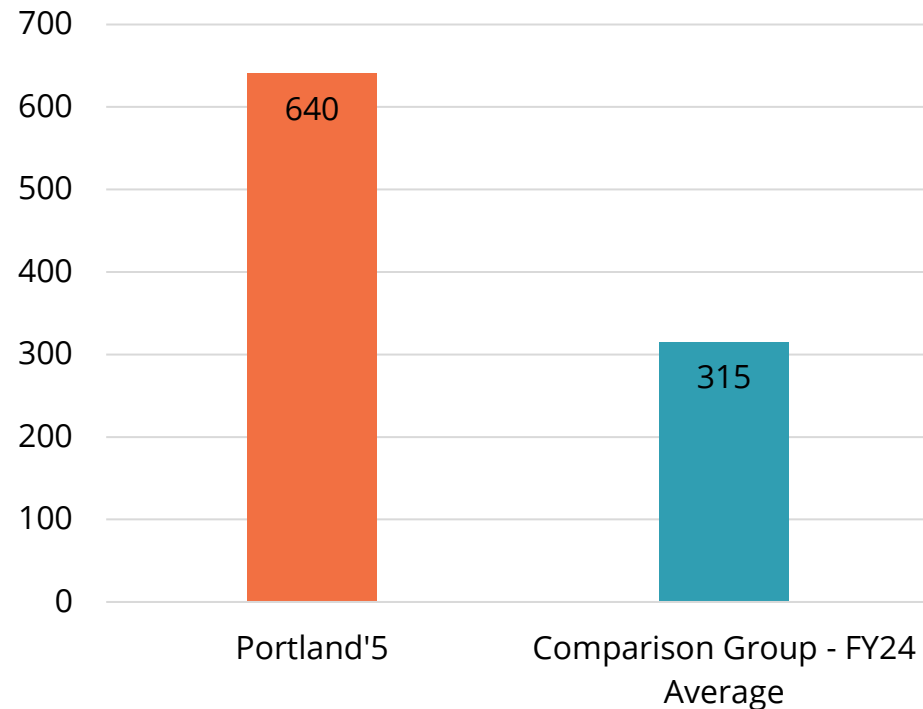


# Benchmarking Portland'5

# Activity

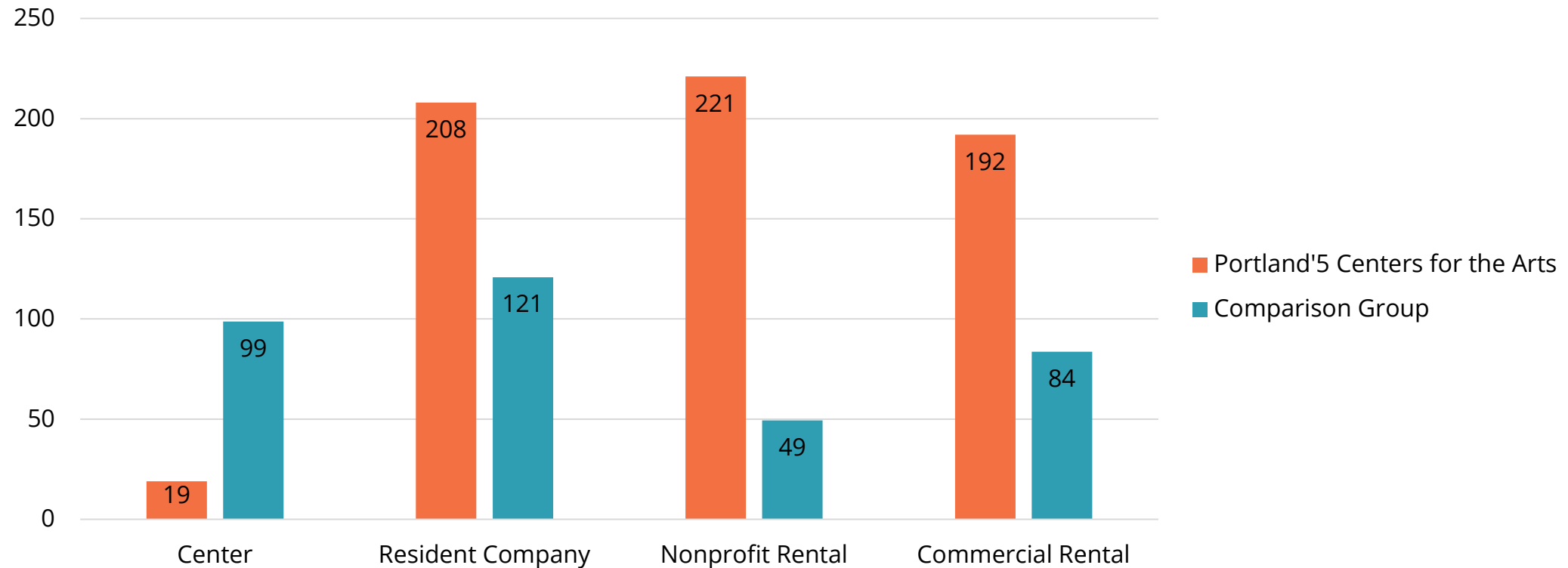
# Portland'5 outperforms in aggregate # of events...

Driven by its multiple venues; average of 3 at peer PACs



# Events by type show high activity by resident companies

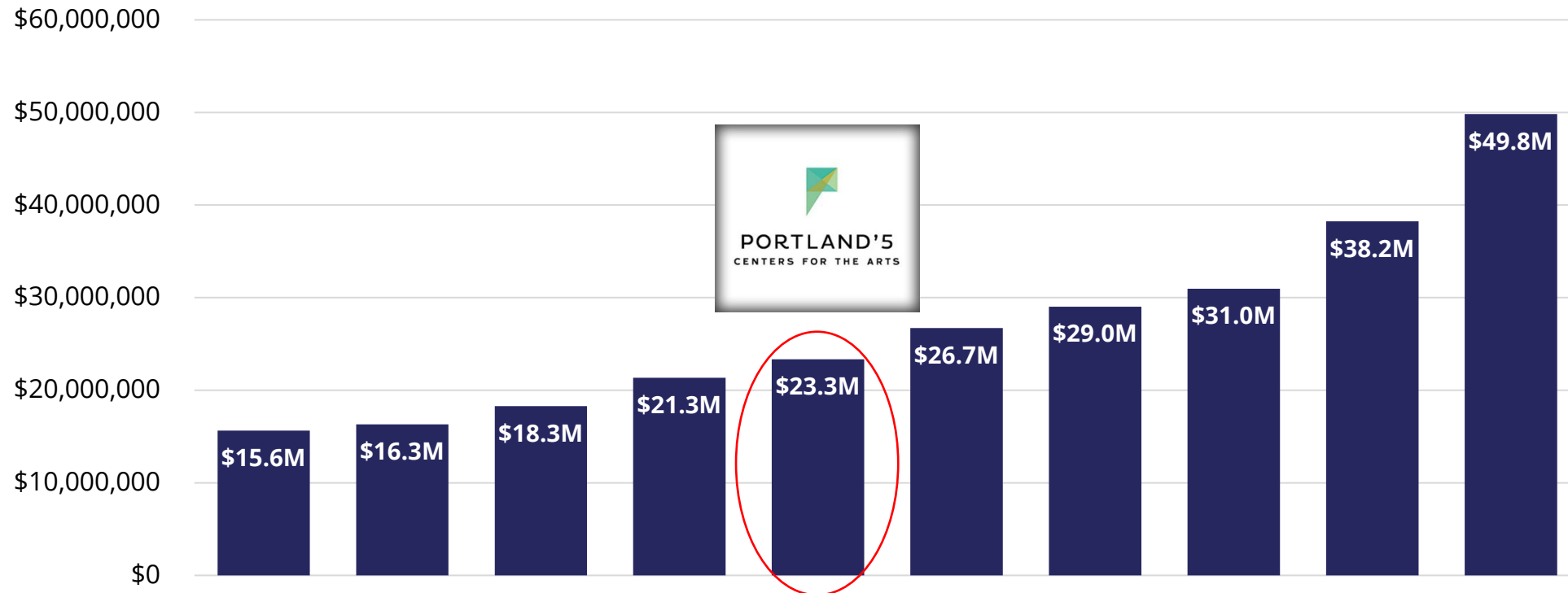
Is there room for more P'5 presented events?



# Revenue

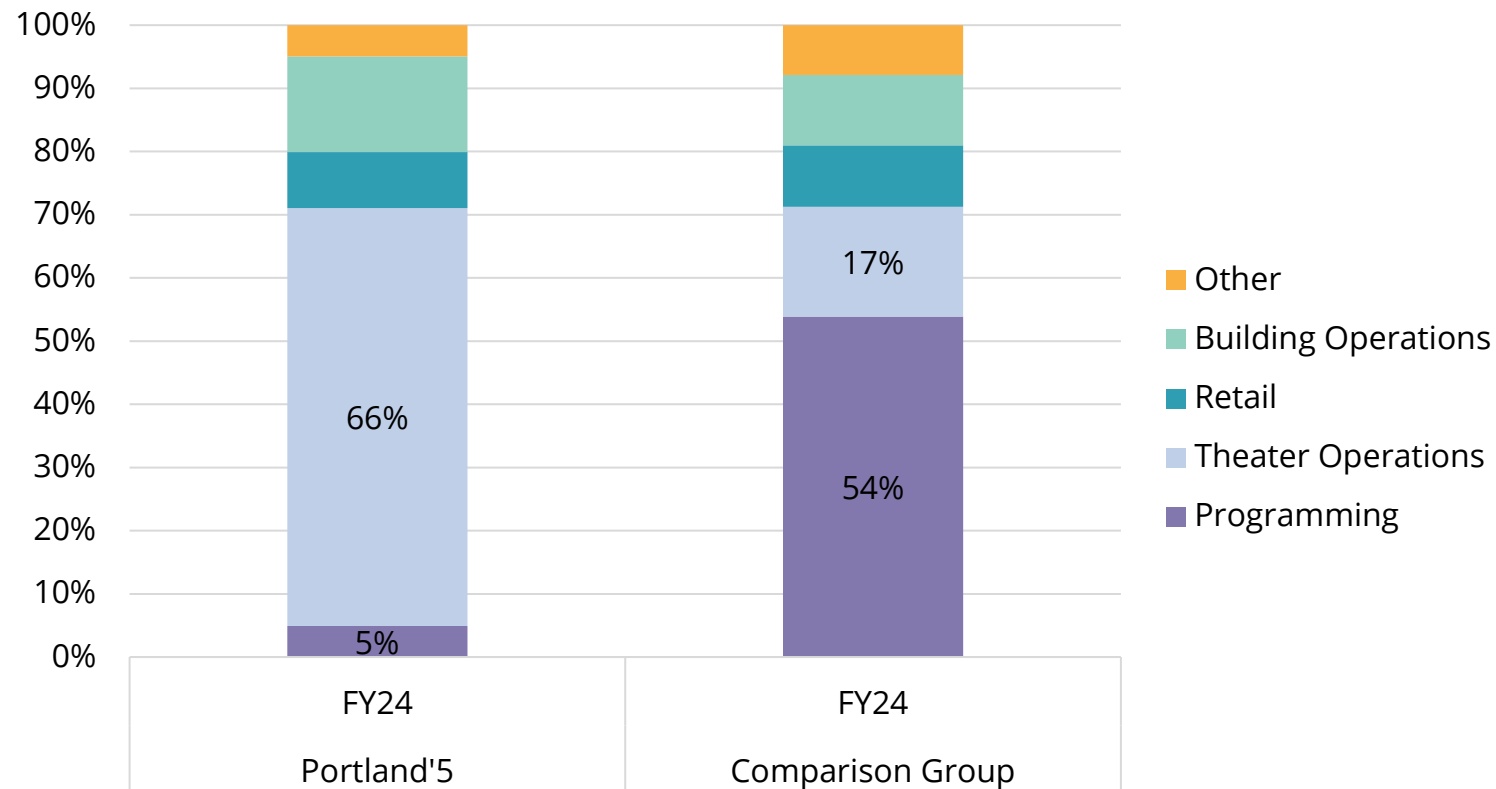
# Revenue is comparable in total...

Even with higher-than-average activity and sales



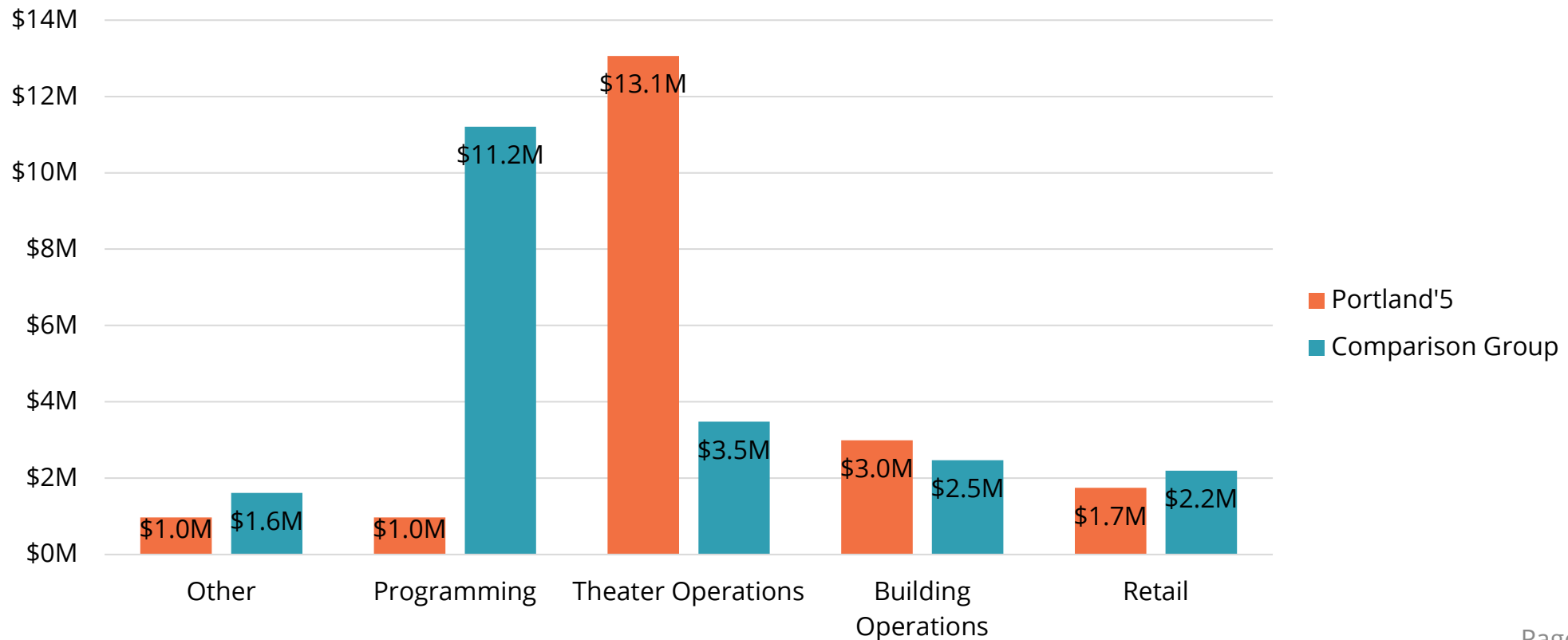
# Earned revenue comes significantly from rentals

Compared to program revenue at other PACs



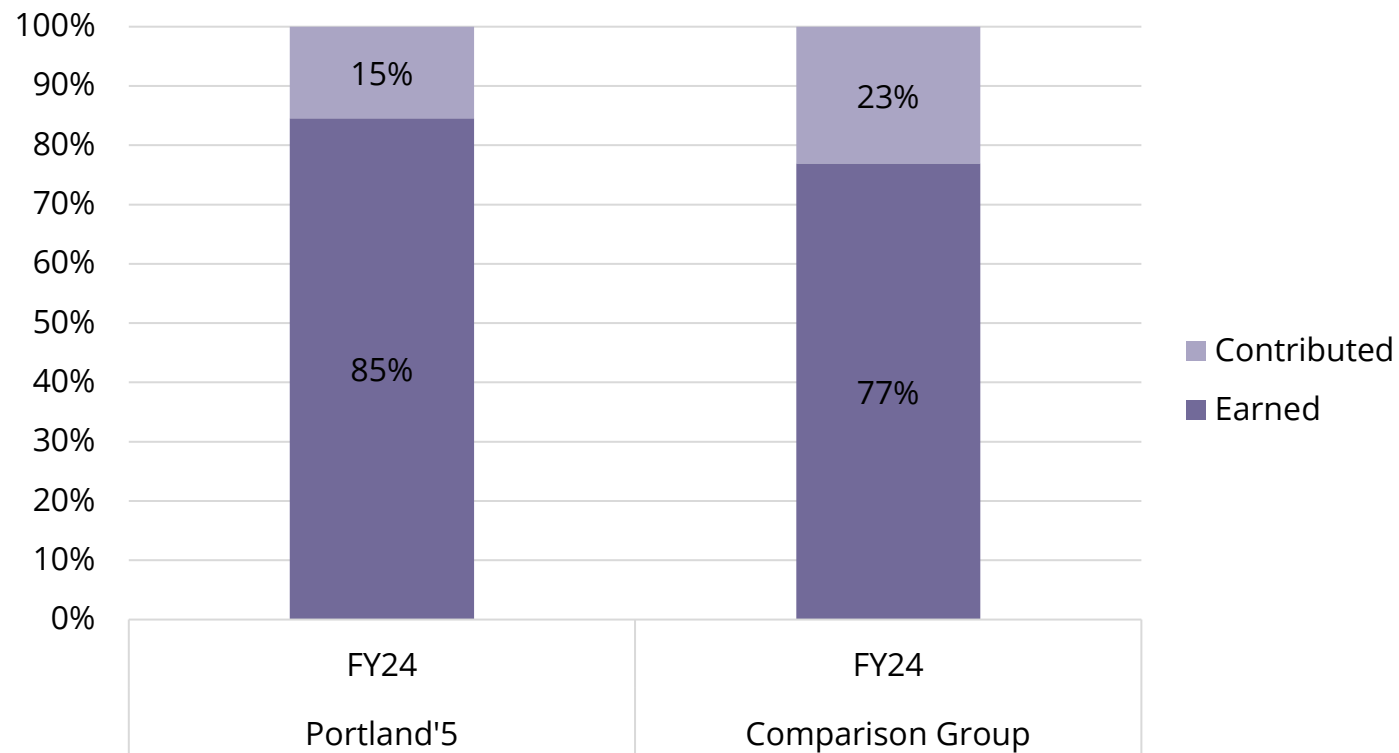
# Benchmark centers are also major presenters

Portland's has remained focused on hosting residents and outside renters



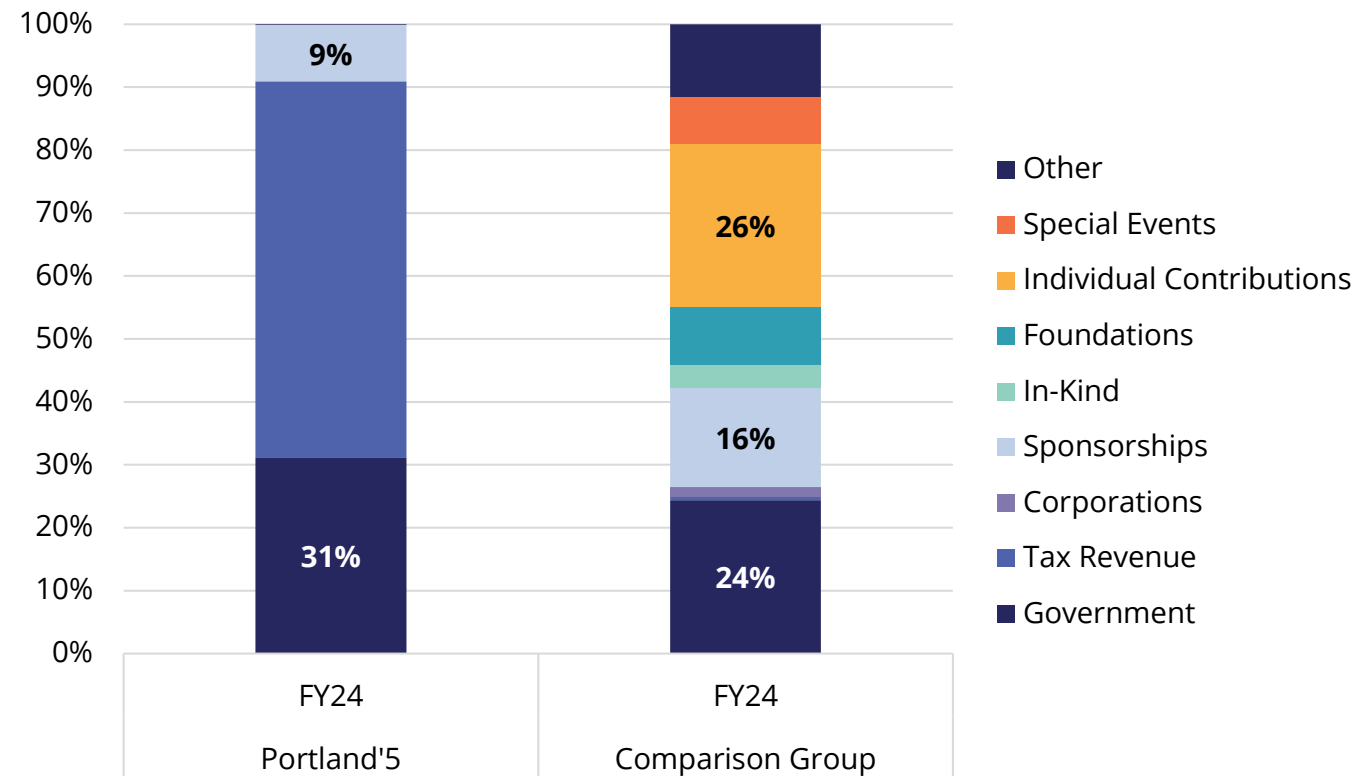
# P'5 relies heavily on earned revenue

Is more contributed support feasible under current model?



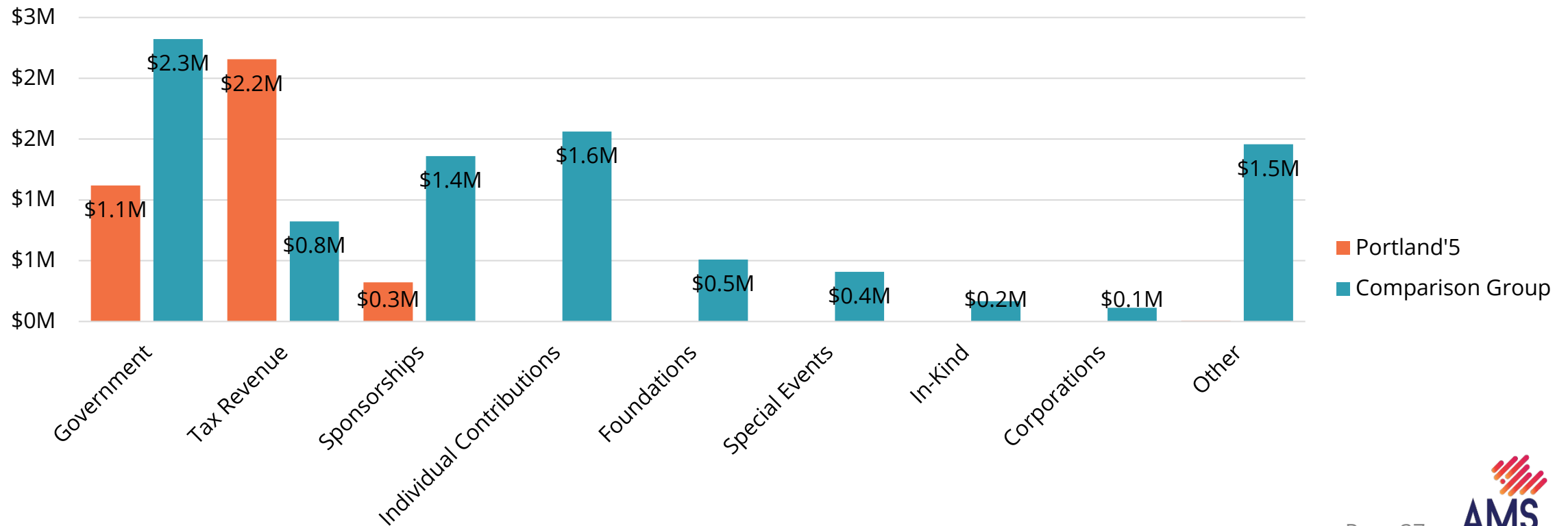
# P'5 contributed support is nearly all government sources

Those that focus on programming generate individual giving



# In real dollars, P'5 receives \$3.6M in support

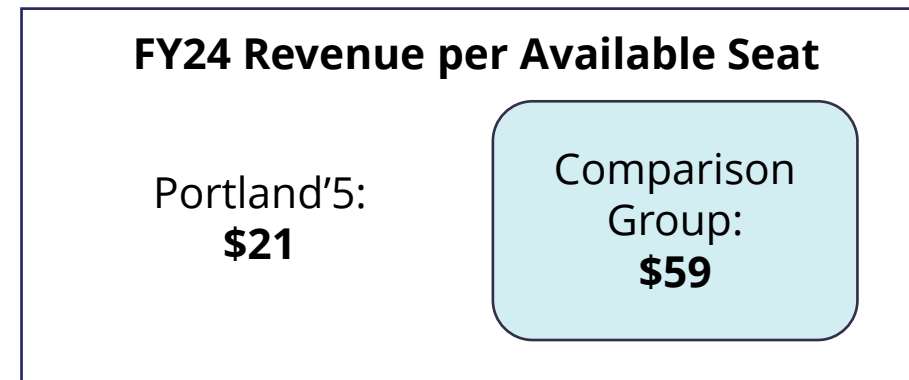
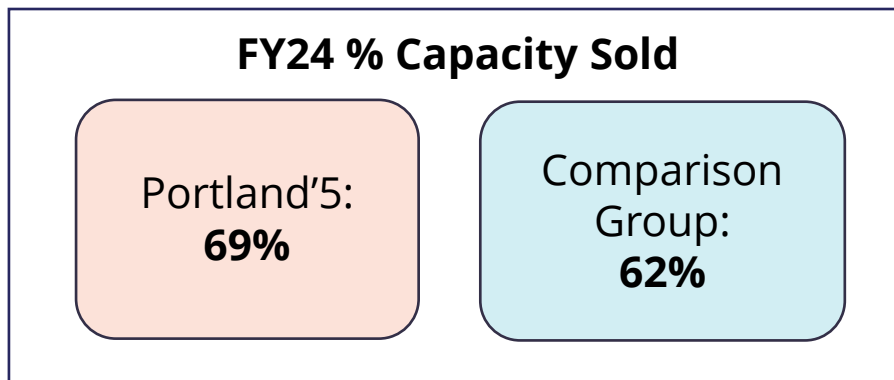
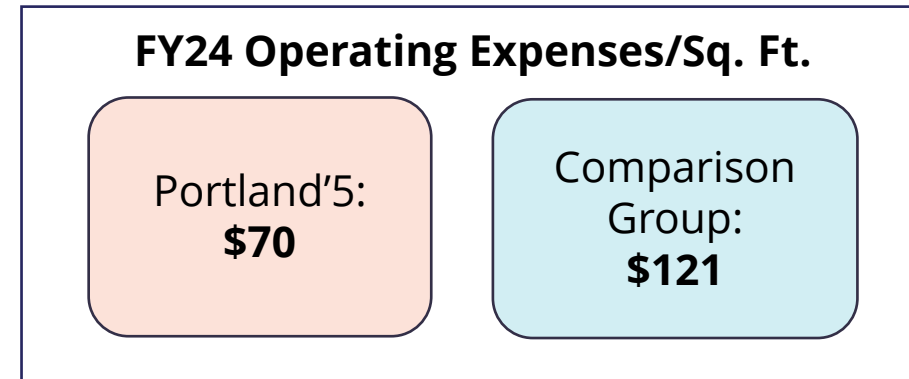
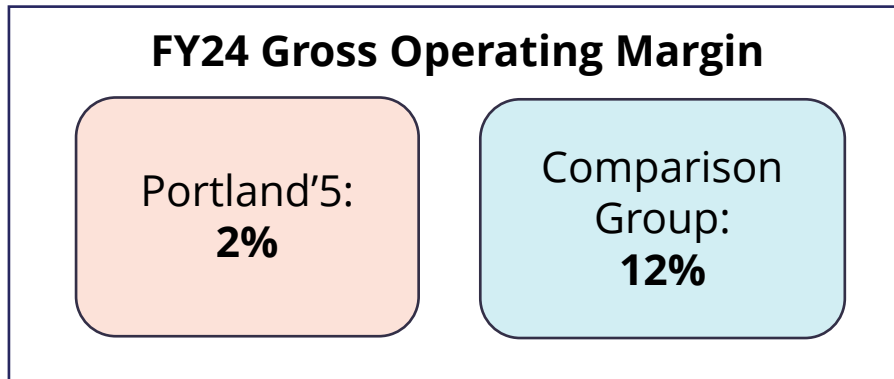
Group average is \$6.4M



# Expenses

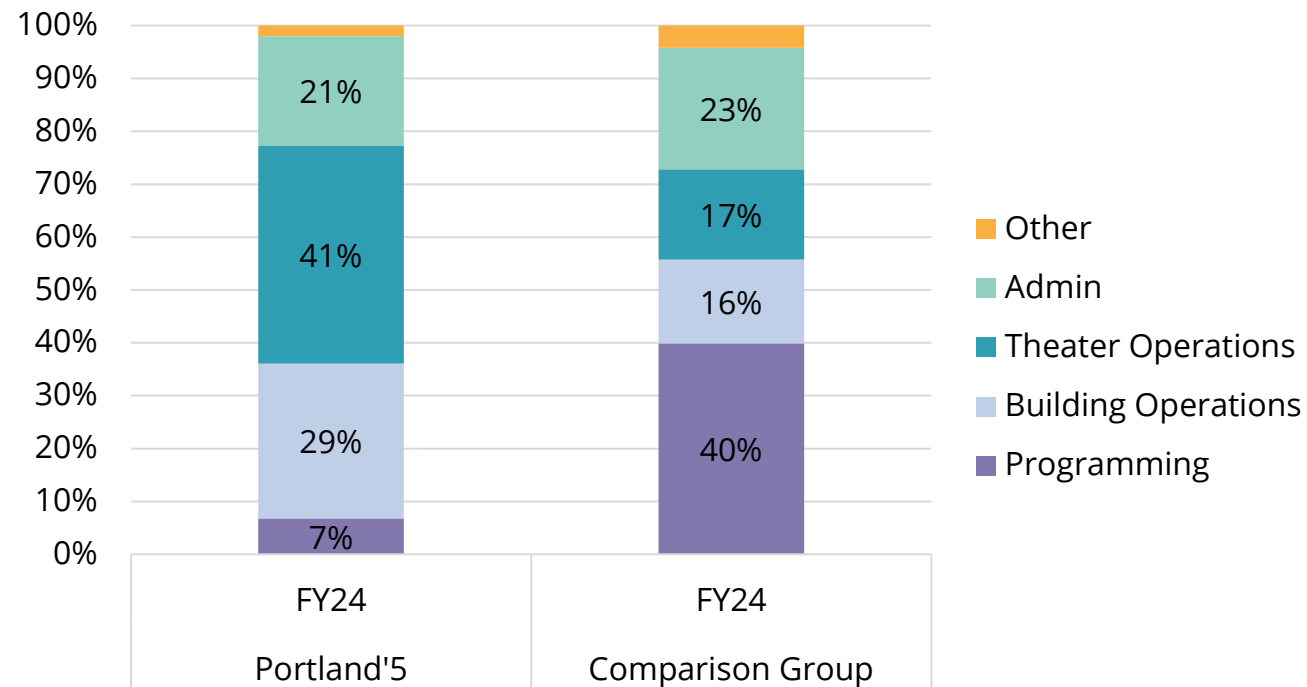
# Portland'5 breaks even and delivers efficiently

Capacity sold was above par for 2024



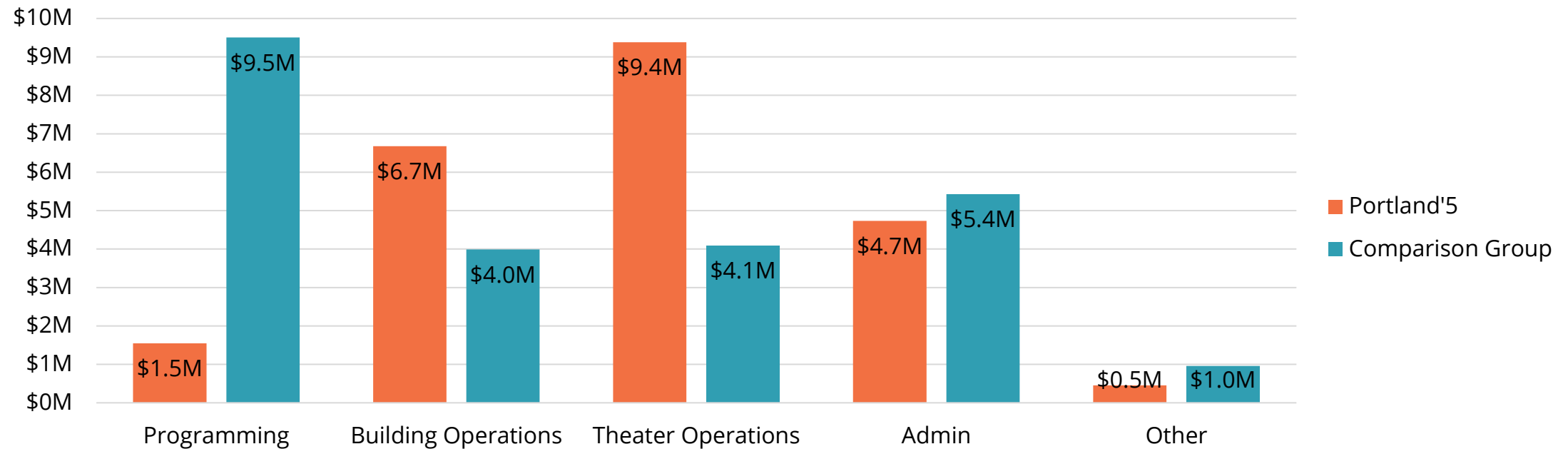
# Expenses at Portland's are centered on operations

Programming - including artist fees - is the largest expense of group



# Operations expenses are the greatest investment

Admin expenses are not out of comparable range



# Your questions

## Questions you've asked...

- ✓ Are there other **peers dealing with** or have dealt with similar complexities related to **public sector volatility**?
- ✓ Peers that have been through a **similar transition** and/or reimagining of governance?
- ✓ How peers create and maintain sustainable **capital reserves** and address **deferred maintenance**?
- ✓ How do peers manage **resident companies**?
- ✓ Funding models that **empower resident groups** to have “skin in the game” and allow for leveraging philanthropic communities (e.g. Los Angeles, Dallas)?
- ✓ How have venues in other cities **increased usage** of their spaces, especially during “dark days” and slow periods (e.g. summer)?



# Hennepin Arts

## (Previous Hennepin Theatre Trust)



Facilities	2181-State Theatre, 2579-seat Orpheum Theatre, 1014-seat Pantages Theatre, Dudley Riggs Theatre
Venue Ownership	Hennepin Arts; City of Minneapolis transferred ownership to the Trust in 2005.
Operating Structure	501(c)3 governed by a Board of Trustees (23 members)
Earned Revenue	\$40,620,812
Contributed Revenue	\$5,083,656
Government Support	\$1,072,000 (21% of Contributed Revenue)
Utilization	Total Events: 501 Center Presentations: 191 (38%) Commercial Rental: 102 (20%) Resident Company: 208 (42%)
Attendance	Total: 541,568 Patrons (paid + comps) Center Presentations: 356,044 (66%) Commercial Rental: 163,871 (30%) Resident Company: 21,653 (4%)
Broadway	120 events (24%), 274,427 total patrons (51%)

# Hult Center for the Performing Arts



Facilities	35,000-square-foot venue which includes the 2,400-seat Silva Concert Hall and 500-seat Soreng Theater
Venue Ownership	The City of Eugene
Operating Structure	City of Eugene's Cultural Services Division
Earned Revenue	\$6,301,804
Contributed Revenue	N/A
Government Support	\$2,693,800
Utilization	Total Events: 157 Center Presentations: 84 (54%) Commercial Rental: 21 (13%) Non-Profit Rental: 8 (5%) Resident Company: 44 (28%)
Attendance	Total: 176,710 Patrons (paid + comps) Center Presentations: 102,601 (58%) Commercial Rental: 20,669 (12%) Non-Profit Rental: 3,247 (2%) Resident Company: 50,193 (28%)
Broadway	30 events (19%), 72,235 total patrons (41%)

# Kauffman Center for the Performing Arts



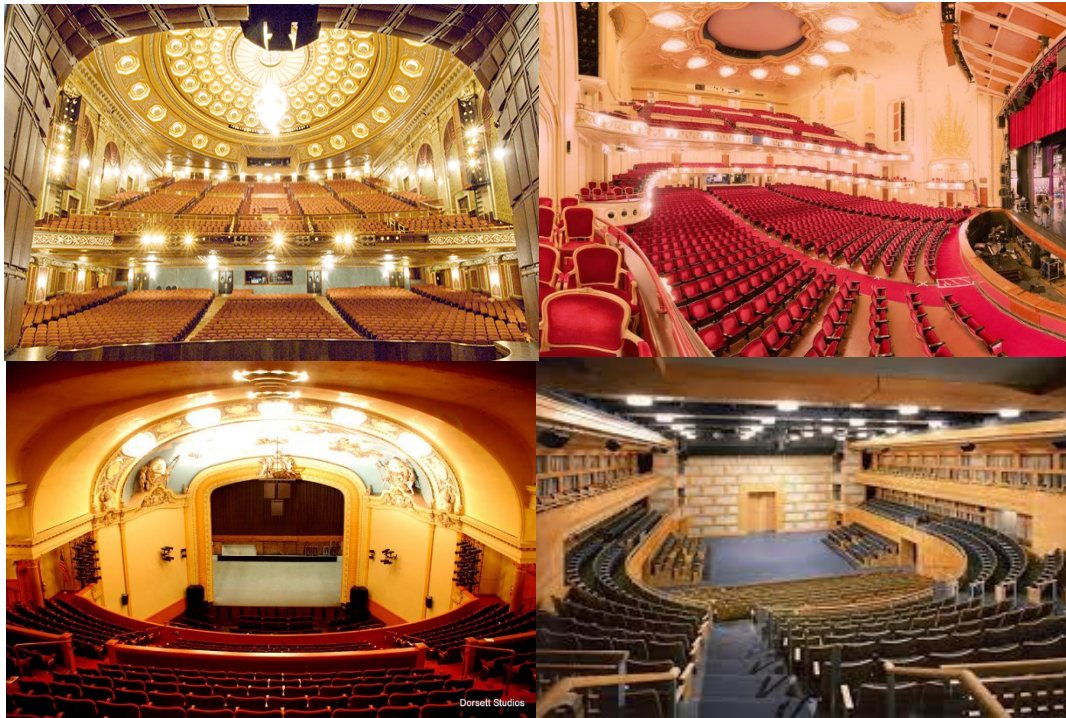
Facilities	1800-seat Muriel Kauffman Theatre 1600-seat Helzberg Hall
Venue Ownership	Kauffman Center for the Performing Arts
Operating Structure	501(c)3 governed by a Board of Directors (9 members)
Earned Revenue	N/A
Contributed Revenue	N/A
Government Support	N/A
Utilization	Total Events: 356 Center Presentations: 39 (11%) Commercial Rental: 24 (7%) Non-Profit Rental: 89 (25%) Resident Company: 204 (57%)
Attendance	Total: 350,579 Patrons (paid + comps) Center Presentations: 39,797 (11%) Commercial Rental: 3,305 (1%) Non-Profit Rental: 84,683 (24%) Resident Company: 222,794 (64%)
Broadway	19 events (5%), 28,812 total patrons (8%)

# Marcus Performing Arts Center



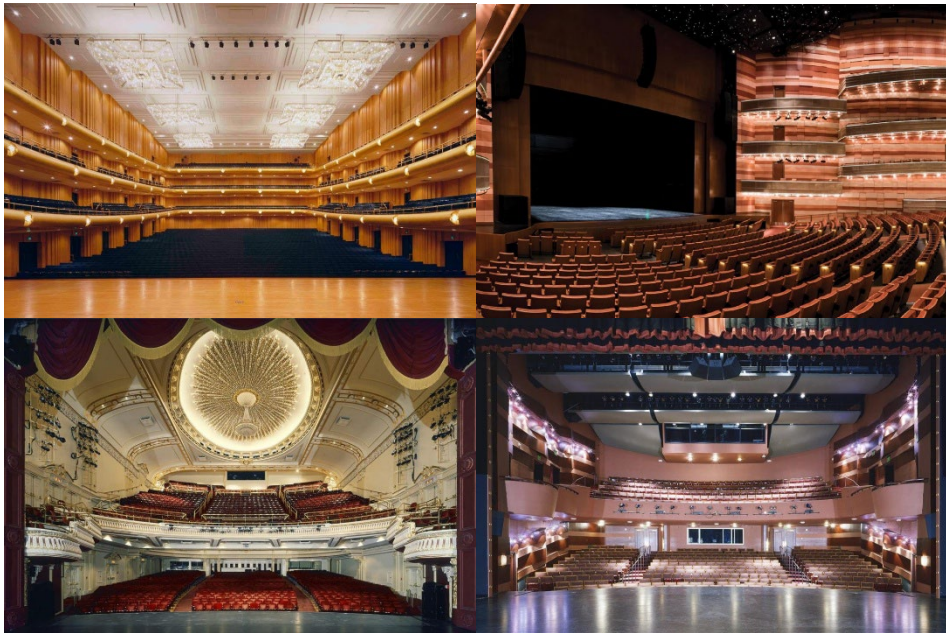
Facilities	2125-seat Uihlein Hall, 465-seat Wilson Theater at Vogel Hall, 498-seat Todd Wehr Theater, 396-seat Peck Pavilion
Venue Ownership	Marcus Performing Arts Center
Operating Structure	501(c)3 governed by a Board of Trustees (21 members)
Earned Revenue	\$16,229,865
Contributed Revenue	\$2,044,288
Government Support	\$575,000 (28% of Contributed Revenue)
Utilization	Total Events: 148 Center Presentations: 93 (63%) Commercial Rental: 4 (3%) Non-Profit Rental: 4 (3%) Resident Company: 47 (32%)
Attendance	Total: 195,587 Patrons (paid + comps) Center Presentations: 139,211 (71%) Commercial Rental: 3,534 (2%) Non-Profit Rental: 514 (0.3%) Resident Company: 52,328 (27%)
Broadway	66 events (45%), 117,120 total patrons (60%)

# Pittsburgh Cultural Trust



Facilities	1,000,000-square-feet of property which includes the 2,900-seat Benedum Center for the Performing Arts, the 2,700-seat Heinz Hall the 1,300-seat Byham Theater, and the 650-seat O'Reilly Theater
Venue Ownership	Pittsburgh Cultural Trust
Operating Structure	501(c)3 governed by a Board of Trustees (52 members; 12 ex officio)
Earned Revenue	\$60,936,424
Contributed Revenue	\$13,500,000
Government Support	\$2,230,000 (17% of Contributed Revenue)
Utilization	Total Events: 1774 Center Presentations: 1352 (76%) Commercial Rental: 23 (1%) Non-Profit Rental: 128 (7%) Resident Company: 271 (15%)
Attendance	Total: 627,807 Patrons (paid + comps) Center Presentations: 380,861 (61%) Commercial Rental: 32,192 (5%) Non-Profit Rental: 43,820 (7%) Resident Company: 170,934 (27%)
Broadway	99 events (6%), 245,246 total patrons (39%)

# Salt Lake County Arts & Culture



Facilities	2700-seat Abravanel Hall, 2500-seat Eccles Theater, 1790-seat Capitol Theatre, Mid-Valley Performing Arts Center (400-seat mainstage, 200-seat studio theater), Rose Wagner Performing Arts Center (191-seat black box, 75-seat studio theater), Utah Museum of Contemporary Art
Venue Ownership	Salt Lake County
Operating Structure	arts agency operated for the County
Earned Revenue	N/A
Contributed Revenue	N/A
Government Support	N/A
Utilization	1036 performances and events
Attendance	709,598
Broadway	N/A

# Seattle Theater Group



Facilities	Manages 73,000-square-feet of property which includes the 2,800-seat Paramount Theatre, the 1,400-seat Moore Theatre, and 850-seat Neptune Theatre
Venue Ownership	Seattle Theatre Group; private; private
Operating Structure	501(c)3 governed by a Board of Directors (21 members)
Earned Revenue	\$79,864,750
Contributed Revenue	\$6,703,008
Government Support	\$127,825 (2% of Contributed Revenue)
Utilization	Total: 606 Events Moore Theatre: 163 (27%) Neptune Theatre: 209 (34%) Paramount Theatre – Seattle: 234 (39%)
Attendance	Total: 887,940 Patrons (paid + comps) Moore Theatre: 198,315 (22%) Neptune Theatre: 145,474 (16%) Paramount Theatre – Seattle: 544,151 (61%)
Broadway	80 events (13%), 201,370 total patrons (23%)



# Scenarios – a starting point

# Scenarios Starting to Take Shape

Three possible  
directions we  
have heard  
about from  
your meeting  
notes

Before scenarios - *directions*



## Outsource to non-profit or for-profit operator

City retains ownership, but management is out-sourced



## Multi-venue / Multi-operator

Break-up the venues to multiple operating entities (and ownership?)

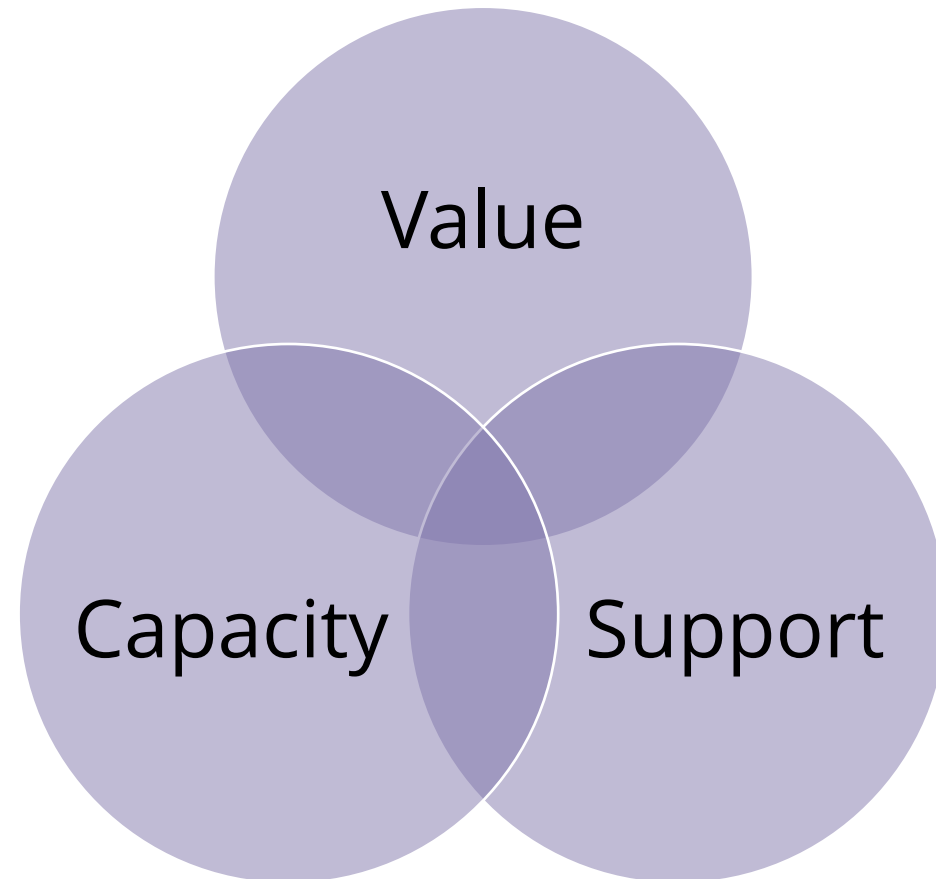


## Modify current structure

Keep Portland's within City government, but make modifications that achieve desired outcomes

# Evaluating the options – a framework

The public value – your available capacity – your level of support



# Next Steps



## What's next?

### From AMS

- Follow-up on any 'state-of-the-industry' and P'5 questions from today
- First draft of scenarios – share on 4/16
- Create initial list of scenario exemplars – share on 4/16
- Goal to have scenarios developed with exemplars for 4/30 'evaluation' meeting

### From you

- Share your feedback and questions with us
- Share your exemplar ideas
- Read the book chapter and Reset paper

# Thank You!



## P'5 Performing Arts Venues Workgroup

### Meeting Summary

April 2, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Recenter on the vision, purpose, and goals for the Workgroup
2. Meet and understand the role of the AMS team
3. Gain an understanding of the “state of the field” among peer cities/venues

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening, Introductions, and Agenda Review</b> Ben Duncan, Kearns & West	Opening remarks, full group introductions, and agenda review	3:00 – 3:15 pm
<b>Workgroup Vision, Purpose, and Goals</b> Chariti Montez, City of Portland	Review the vision, purpose, and goals of the Workgroup from the City of Portland resolution	3:15 – 3:20 pm
<b>AMS Introductions</b> Bill Blake, AMS Steven Wolff, AMS	AMS team introductions and background/experience	3:20 – 3:25 pm
<b>"State of the Field" Presentation</b> Bill Blake, AMS Steven Wolff, AMS	Presentation on the “state of the field” informed by Workgroup member questions/topics Q & A	3:25 – 4:50 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	Address final questions and confirm next steps	4:50 – 5:00pm

### Action Items

- None

### Opening, Introductions, and Agenda Review

Ben started the meeting by welcoming the Workgroup and AMS consultants and reviewing the agenda.

### Workgroup Vision, Purpose, and Goals

Chariti reviewed the City of Portland resolution directives that guide the Workgroup. She noted that draft recommendations from the Workgroup are to be complete by May 30, so that Sonia Schmanski, Deputy City Administrator for Vibrant Communities at City of Portland, and Craig Stroud, General Manager of Visitor Venues at Metro, can review before final recommendations are presented to City Council by June 30.

### **AMS Introductions**

Bill Blake introduced himself and Steven Wolff. Both bring backgrounds in the arts, including theater operations and consulting with performing arts centers (PACs), museums, councils, and cultural organizations.

### **"State of the Field" Presentation**

Bill previewed AMS' presentation, including their scope of work, state of the industry Performing Arts Centers (PACs), comparative analysis of P'5, addressing Workgroup questions, and looking ahead (scenarios).

The goal of AMS' work is to develop scenarios related to P'5 business models and governance analysis for the Workgroup. Bill shared that he and Steven's role is to be subject matter experts to bring necessary information to the Workgroup. He reviewed AMS' scope of work, including an orientation period (completed), current conditions and trends in PACs (March and April), and scenarios and exemplars (April and May). Bill emphasized that if the group has further data or areas to explore, AMS can try to accommodate those requests within this month, but later this month and into May, they will need to pivot to developing scenarios.

Steven then contextualized PACs in North America, sharing that AMS sources a lot of data directly from PACs.

He shared an overview of approximately 50 significant North American PACs. AMS views these PACs as civic centers, community connectors, and economic drivers. He shared that most major PACs are part of this sample group.

- 1/3 are publicly owned (mostly in Canada and Mexico)
- 90% are operated by private nonprofits
- 60% are funded through public-private partnerships

Steven noted that AMS has known P'5 over the years primarily through its previous participation in data sharing with AMS (P'5 no longer participates).

He then presented on common operating approaches that include three primary roles: owner, operator and content provider(s). He noted that one entity may serve in multiple or hybrid roles.

- Owner: holds legal ownership of facility, may have responsibility for capital repairs and capital maintenance, may provide some utilities or services; *currently for P'5 the City of Portland is the Owner*
- Operator: manages day-to-day operations of facility; manages rental activity and maintains master schedule; responsible for most utilities, cleaning, general maintenance; may provide services, e.g. box office, concessions, catering, event planning; *this is the current P'5 role*
- Content Provider(s): presents or produces performing arts and/or entertainment performances, may provide education programming, may provide community outreach or other non-performance activities; *this is resident companies, P'5 and renters*

Three basic models exist with varying amounts of risk and control of content.

- Landlord: passive operating model, often used in public sector, dominant through the 1970s; presents the least amount of risk to operator along with least of amount of control over content.
- Host: intentional relationship between major tenants and owner/operator with tenants providing most programming, emerged in 1970s and 1980s; the most balanced between risk and content control; *this is most similar to P'5*
- Presenter: operator is responsible for operations and programming, came about with advent Broadway tours; presents the most risk and control of content to operators

In general, the more control of content and calendars a venue operator has the more risk it takes on, and vice versa.

Presenting on the state of PACs in 2025, Steven shared that success is highly correlated to the ability of PACs to take on risk since the pandemic. There have been clear shifts in programming with “popular” programming leading the way. Despite large increases in costs, there is resistance to increasing prices, which is creating challenges. Current economic stresses are creating additional significant uncertainty.

Ticketed events in 2024 are still below pre-pandemic levels but have been climbing steadily since the pandemic. In 2022, the number of ticketed events was down 27% compared to pre-pandemic, but by 2024 they were down only 5%.

Resident companies have a smaller share of events overall compared to pre-pandemic, and nonprofit presenters have also been squeezed.

The number of events has decreased even more for smaller budget PACs like P'5 (down 25% since 2019 for PACs with annual budget less than \$25M), and expenses are up significantly for this category of PAC (up 53% since 2019).

Exploring comparable PACs (a group of US-based PACs), Steven shared that expenses have risen for most PACs since 2019 with a median increase in operating expenses per square foot at 17%. P’5 is close to that median figure at about 18%. At the same time, operating margins for most PACs have decreased. He highlighted that it is important to think about activity as it contributes to overhead costs: there are a lot of fixed costs for a venue and the venue must conduct activities to generate revenue.

The revenue mix for most PACs has returned to pre-pandemic averages, around 80% earned revenue and approximately 20% contributed revenue. Steven noted that P’5’s percent of earned revenue is much higher than typical.

Tickets and fees make up the majority of earned revenue, with smaller centers relying more heavily on rental activity. He clarified that earned revenue for building operations is primarily rent paid to host an event.

The mix of contributed revenue (philanthropic gifts and government funding) was similar in FY24 to FY19, though individual and foundation contributions have declined slightly.

Smaller and medium-sized PACs are seeing fewer events since before the pandemic, yet ticket sales are at or above FY19 levels for PACs of these sizes.

Resident companies have seen the greatest decrease in the number events across PAC size, and larger PACs are filling that gap with their own presentations. In other words, these PACs are shifting more to the “presenter” model.

Steven shared the key takeaways from the “state of the field,” including:

- Operating expenses are up, and outsized increases in building ops may be constraining program spending
- Revenue (earned and contributed) is not keeping pace with rising costs
- Smaller PACS have not returned to pre-pandemic numbers of events
- Resident companies are greatest contributors to the decline in number of events, however...
- Audience expansion through concentration is possible – some PACs have reduced the number of events and increased the total tickets sold. This could partially be due to dissonance between latent demand (I want to go to more shows) and actual demand (how much they actually go to shows)

Bill then compared P’5 to nine other PACs with similar budgets to P’5 (around \$25M).

With regards to activity, P’5 is very active, hosting more events than comparisons because it has five venues as opposed to two or three. P’5 also sold more tickets than comparison PACs in aggregate, but it would be similar on a per-venue basis. Also, events by presenter type show higher numbers of resident company, nonprofit rental, and commercial rental events than comparisons, but significantly lower numbers of P’5-presented events.

Workgroup members asked questions and shared comments, including:

- P'5 is on the cusp of the small to medium-sized PACs in your comparisons. What are the cities that are home to these PACs like?
  - AMS shared that they are US metropolitan areas that are not top ten markets but are also not bottom 10 markets either.
- Can you name the comparison PACs?
  - AMS responded that they cannot because the data is private and they do not have permission to share it with names associated.

Bill then shared revenue comparisons, which included PACs with revenues between \$15.6m and \$49.8M. P'5's earned revenue comes significantly from rentals/theater operations (66% of all revenue in FY24) rather than programming (5%). Comparison PACs make a majority of their revenue from programming (54%) and a smaller portion from rentals/theater operations (17%). Taken another way, benchmark PACs are also major presenters, whereas P'5 has remained focused on hosting residents and outside renters.

P'5 relies more heavily on earned revenue than comparisons, at 85% of total FY24 revenue versus 77% for comparisons.

Contributed revenue for P'5 is nearly all from government sources, whereas benchmarks have more diverse contributed revenue mixes that include significant amounts from individual contributions, sponsorships, foundations, and special events.

Workgroup members asked questions and shared comments, including:

- Is foundation revenue inclusive of earnings from an endowment?
  - AMS responded that endowment earnings are included in the "Other" category.
- Based on real dollars, is the City of Portland providing more funding to P'5 than other cities provide their PACs?
  - AMS explained that, in terms of direct government support, no. But Portland's tax revenue mechanisms do contribute significantly.
- It seems like there is a direct correlation between the kind of programming offered and revenue potential. P'5 is doing little presenting itself, so it is not leveraging the potential to raise revenue like other PACs have in recent years.
  - AMS agreed and noted that this raises the question about programming mix between commercial and nonprofit operators.
- The reason that P'5 is not situated to diversify its sources of revenue is because it is not providing a mechanism for it to engage with the community and keep the promises and vision at the core of P'5's founding. The culture of P'5 is largely the problem, so changing that should be the focus in the future.

- AMS responded that culture is a function of capacity, which, in turn, is a function of resources. And there is a direct correlation between capacity and resources and risk. If an organization has no capacity to take on risk, then it has a particular culture. In the public sector space, it could be successful because it is fulfilling a public access goal or directive. But it might not be successful by putting more money into supporting resident companies instead of taking on greater risk. Public benefits and riskier investments need to be balanced.
- Will this presentation be sent to P’5 administration?
  - Chariti shared that the slide show will be sent to Rachael and P’5 administration, along with the meeting summary. Sonia Schmanski and Craig Stroud will also be kept in the loop.

Bill then pivoted to benchmark P’5 expenses to comparison PACs. Overall, P’5 breaks even and delivers efficiently. Capacity sold (69%) was higher than the comparison group (62%) in FY24; however, revenue per available seat (\$21) is much lower than comparison group (\$59). P’5’s gross operating margin was 2% versus 12% in FY24, and operating expenses per square foot were \$70 versus \$121.

Workgroup members asked questions and shared comments, including:

- Is “revenue per available seat” inclusive of only P’5 Presents shows?
  - AMS explained that it is not, and that it includes all revenue that comes back to P’5 from rental and tickets, including recharge, rental, labor revenue.
- Is the 69% capacity sold number accurate?
  - AMS responded in the affirmative and explained that it is an average of all venues and all event types.
- Does revenue per available seat include dark days?
  - AMS shared that it only includes days that are open to the public and an event is occurring.
- Why are expenses per square foot much lower than comparisons?
  - AMS explained that is because P’5 has more total square footage across its five venues.

Bill shared that expenses at P’5 are more centered on theater and building operations (41% and 29%, respectively) than benchmark PACs (17% and 16%, respectively). Also, programming expenses are much lower (7%) than the benchmarks (40%).

Workgroup members asked questions and shared comments, including:

- Are the comparisons PACs only and not entire performing arts ecosystems/cultural infrastructure within a city? Some cities have PACs that Broadway and resident

companies call their home center. How would Portland's ecosystem/cultural infrastructure compare to these cities?

- Yes, that is correct. And many of these cities have one PAC and/or are home to at least one symphony, opera, and/or ballet resident company.

Comparing Portland's broader ecosystem would require additional analysis.

Steven and Bill then addressed the questions that the Workgroup asked AMS to address.

- Are there other peers dealing with or that have dealt with similar complexities related to public sector volatility?
  - Cities with dedicated public funding (e.g., Seattle, Mesa, AZ) manage volatility better.
  - Public funding is more reliable at the local and state level than federally.
  - Funding via user-driven fees (e.g., ticket fees) is more sustainable than ancillary services (e.g., restaurants).
  - Partnerships and co-presenting can be a way to share risk and profit.
- Peers that have been through a similar transition and/or reimagining of governance?
  - A common trend is transitioning from general governance to strategic boards.
  - Transition from public to private governance is rare currently.
  - A challenge with this is shifting public sector employees to private management.
  - An emerging model is for-profit operators from convention centers managing theaters, but the results of these are mixed.
- How do peers create and maintain sustainable capital reserves and address deferred maintenance?
  - No PAC fully funds long-term capital reserves, especially through operations.
  - There are two types of capital reserves to consider: annual capital needs (e.g., lightbulbs, carpets) and long-term reserves that cover depreciation.
  - Public funding often does not cover depreciation; resolved via taxes or facility fees on ticket sales.
- How do peers manage resident companies? Funding models that empower resident groups to have "skin in the game" and allow for leveraging philanthropic communities (e.g. Los Angeles, Dallas)?
  - The relationship between venues and resident companies should be viewed as a symbiotic relationship. Examples:
    - Lincoln Center: Resident company voting power based on square footage/audience size.
    - LA Theater: Chairs of each company sit on board.

- Seattle: Revenue-sharing with annual settlement; surpluses redistributed, and deficits shared. This model incentivizes striving to make a profit.
  - LA County: Invests \$45M in public funding; minimum use requirements enforced for resident companies.
- How have venues in other cities increased usage of their spaces, especially during “dark days” and slow periods (e.g. summer)?
  - This is often a question of which party is willing to take on additional risk.
  - Summers are increasingly active depending on available content.
  - Market-specific competition dynamics are an important consideration, e.g. sports are big in some markets and can be significantly competitive to performing arts.
  - Maximum viable utilization is estimated around 300 days/year (up from approximately 220).

Workgroup members and members of the project team then engaged in a discussion about revenue sources, event mixes, etc.

- Ben asked if there are models with event mixes with larger commercial shows that subsidize smaller nonprofit performances?
  - There are multiple examples that have rental subsidy funds for smaller nonprofit organizations to provide grants to subsidize their rent.
- A Workgroup member noted that P’5 relies on resident companies and nonprofits, which feels like the opposite of other cities. It seems like growing commercial shows is an area with growth potential.
  - The lack of commercial presenters may stem from low ROI potential. Some venues are stepping in to produce events in these instances.
  - This creates a tension: more P’5-led events could generate revenue but may reduce resident and nonprofit access to the calendar.
- Chariti noted that a potential option is to increase for-profit events to subsidize nonprofit events, which would mean less calendar time for nonprofit performers.
  - A Workgroup member agreed that this is one possible solution but that there would be costs to it that would need to be considered and addressed.
- A Workgroup member agreed that if P’5 was to produce more events to increase revenue, then it would help subsidize nonprofit rental rates. They noted that there used to be youth summer camps at P’5, which brought people downtown and helped to build future audiences. We have discussed the lack of sustainable funding, but is the biggest problem actually that there is not enough money to fund all programming?
  - AMS responded that P’5 has a lot of capital assets which have high fixed costs. The community has decided to charge different rates for different

types of presenters. But if P'5 was to fundraise to lower the costs for nonprofits, that would be in competition with those nonprofits' own fundraising efforts. In other words, it is a zero-sum game.

- A Workgroup member asked if AMS knows of examples where a space is used twice in the same day?
  - Yes, examples exist of back-to-back daily usage to maximize space efficiency.

Bill shared community leadership needs to define culture, aka purpose and intention, before pursuing new governance and/or funding models, e.g. philanthropic fundraising, increased public sector funding, or more private funding.

Steven noted that the slide deck includes a broad range of example comparisons that have very different models. The question for Portland is: what is it that the community, City, Metro, etc. want and are willing to support?

Bill then shared three possible scenarios for the Workgroup to consider:

- Outsource to a nonprofit or for-profit operator: City retains ownership, but management is outsourced
- Multi-venue/multi-operator: Break up the venues to multiple operating and/or ownership entities.
- Modify current structure: Keep P'5 within City ownership, but make modifications that achieve desired outcomes, e.g. clarify and rebuild the purpose, intention, and culture and change structures accordingly.

Steven added that purpose is important because an organization needs to know what it is trying to accomplish or why it is pursuing a certain strategy over another. He shared a framework in which success is achieved through a balance of the public value/benefit of a PAC, the owner's/operator's available capacity, and its level of support. This framework can help identify a broader purpose.

A Workgroup member shared that there is a gap in university-based presenters in Portland. These are typically multi-disciplinary communities and mission-driven presenters. They asked if AMS could speak to locations with university-based presenters and the different roles they have.

- AMS responded that the business question is "Is there sufficient demand to make the math of a venue work?" University presenters are generally not concerned about the bottom line. It is important to align market demand with mission and purpose.

A Workgroup member asked if AMS conducts city capacity research, e.g. what is Portland's capacity for supporting a publicly or privately run venue?

- AMS answered that that type of market feasibility study is not part of their scope of work.
- Chariti added that requesting such an analysis or study could be a recommendation from the Workgroup.

A Workgroup member noted from the presentation that resident companies are in declining use across the country and asked if that is also the case in Portland.

- AMS responded that it is not sure at the moment.

A Workgroup member shared that P'5 needs to diversify its programming to bring new audiences to the venues and grow revenue.

A Workgroup member shared that P'5's revenue needs to be invested to address deferred maintenance of the venues. The idea that if P'5 creates more and/or different content, then it can get out of its financial problems. However, even if P'5 does more programming and makes more money, that money would not cover the costs of deferred maintenance. Revenue from the City of Portland is insufficient to address these needs as well. The government needs to play an active role in a funding solution for deferred maintenance, which will then allow P'5 to be more entrepreneurial. Those dollars need to be there to allow P'5 to have a higher risk tolerance.

- AMS responded that no PAC funds its long-term capital needs from operations. If the first priority is maintenance of a building, then it needs to be decided who is responsible for maintaining the building. There are PACs that fund their annual capital maintenance from operations, but none maintain their long-term capital maintenance in that way. It is ultimately a fundraising problem, whether the funds are from public/taxation sources or private/philanthropic fundraising.

A Workgroup member added that P'5 was created for the benefit of the public and so that all types of organizations can perform in its venues. However, that does not seem to be the case any longer.

### **Closing and Next Steps**

Ben recentered group on the purpose and vision of Workgroup, where started, and where it still needs to go.

Steven noted that AMS is knowledgeable about PACs but does not own or operate any PACs. He added that it is important to have the right people in the room (e.g. decision-makers) to get more clarity on the venues' purpose and to make effective change.



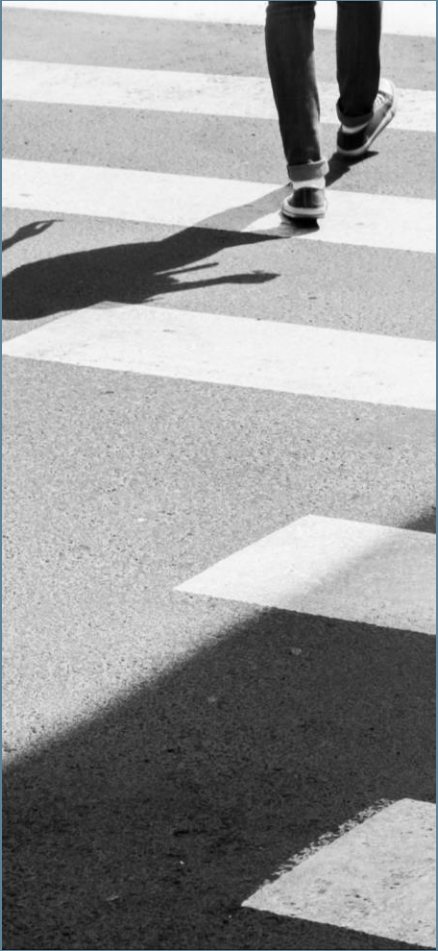
# Performing Arts Venues Workgroup – Meeting Seven

April 16, 2025



# Opening Remarks

- **Sonia Schmanski**, Deputy City Administrator for Vibrant Communities, City of Portland
- **Craig Stroud**, General Manager, Visitor Venues, Metro



# Agenda

- **Introductions, Opening, and Agenda Review**
- **Follow Up Items from Previous Meeting**
- **Addressing Capital/Deferred Maintenance**
- **Guiding Principles: Review and Confirm**
- **Introduction to Scenario Analysis**
- **Closing and Next Steps**

# Meeting Sequencing

---

## Grounding

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 Consider alternative models/options
- #5 Gather questions for consultants; address consultant's questions for Workgroup
- #6 Consultant - kick-off, "state of the field"/trending
- #7 *Consultant - capital/deferred maintenance, introduce scenarios - Today***
- #8 Consultant - evaluate scenarios with Guiding Principles

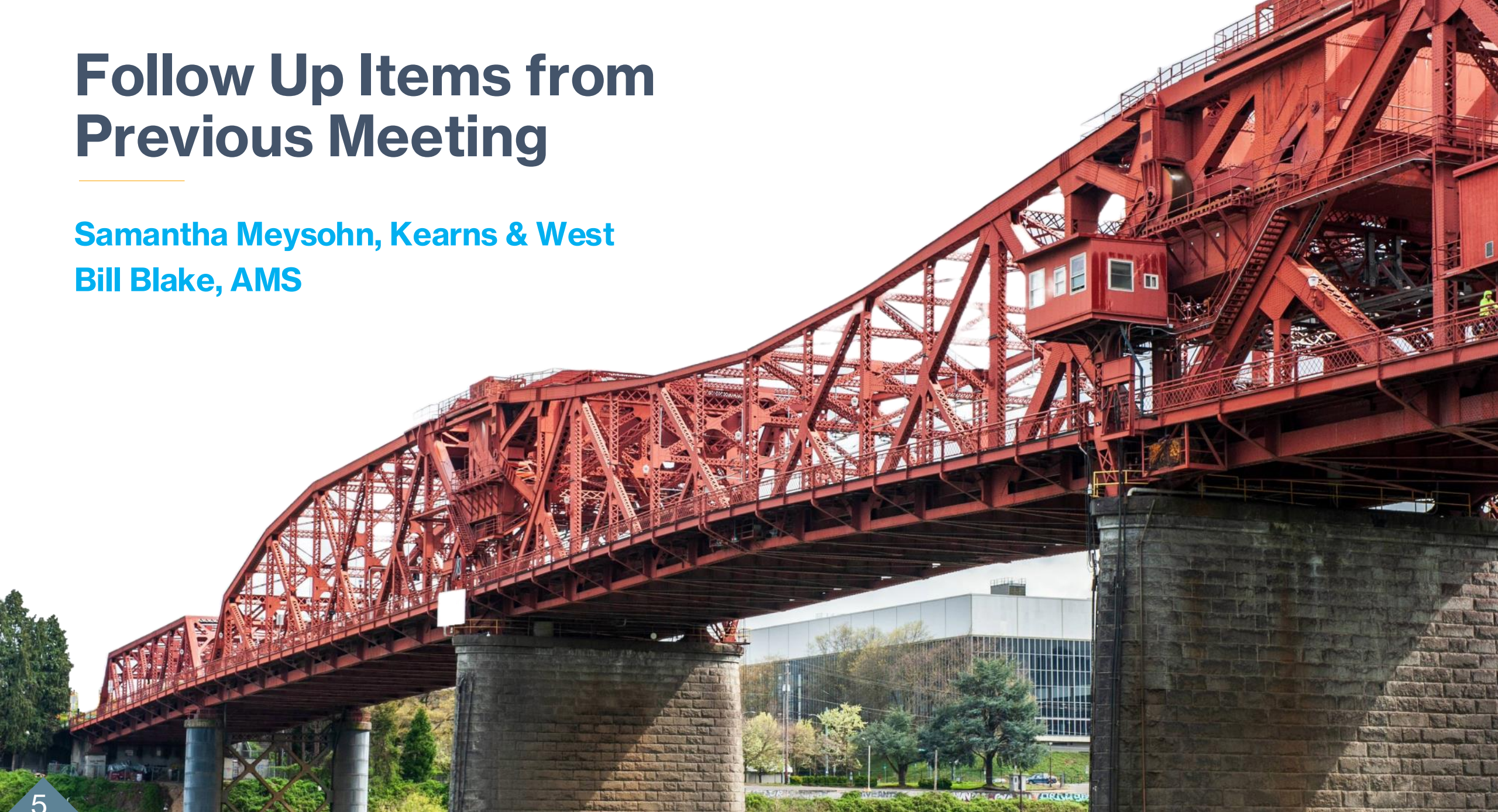
## Workgroup Recommendations

- #9 Develop
- #10 Draft
- #11 Finalize, submit (*may need to add 11th meeting in May*)

# Follow Up Items from Previous Meeting

---

Samantha Meysohn, Kearns & West  
Bill Blake, AMS



## Follow Up Items

- Affirm April 2 meeting summary
- Follow up on questions from “state of the field” presentation
- Review key takeaways from April 2 meeting:
  - What did you take away from the presentation?

# Addressing Capital/Deferred Maintenance

Bill Blake, AMS



## Funding for Capital/Deferred Maintenance

- *Key finding:* Performing arts centers do not fund capital maintenance through operations.
  - *Status quo:* Current model attempts to fund capital maintenance through operations, resulting in a backlog of deferred maintenance.
  - Should the next model for P'5 have a separate plan and funding source to support capital?
- Discussion/Q&A

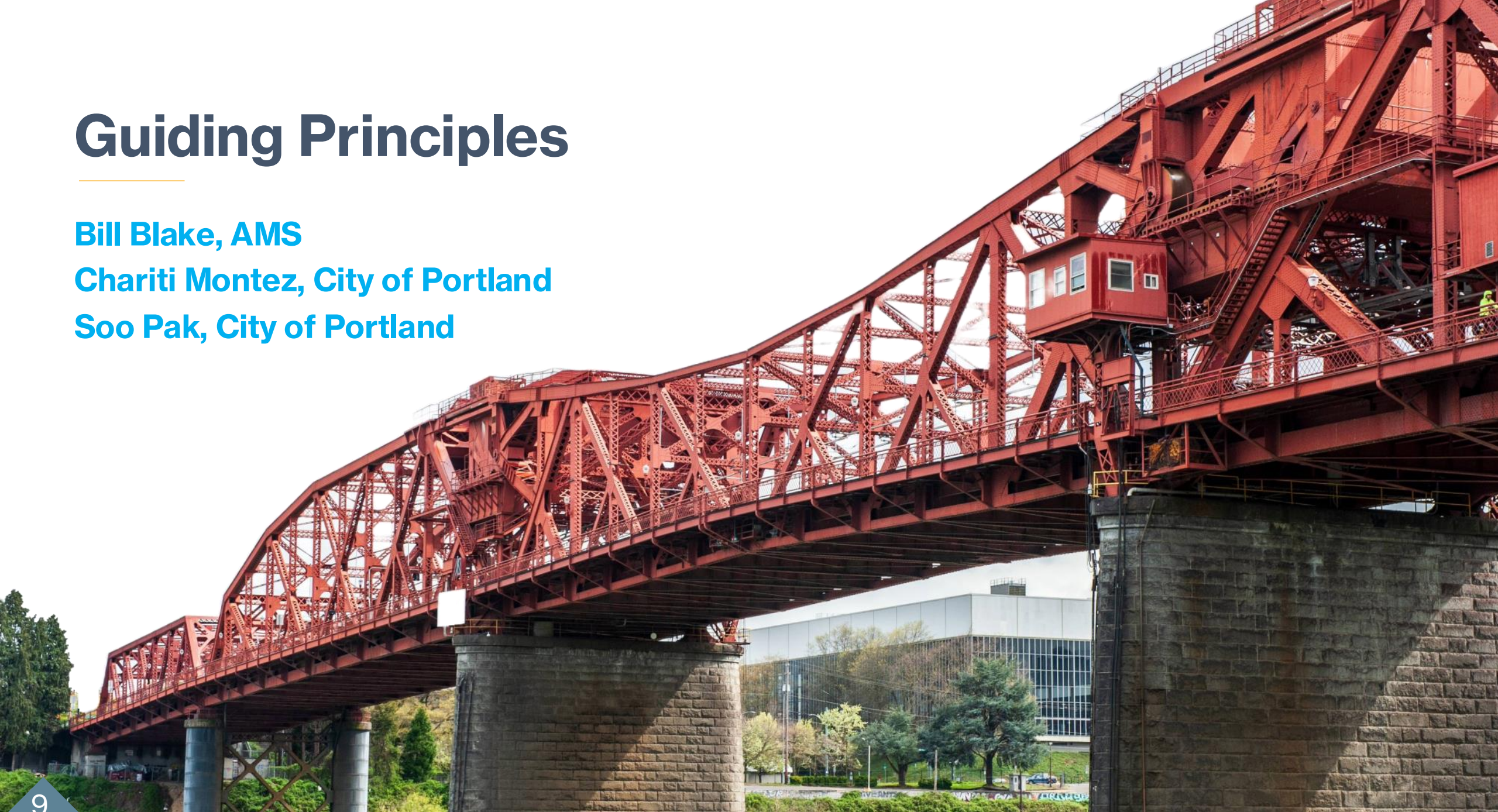
# Guiding Principles

---

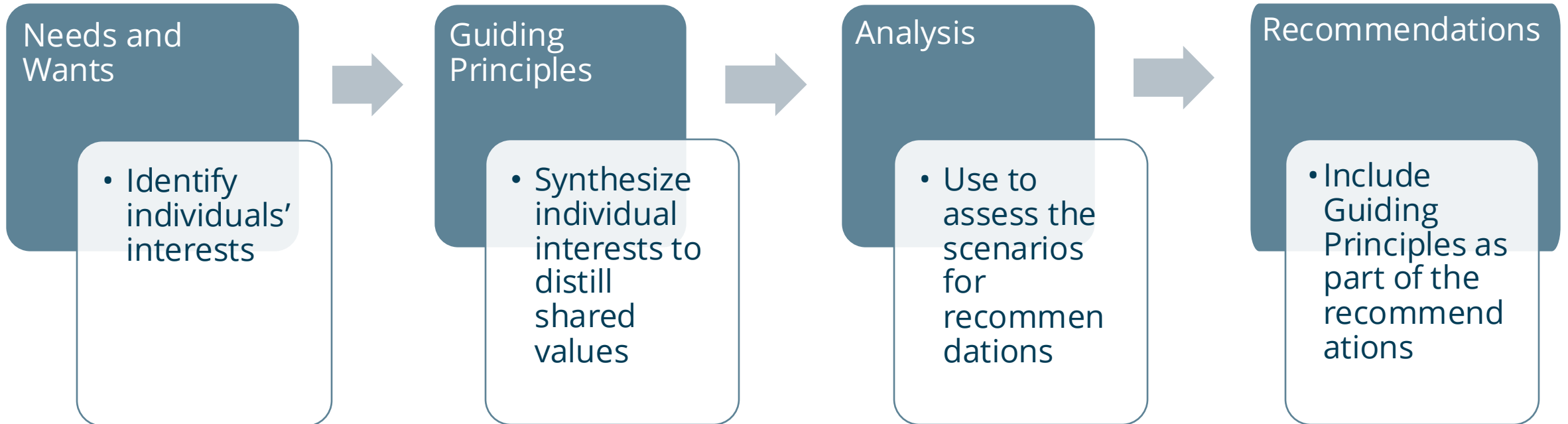
Bill Blake, AMS

Chariti Montez, City of Portland

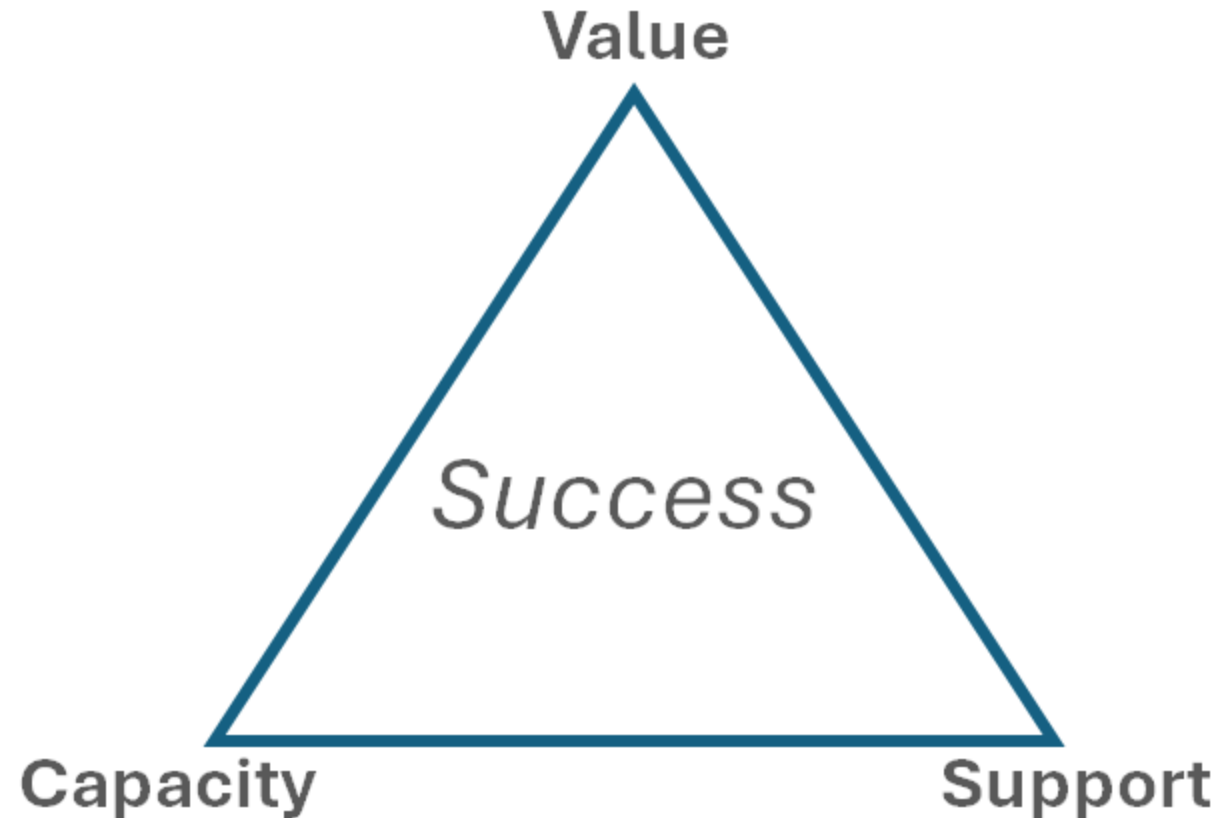
Soo Pak, City of Portland



# Guiding Principles



# Value/Capacity/Support Framework



*This framework is adapted from the public value framework described in Mark Moore's [Recognizing Public Value](#) (Harvard University Press, 2013)*



## Discussion Questions

How are the guiding principles reflective of the Workgroup's needs and wants discussion?

Do the guiding principles resonate?

How would the Workgroup like to use the guiding principles?

# Public Value

---

- **The venues are a major cultural destination and economic driver,** bringing 1 million visitors annually to downtown Portland, with room still to grow.
- **They provide affordable and accessible performance spaces to arts organizations,** which we depend on to breathe cultural life into our City and region.
- **The venues are for everyone.** They are responsive to changing audiences. They provide access and affordable tickets to underserved communities.

# Capacity

---

- The funding model includes **fundraising infrastructure that supports sustainability and resilience** to market fluctuations.
- The operating/governance **model is flexible, independent, and less bureaucratic.**
- The **audience/venue experience is optimized** to increase spending and loyalty.
- The venues **maximize activation** and make **creative uses of the spaces.**
- The **operations and communications are guided by shared values and goals.**

# Support

---

- **Public/private partnerships are well-leveraged.**
- **User groups/arts organizations have agency and are involved** in P'5 operations.
- The venues receive **adequate funding to cover deferred maintenance and major capital needs.**



## Discussion Questions

How are the guiding principles reflective of the Workgroup's needs and wants discussion?

Do the guiding principles resonate?

How would the Workgroup like to use the guiding principles?

# Using the Guiding Principles

- Evaluation of scenarios
- Inclusion in the Workgroup's recommendations
- Other?

# Introduction to Scenario Analysis

Bill Blake, AMS



# Scenarios

---

- Review possible scenarios
- Consider the **benefits, risks, and open questions** of each scenario
  - Benefits – how is the public value increased?
  - Risks – in addition to considering how a scenario introduces risks to your organization, consider the risks to the broader community, the arts 'ecosystem', the City, and Metro.
  - Open questions – what is possible to learn now that could influence how to evaluate this scenario?

# Scenarios Starting to Take Shape



Outsource to non-profit or for-profit operator  
City retains ownership, but management is out-sourced



Multi-venue / Multi-operator

Break-up the venues to multiple operating entities (and ownership?)

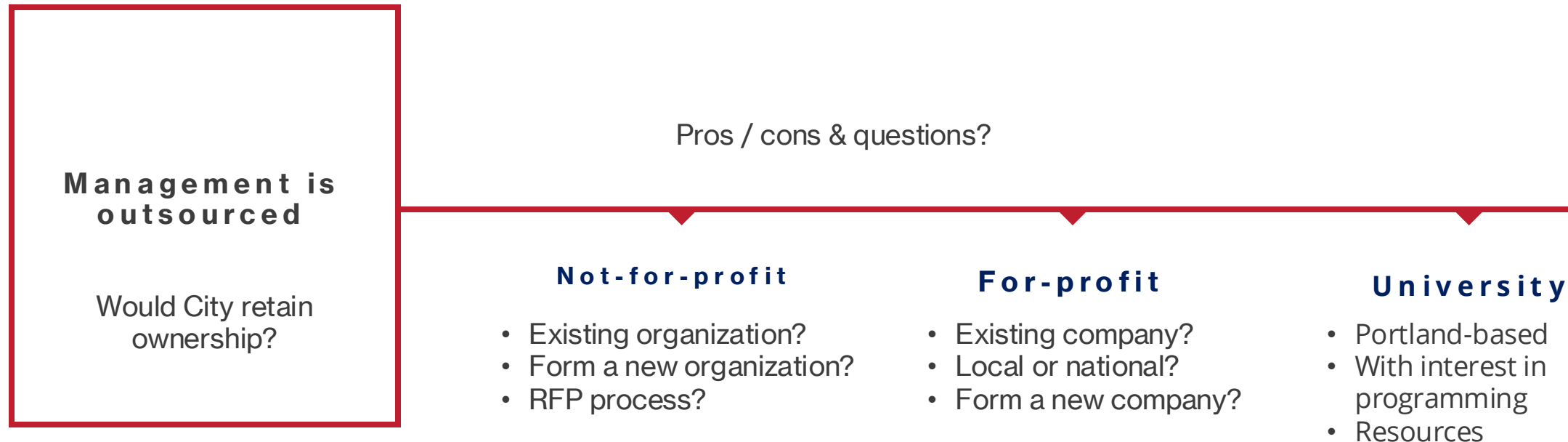


Modify current structure

Keep Portland's within City / Metro, but make modifications that achieve desired outcomes

# Management is Outsourced

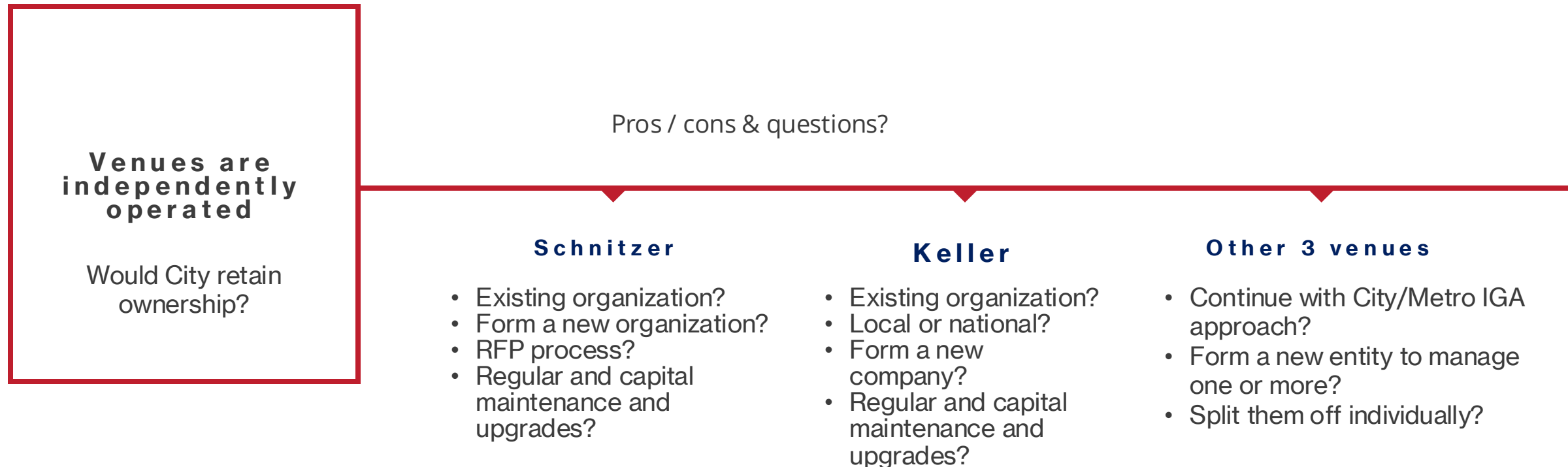
Under contract with the City (owner), management could be outsourced to a private entity – but which scenario would yield the best results? Which would best align with Guiding Principles?



# Multi-venue – Multi-operator

Management of the larger venues could be outsourced individually – but what would work for the three smaller theaters?

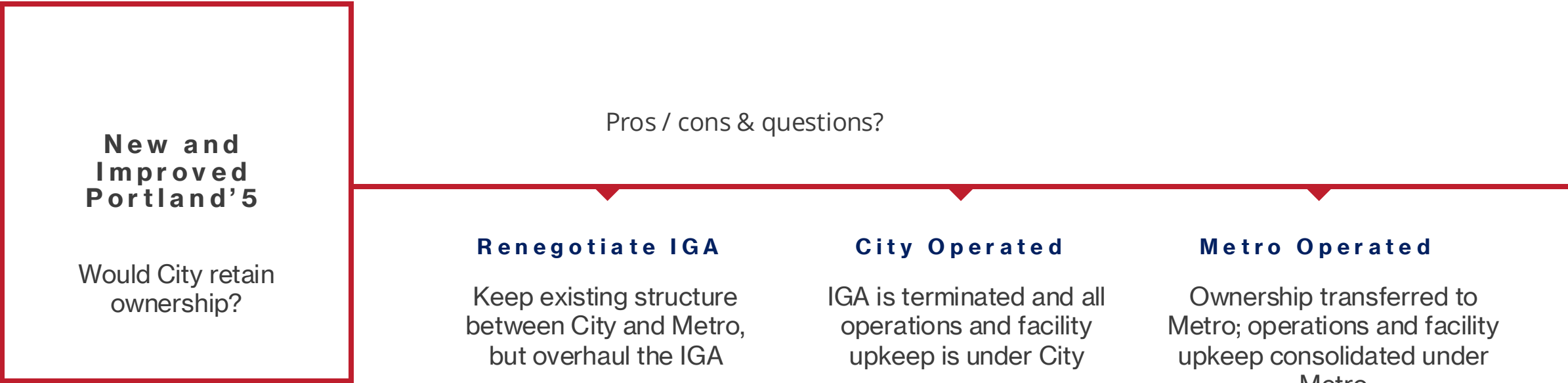
How would the City ensure consistent alignment with Guiding Principles, financial goals, and community benefits?



# Modify Existing Structure

Continue to operate the venues under a governmental entity (with Foundation), but recommend changes that increase financial support, improve partner relationships, and realize greater public value.

How best to reposition governance, funding, center-presented programming, and partnerships while also adhering to Guiding Principles?



# Where's the Support?

How do you want to spend your effort? What are the market conditions?

Outsource

Multi

Modify

## More Private Support

Secure donor support, but not at the expense of diminished organizational support.

## Varied Sources and Uses

Multiple sources, strategies, and needs...from multiple entities

## More Public Support

Keep it under the IGA but do more advocacy to draw greater support.



# Dot Exercise – In Person

---

- Scenarios are placed on the walls around the room.
- Use **green, yellow, and/or red sticky dots** to share your sentiment about any or all of the scenarios.
  - **Green:** I support this scenario and would like to learn more about it.
  - **Yellow:** I could support this scenario but have reservations about it and would need to learn.
  - **Red:** I have significant concerns about this scenario and would likely never support it.
- **One sticky dot per scenario**

# Dot Exercise – Virtual

- Scenarios have been placed in a Miro board (link in meeting chat).
- Use **green, yellow, and/or red dots (“Dot Voting”)** in the Miro board to share your sentiment about any or all of the scenarios. Drag and drop the dots.
  - **Green:** I support this scenario and would like to learn more about it.
  - **Yellow:** I could support this scenario but have reservations about it and would need to learn more.
  - **Red:** I have significant concerns about this scenario and would likely never support it.
- **One sticky dot per scenario**
- Share with full Workgroup during discussion.

# Group Discussion

---

- What are your initial thoughts and questions on these scenarios?
- Looking at the sticky dots, which of the scenarios is the group interested in exploring?
- Which of these scenarios, if any, is the group okay not considering further?

# Closing and Next Steps

Samantha Meysohn, Kearns & West



# Homework

---

Review the scenarios and come to the next meeting prepared to share your perspectives on:

- Potential benefits
- Risks
- Open questions

Share any additional scenarios you think the Workgroup should consider.

# Upcoming Meetings

Meeting no.	Date/Time	Location
8	Wed. April 30, 3 to 5 pm	The Portland Building, Room 216
9	Wed. May 14, 3 to 5 pm	The Portland Building, Room 216
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216
11 ( <i>TBD</i> )		

## P'5 Performing Arts Venues Workgroup

### Meeting Summary

April 16, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Affirm key takeaways and address open questions from “state of the field” presentation
2. Address capital/deferred maintenance question
3. Review, discuss, and confirm guiding principles
4. Introduce and discuss scenarios as possible directions to move forward

### Meeting Agenda

Topic and Lead	Description	Time
<b>Introductions, Opening, and Agenda Review</b> Samantha Meysohn, Kearns & West	Introductions, opening remarks, and agenda review <ul style="list-style-type: none"> <li>• Sonia Schmanski, Deputy City Administrator for Vibrant Communities, City of Portland</li> <li>• Craig Stroud, General Manager, Visitor Venues, Metro</li> </ul>	3:00 – 3:10 pm
<b>Follow Up Items from Previous Meeting</b> Samantha Meysohn, Kearns & West Bill Blake, AMS	<ul style="list-style-type: none"> <li>• Affirm April 2 meeting summary</li> <li>• Follow up on any questions from “state of the field” presentation</li> <li>• Review key takeaways from previous meeting</li> </ul>	3:10 – 3:25 pm
<b>Addressing Capital/Deferred Maintenance</b> Bill Blake, AMS	Discuss recommendation about funding for capital/deferred maintenance	3:25 – 3:45 pm
<b>Guiding Principles Review and Confirm</b> Bill Blake, AMS Chariti Montez, City of Portland Soo Pak, City of Portland	Review proposed guiding principles, solicit input, and confirm: <ul style="list-style-type: none"> <li>• Value / Capacity / Support framework</li> <li>• How are the guiding principles reflecting the needs/wants discussion?</li> <li>• Do the guiding principles resonate with you all?</li> <li>• How would the Workgroup like to use them moving forward?</li> </ul>	3:45 – 4:15 pm
<b>Introduction to Scenario Analysis</b> Bill Blake, AMS	<ul style="list-style-type: none"> <li>• Review multiple possible scenarios</li> <li>• Begin discussing the benefits, risks, and open questions for each scenario</li> </ul>	4:15 – 4:55 pm
<b>Closing and Next Steps</b> Samantha Meysohn, Kearns & West	Address final questions and confirm next steps	4:55 – 5:00pm

## Action Items

- Project team to refine the guiding principles based on Workgroup feedback shared during the meeting.
- Project team coordinate with small group of Workgroup members to further revise guiding principles.
- Project team to consider removing scenarios from further analysis with the most red dots.
- Bill to conduct additional analysis on the scenarios (including exemplars) to present to the group at the April 30 meeting.

## Introductions, Opening, and Agenda Review

Samantha Meysohn, Kearns & West, started the meeting, and noted that she is filling in for Ben Duncan as the facilitator for this meeting.

Craig Stroud, General Manager, Visitor Venues at Metro, expressed gratitude for the Workgroup's energy and acknowledged a shared understanding of the need for change at P'5. He noted that he is looking forward to the Workgroup's recommendations, emphasizing the importance of the members' input in shaping the future of these venues. He acknowledged the challenges inherent in addressing the complex issues surrounding P'5 and expressed his appreciation for the collaborative spirit and insightful ideas shared by the Workgroup.

Sonia Schmanski, Deputy City Administrator for Vibrant Communities at City of Portland, emphasized the complexity of the issues and the value of a shared problem statement with such a variety of perspectives and elements. She shared that she has updated the Mayor on the Workgroup's progress and anticipates a set of ideas and recommendations to inform future decisions about P'5. Schmanski stressed that it should not be taken for granted that such a diverse group has arrived at a broadly similar understanding of the core problems facing P'5, given the multifaceted nature of the issues and the many different perspectives and priorities involved.

Samantha reviewed the meeting agenda and the sequence of Workgroup meetings, providing an overview of the topics to be covered and the timeline for the group's work.

## Follow Up Items from Previous Meeting

Samantha asked if the group had any question or comments about the April 2 meeting summary, and, if none, to affirm the summary. There were none, and the Workgroup affirmed the summary.

Bill Blake, AMS, then offered time for members to ask to follow up questions, reflections, and/or key takeaways from the “state of the field” presentation at the previous meeting.

Workgroup members asked questions and shared key takeaways, including:

- Concerns were raised about the comparability of Portland to other cities, noting that the presentation focused on comparisons between performing arts centers rather than entire cultural and/or performing arts ecosystems. Focusing solely on comparisons between performing arts centers might overlook crucial factors within the broader cultural

landscape of each city, such as the presence of smaller arts organizations, community arts initiatives, and other cultural venues.

- Bill clarified that each market has unique characteristics (political, philanthropic, historical, etc.) that make direct comparisons difficult, and that future steps in the process will involve more bespoke research. Bill explained that factors such as local government policies, local strength of philanthropic support for the arts, and the historical development of each city's cultural sector can significantly influence the dynamics of its performing arts ecosystem. He emphasized the need for in-depth, tailored research to understand the specific context of Portland's situation.
- Government support for P'5 in terms of its overall budget is not sufficient, but it is more than the government support the comparison cities receive. What are the updates related to recent P'5 budget cuts and how they might impact the work for this group?
  - Rachael Lembo, P'5, provided an update on Metro's budget, including expense reductions, personnel cuts (12 positions or 17% of staff), and balancing the budget. Rachael detailed the difficult decisions Metro had to make in response to financial challenges, including reducing expenditures on materials and services in addition to personnel reductions. She explained that the cuts have balanced the budget and were made with the goal of maintaining event continuity as well as minimizing disruption to patrons and events.
- Increased commercial presentation would increase revenue but not address capital and deferred maintenance issues.
  - Bill noted that increasing revenue generation would likely require more center-presenter programming and contributed revenue from diverse sources, including private philanthropy. Bill added that relying solely on existing revenue streams would likely not be sufficient to address the financial challenges facing P'5, and that exploring new avenues for income, such as expanding center-presented programming and diversifying funding sources, would be necessary.
  - The concern was raised that this would reduce performance time for nonprofit and resident organizations, which could reduce these organizations' ability to perform at optimal times, impact their ability to sustain their operations and status, and fulfill their artistic missions.
  - It was suggested that more center-presented programming would likely be commercial to earn more revenue for the center and to subsidize the costs of nonprofit and resident organization performances.
  - Calendar control was raised, especially the need for more dynamic and interactive calendaring. Managing the performance calendar is challenging at P'5, and the current system can be inflexible and may not incentivize efficient use of the venues. A more dynamic and interactive approach to calendaring would allow for greater flexibility and responsiveness to the needs of different users.
- A Workgroup member asked a clarifying question if the Symphony needs more performance dates or more control of the calendar.
  - The Symphony would like more control, not necessarily more dates.

- Developing more center-presented programming can inspire additional philanthropic giving to P’5, which can create competition for private dollars between P’5 and the nonprofits and resident organizations that present at P’5.
- Recognition that some aspects of the calendar and fundraising are not a zero-sum game – filling more days with performances increases and diversifies revenue and brings in new audiences. There is also the opportunity for collaboration and mutual benefit among different performance groups by working together to coordinate their calendars at the beginning of each season.
  - It was confirmed that collaboration on the calendar occurs.

## **Addressing Capital/Deferred Maintenance**

Bill reviewed the key finding that performing arts centers do not typically fund capital maintenance through operations. They are funded through separate mechanisms, e.g. capital campaigns, bond initiatives, etc. These funding sources are separate from the day-to-day operating revenues of the facility.

The group discussed whether P’5’s next model should have a separate plan and funding source for capital. This discussion explored the idea of establishing a dedicated mechanism for funding long-term capital needs, ensuring that P’5 has the resources necessary to maintain and upgrade its facilities over time.

Workgroup members asked questions and shared comments, including:

- A Workgroup agreed and noted the lack of a mechanism to pay for major capital needs currently for P’5 and brought up the possibility of facility fees to help raise this capital.
  - Bill noted that facility fees have been used to fund at least some capital improvements and maintenance around the country and raised questions about bond markets since COVID and the market tolerance for additional fees on tickets at a level sufficient to fund current capital needs.
- A Workgroup member proposed asking for group consensus on supporting a separate plan and funding source for capital maintenance, adding that consensus on this topic would strengthen a recommendation to the City and Metro.
  - Samantha asked the Workgroup about any concerns about the topic and none were expressed.
  - Samantha then asked the Workgroup if P’5 should have a separate plan and funding source to support capital needs. All Workgroup members agreed.
- The question about private philanthropy’s willingness to fund a public entity like P’5 was raised, even for capital projects.
- A Workgroup member provided additional support for the need for a capital plan for P’5, noting similar initiatives for other City bureaus.
  - Sonia affirmed City Council’s readiness for such a recommendation.
- Chariti Montez, City of Portland, shared appreciation for group consensus on this topic. She emphasized that the recommendation would be calling for a separate plan to fund capital

and not the specifics of a capital plan. The details of how that plan would be implemented would be determined in the future.

- Rachael circled back to the topic of facility fees, clarifying the existence of a “user fee” on P’5 tickets for capital maintenance, though it does not cover major capital expenses.
- A Workgroup member raised concerns about the optics of a “separate” plan for capital expenses because of the need for a more comprehensive plan for all capital expenditures.
  - The motion to the group was amended to remove the term “separate” by the Workgroup member who introduced it. Other workgroup members agreed.

Samanta indicated that the Workgroup’s position for a plan and fund source to support capital needs would be added to the Workgroup’s recommendations.

The Workgroup clapped in celebration.

## Guiding Principles Review and Confirm

Bill provided background on the guiding principles, which were synthesized from the Workgroup’s “needs and wants” and are organized around the value/capacity/support framework shared at the previous meeting. He shared that the guiding principles can be used as a lens through which to evaluate scenarios and as a Workgroup. Bill then reviewed the framework:

- Value (public value): The public good of P’5 venues existing downtown, the mission of the venues to the greater public, the big picture public value statement.
- Capacity: The resources that an organization needs to deploy, e.g. people, technology, facilities, partnerships, relationships, etc.
- Support: The amount that people are willing and able to provide support (monetary, political, etc.) to an organization.

Bill noted that when these three topics are balanced and aligned, organizations achieve success.

Samantha asked Workgroup members to consider the following questions as they reviewed the guiding principles:

- How are the guiding principles reflecting the needs/wants discussion?
- Do the guiding principles resonate with you all?
- How would the Workgroup like to use them moving forward?

She reiterated Bill’s earlier proposal that the Workgroup could use the guiding principles as a lens to analyze scenarios and as a part of the Workgroup’s ultimate recommendations.

Bill reviewed the guiding principles:

- Public Value
  - The venues are a major cultural destination and economic driver, bringing 1 million visitors annually to downtown Portland, with room still to grow.
  - They provide affordable and accessible performance spaces to arts organizations, which we depend on to breathe cultural life into our City and region.
  - The venues are for everyone. They are responsive to changing audiences. They provide access and affordable tickets to underserved communities.
- Capacity

- The funding model includes fundraising infrastructure that supports sustainability and resilience to market fluctuations.
- The operating/governance model is flexible, independent, and less bureaucratic.
- The audience/venue experience is optimized to increase spending and loyalty.
- The venues maximize activation and make creative uses of the spaces.
- The operations and communications are guided by shared values and goals.
- Support
  - Public/private partnerships are well-leveraged.
  - User groups/arts organizations have agency and are involved in P’5 operations.
  - The venues receive adequate funding to cover deferred maintenance and major capital needs.

Workgroup members asked questions and shared comments, including:

#### *Public Value*

- A Workgroup member questioned the venues' role in ensuring accessibility, noting that the user groups also have a responsibility to ensure accessibility, particularly in setting ticket prices that are affordable.
- The suggestion was made to emphasize the following guiding principle: “The venues are for everyone. They are responsive to changing audiences. They provide access and affordable tickets to underserved communities.” This principle should be highlighted to stress the importance of the moral value of accessible and inclusive performing arts that enrich lives and foster social cohesion, above the economic benefits that the venues bring to the city.
- A Workgroup emphasized the economic value of performing arts, citing their impact on related industries, e.g. restaurants, bars, hotels, transportation, etc. The economic contribution of performing arts should be highlighted in any discussion of the value of P’5.
- A Workgroup member noted the distinction between the P’5 venues serving as cultural destinations versus the performing arts themselves, clarifying that the venues are hosts and facilitators for the arts.

#### *Capacity*

- Adding "transparent" to the operating and governance model guiding principle was suggested.

#### *Support*

- Clarification was sought on the meaning of the term "well-leveraged."
  - Soo Pak, City of Portland, reminded the Workgroup that the guiding principles came from the “needs and wants” language developed by members themselves and urged members not to focus too heavily on specific wording, but rather to focus on if the guiding principles accurately capture the sentiments and priorities of the “needs and wants.” She suggested that wording can be edited if necessary.
  - Chariti noted that the guiding principles document emailed to the Workgroup before the meeting clarifies the “needs and wants” that each guiding principle came from.

#### *General Questions and Feedback*

- A Workgroup member raised questions about the purpose of the guiding principles, e.g. filter for decision-making, objectives to aim for, or outcomes to achieve, and about the intended process for the Workgroup. It was noted that they are not measurable so it would be difficult to use as objectives.
  - Bill shared that they could be a Workgroup recommendation in themselves, and their primary intended purpose is to act as criteria as the Workgroup considers scenarios.
  - Chariti reminded the Workgroup that the guiding principles came from members' "needs and wants." She suggested the guiding principles be used to help the Workgroup come up with recommendations for the City and Metro and including them as recommendations for how the City and Metro can continue the next phases of work related to P'5.
- A Workgroup member cautioned about presenting the guiding principles to external audiences, noting the need for context and explanation about their origin and purpose.
- A Workgroup member expressed a desire to see the concept of "community" more explicitly incorporated into the guiding principles, arguing that P'5 should serve the needs of the entire community and that performing arts foster a sense of belonging.
- A member expressed a desire for a mission statement to express the Workgroup's aspirations for the role of performing arts in Portland and to frame the guiding principles. Samantha checked with the group to see if there was interest in developing a mission statement.
  - Chariti reflected that this process is difficult and complex, and that the Workgroup's recommendation to the City and Metro can identify that reality. Given time limitations for the Workgroup, she suggested a Workgroup recommendation could be for the City and Metro to draft a mission statement.
  - A Workgroup member suggested that a mission statement would answer the question about how the Workgroup would like to use the guiding principles.
  - Disappointment was expressed if the outcome of the Workgroup was a recommendation to create a mission statement.
  - A Workgroup member shared their belief that a mission statement is outside the Workgroup's directive.
- A Workgroup member shared that the guiding principles are intended to express the Workgroup's aspirations for P'5 and not the group's shared values and beliefs.
- The suggestion was made to view the guiding principles as group affirmations.
- One member shared that the importance of individual artists should be emphasized.
- A Workgroup member proposed adding a preamble to the guiding principles to help frame them along the lines of "The role of P'5 venues in the arts ecosystems is..."
- The importance of language and framing of the guiding principles was reiterated.

Samantha noted that the group seemed interested in further refining the language of the guiding principles. She asked for volunteers to work in a small group to refine the language of the guiding principles and consider a mission statement.

- Samuel Hobbs, Michelle David, Dianna Scoggins, Karen Whitman, Jim Brunberg, and Rose Etta Venetucci (tentative) agreed.

## Introduction to Scenario Analysis

Bill introduced the scenarios and encouraged members to consider the potential benefits, risks, and open questions as they analyzed each scenario. Benefits include considering “How is the public value increased?” For risks, Bill encouraged members to consider how a scenario would introduce risks to the broader community, arts ecosystem, City, and Metro, in addition to their individual organizations. When considering open questions, members should think about what is possible to learn in the near-term that could influence how they evaluate a scenario.

Bill reviewed three high-level scenarios:

- Management is outsourced: Under contract with the City (owner), management could be outsourced to a private entity – but which scenario would yield the best results? Which would best align with Guiding Principles?
  - Nonprofit
  - For-profit
  - University
- Multi-venue/Multi-operator: Management of the larger venues could be outsourced individually – but what would work for the three smaller theaters? How would the City ensure consistent alignment with Guiding Principles, financial goals, and community benefits?
  - Schnitzer
  - Keller
  - Other 3 venues
- Modify Existing Structure: Continue to operate the venues under a governmental entity (with Foundation), but recommend changes that increase financial support, improve partner relationships, and realize greater public value. How best to reposition governance, funding, center-presented programming, and partnerships while also adhering to Guiding Principles?
  - Renegotiate IGA
  - City operated
  - Metro operated

Bill outlined typical funding sources for each scenario, noting how the different management structures might influence the mix of public and private support. Outsourced management typically requires more private support; support from multiple operators varies greatly; and modifying the existing structure would likely require more public support.

A Workgroup member asked about the possibility of hybrid scenarios, and Bill confirmed they are possible, especially with the multi-venue/multi-operator option.

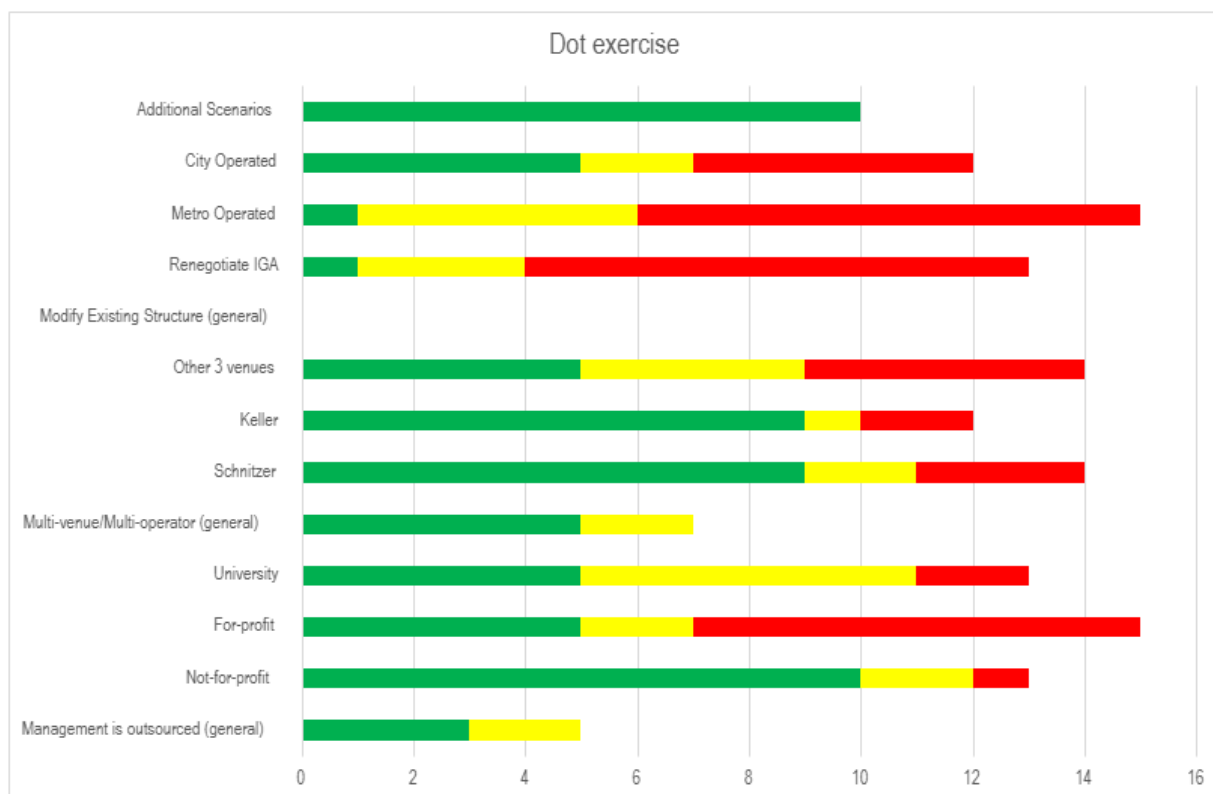
To gauge the Workgroup’s sentiments and thoughts about the various scenarios, members used green, yellow, and red sticky dots to express their support, reservations, and lack of support, respectively, for each of the various proposals. It was explained that this exercise was intended as a “temperature check” for the scenarios and not a binding vote for or against any scenario. Posters with the different scenarios were placed around the room, and members placed dots on the

posters. Members were directed to place only one dot on each scenario. Members participating virtually used an online tool to complete the same exercise.

A Workgroup member asked for clarity about how to consider the specific scenarios under the multi-venue/multi-operator scenario (Schnitzer, Keller, Other 3 Venues) because they are not distinct scenarios.

- Bill encouraged members to think about their support, reservations, and/or lack of support for each of the ideas they represent, e.g. an independent Schnitzer.

Scenario	Green	Yellow	Red
<i>Management is outsourced (general)</i>	3	2	
Not-for-profit	10	2	1
For-profit	5	2	8
University	5	6	2
<i>Multi-venue/Multi-operator (general)</i>	5	2	
Schnitzer	9	2	3
Keller	9	1	2
Other 3 venues	5	4	5
<i>Modify Existing Structure (general)</i>			
Renegotiate IGA	1	3	9
Metro Operated	1	5	9
City Operated	5	2	5
<i>Additional Scenarios</i>	10		



After the dot exercise, the Workgroup addressed the following questions about the scenarios:

- What are your initial thoughts and questions on these scenarios?
- Looking at the sticky dots, which of the scenarios is the group interested in exploring?
- Which of these scenarios, if any, is the group okay not considering further?

Samantha reviewed the placement of dots on the scenario posters. She noted that under “modifying existing structure” the “Metro operated” poster had mostly red dots, signaling the group’s lack of support of this scenario. Additionally, “renegotiate IGA” had mostly yellow and red dots, indicating broad reservations and/or lack of support of this scenario. Samantha noticed that the dots on the “City operated” poster were more mixed.

- A Workgroup member expressed moral concerns about removing multiple public options, emphasizing the importance of ensuring union jobs.
  - Chariti clarified that work positions would not necessarily be non-union if management were transitioned away from Metro and noted that this exercise is to help narrow down the possible scenarios Bill can research further.

The Workgroup proposed removing at least one of the following options: “Metro operated” or “Renegotiate IGA.”

Under the “Management outsourced” options, the “not-for-profit” poster had a majority of green dots, indicating the Workgroup’s interest in this scenario. The “for-profit” poster contained a majority of red dots, signaling the group’s concerns about this option. Samantha asked the group if this scenario should be removed from further consideration.

- A Workgroup member argued to keep this option for now, suggesting that there might be potential benefits or innovative approaches associated with this model that should be further investigated.
- Additional Workgroup members agreed, and one member suggested creating a hybrid for-profit/not-for-profit management scenario.

Workgroup members expressed an interest in additional scenarios; however, there was not sufficient time to explore them during the meeting.

## **Closing and Next Steps**

Samantha thanked the Workgroup for their time and engagement during the meeting and shared that the project team would follow up with next steps. She shared that the following meeting would dig more deeply into scenario analysis and including considering scenario exemplars.



# Performing Arts Venues Workgroup – Meeting Eight

April 30, 2025





# Agenda

- **Opening, Agenda Review, Housekeeping**
  - Recap capital recommendation
  - Status update on guiding principles wordsmithing group
  - Affirm 4/16 meeting summary
  - Plan for upcoming meeting
- **Success Indicators and Scenarios Follow Up**
  - Scenarios and success indicators matrix
  - Scenario analysis – scoring
- **Scenarios Analysis & Discussion**
  - Roundtable discussion
  - Dot exercise
- **Closing and Next Steps**

# Housekeeping

- Capital Recommendation: The next model for P'5 should have a comprehensive plan and funding source to support capital.
- Update on Guiding Principles Wordsmithing Group
- Affirm 4/16 meeting summary

# Meeting Sequencing & Upcoming Meeting Plan

## Grounding

---

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 Consider alternative models/options
- #5 Gather questions for consultants; address consultant's questions for Workgroup
- #6 Consultant - kick-off, "state of the field"/trending
- #7 Consultant - capital/deferred maintenance, introduce scenarios
- #8 *Consultant – evaluate scenarios with success indicators – Today***

## Workgroup Recommendations

- #9 Develop
- #10 Draft
- #11 Finalize, submit (*may need to add 11th meeting in May*)

# Success Indicators & Scenarios Follow Up

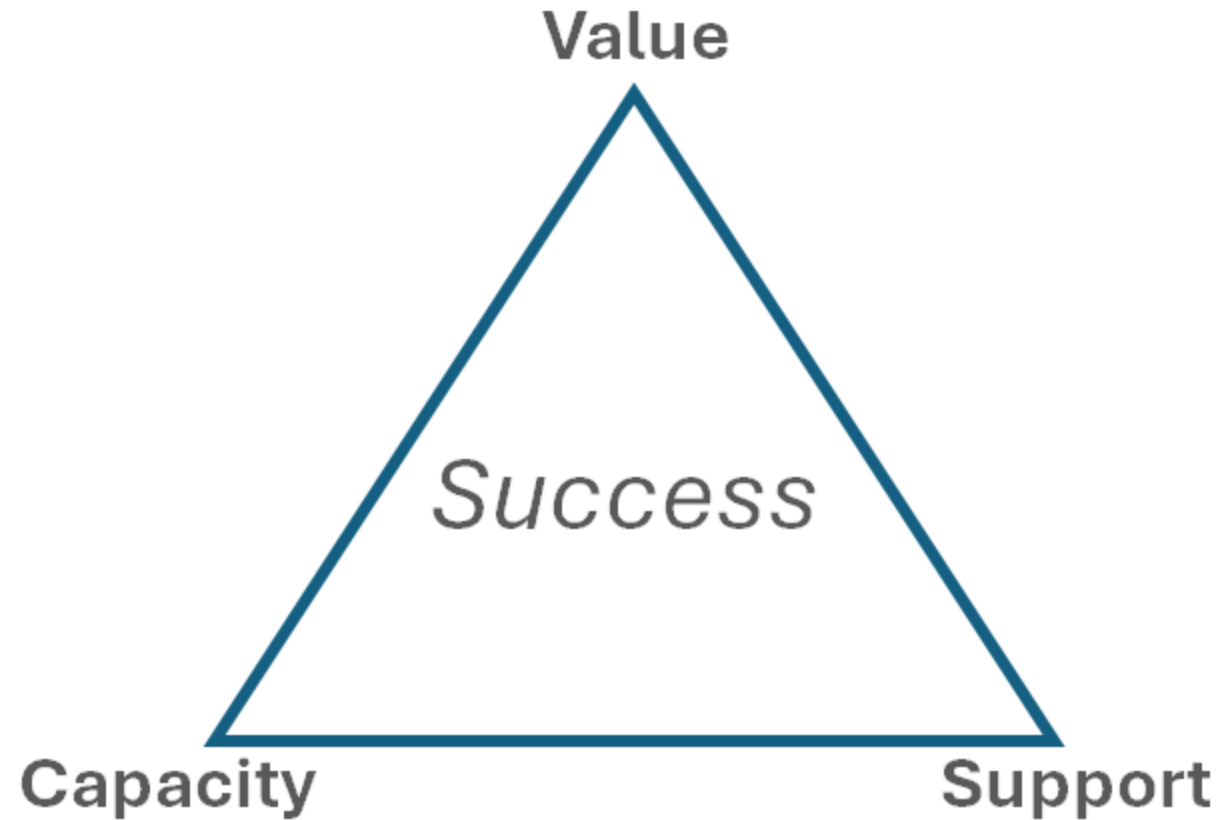
Ben Duncan, Kearns & West  
Bill Blake, AMS



# Scenarios and Success Indicators

- Needs and Wants → Success Indicators
- Success indicator matrix
- Scenario analysis scoring

# Value/Capacity/Support Framework



*This framework is adapted from the public value framework described in Mark Moore's [Recognizing Public Value](#) (Harvard University Press, 2013)*

# Success Indicators

---

## Public Value

- Ensures belonging, affordability, accessibility for everyone (esp. the underserved)
- Ensures affordability, accessibility for arts organizations
- Boosts downtown economy and Portland as major cultural destination

## Capacity

- Funding model includes fundraising infrastructure
- Op/gov model is flexible, independent, less bureaucratic
- Improves audience & venue experience
- Maximizes venue activation and more creative uses
- Ops and comms are guided by shared values and goals

## Support

- Optimizes public/private partnerships
- Allows arts orgs agency and involvement in ops
- Funds deferred maintenance and major capital
- *Positive cashflow and sustainable funding – added during meeting*

# Scenario Analysis & Discussion

---

Ben Duncan, Kearns & West  
Bill Blake, AMS



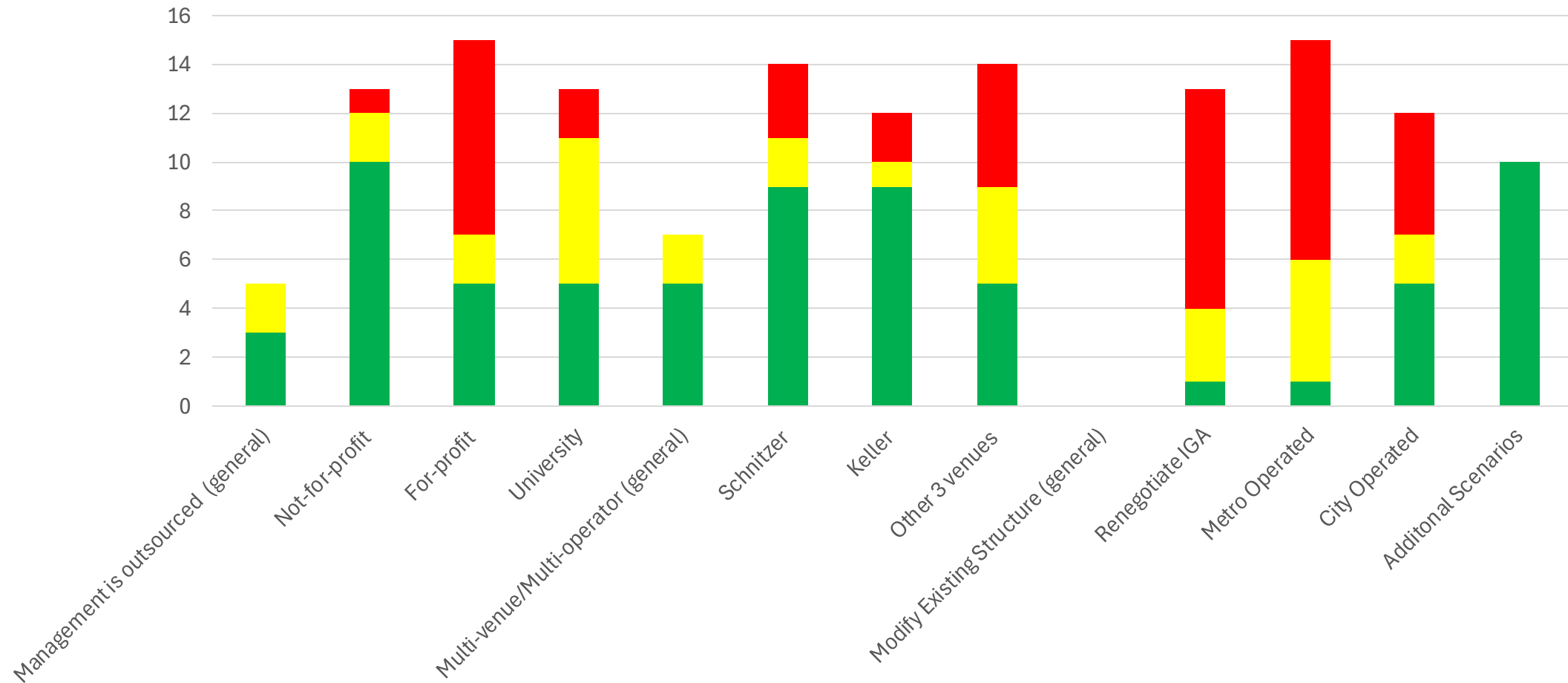
# Scenario Analysis & Discussion

---

1. *Scenario analysis*
2. *Reflection questions (same as homework):*
  - What are the benefits, risks and open questions for the top scenarios from last meeting?
  - How do the top scenarios hold up when filtered through the Workgroup's "Needs & Wants" as success indicators?
3. *Roundtable discussion:* Share your reflections with full group; **3-minute limit**
4. *Dot exercise:* Prioritize scenarios after reflection and roundtable discussion

# 4/16 Dot Exercise Results

'Green', 'Yellow', 'Red' by 'Scenario'



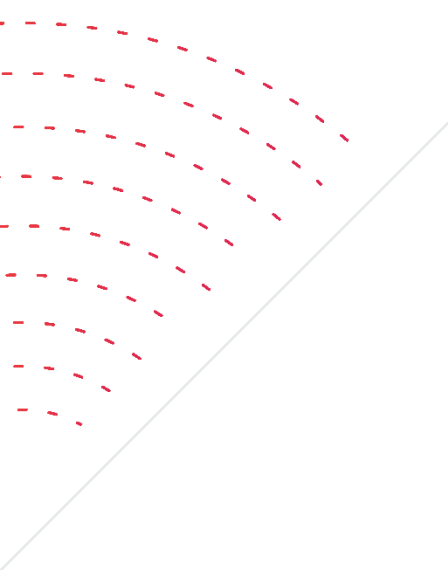
# Scenario Path Evaluation

Putting Success Indicators to Work

**AMS**  
PLANNING  
& RESEARCH

# We condensed scenarios to this level for evaluation

Many, many questions remain, especially for scenarios below these levels



Scenarios	Green	Yellow	Red
Not-for-profit (general)	8	2	1
For-profit (general)	2	2	8
University	5	6	2
Multi-venue/Multi-operator (general)	5	2	
Modify Existing Structure (general)			
City Operated	5	2	5

		PUBLIC VALUE		
Scenarios		Audience Accessibility	Local Arts Groups Accessibility	Downtown Economy/ Cultural Destination
Not-for-profit (general)		Mission driven; programming	Mission driven; donor appeal; programming	Mission driven; programming
For-profit (general)		Market driven	Market driven	Market driven
University		Mission / Univ. mission driven	Mission / Univ. mission driven	Mission / Univ. mission driven
Multi-venue/Multi- operator (general)		lack of coordination across theatres may result in less accessibility	lack of coordination across theatres may result in less accessibility	each space under pressure to generate revenue
Modify Existing Structure (general)		Front-line team already aligned	Front-line team already aligned	First duty is Landlord- services; this is a secondary objective in practice
City Operated		Influenced by public opinion	Pressure on earned revenue likely to remain unless funding stream ID'd	Landlord op's model assumed

Low Probability

Med. Probability

High Probability

Can't Determine

Scenarios	CAPACITY				
	Fundraising Infrastructure	Flexible Operations	Improved Venue Experience	Maximize Venue Activation	Shared Values and Goals
Not-for-profit (general)	Main reason for outsourcing	Secondary reason for outsourcing	Tied to ability to invest in spaces	Risk underwritten by donors - more adventurous governance	NFP's strongly incentivized - donor comms / branding / programming
For-profit (general)	Corporate sponsorships?	Flexibility in ops unlikely	to deliver 'premium' experiences	activation highly connected to profits	Goals may not be shared with renters
University	Univ's are very good at this! Alumni	Over time, likely to be constrained by U policies	Tied to ability to invest in space	Activation linked to Univ. Ed. Mandate	Goals may not be shared with renters
Multi-venue/Multi-operator (general)	Will vary by space/operator	Variations from venue to venue will be inconsistent / cumbersome	Experience will vary widely	Venue by venue - creative uses and problem solving	Not shared
Modify Existing Structure (general)	Unlikely	Many aspects will be as they are now		Landlord / low-risk model	Challenging with multi-gov't model
City Operated	Unlikely	Possible for more flex, but low prob'y.		Landlord / low-risk model assumed	Shared goals with City, yes, likely; more likely for renters than other scenarios

Low Probability

Med. Probability

High Probability

Can't Determine

		SUPPORT		
Scenarios		Optimizes Public/Private Partnerships	Local Arts Groups Involved in Ops	Capital Funding
Not-for-profit (general)		Public sector may see this as 'off loading' funding burden	Mission alignment likely	Cap campaign? Or negotiated w/ City?
For-profit (general)		Only if financially advantageous	Unlikely and inefficient for operator	
University		Town-Gown issues?	Unlikely within U. layered mngmt structure	
Multi-venue/Multi-operator (general)		Public sector may see this as 'off loading'	Will vary widely	
Modify Existing Structure (general)		Private partnerships unlikely - other than users, as now	Likely to be as it is now	
City Operated		Private partnerships unlikely - other than users, as now	Could see more alignment in single-government model	

Low Probability	Med. Probability	High Probability	Can't Determine
-----------------	------------------	------------------	-----------------

# Reflection and Discussion

---

1. *Reflection questions (same as homework):*
  - What are the benefits, risks and open questions for the top scenarios from last meeting?
  - How do the top scenarios hold up when filtered through the Workgroup's "Needs & Wants" as success indicators?
2. *Roundtable discussion:* Share your reflections with full group; **3-minute limit**

# Success Indicators

---

## Public Value

- Ensures belonging, affordability, accessibility for everyone (esp. the underserved)
- Ensures affordability, accessibility for arts organizations
- Boosts downtown economy and Portland as major cultural destination

## Capacity

- Funding model includes fundraising infrastructure
- Op/gov model is flexible, independent, less bureaucratic
- Improves audience & venue experience
- Maximizes venue activation and more creative uses
- Ops and comms are guided by shared values and goals

## Support

- Optimizes public/private partnerships
- Allows arts orgs agency and involvement in ops
- Funds deferred maintenance and major capital

# Prioritization Dot Exercise

---

- Scenarios are placed on the walls around the room.
- Use sticky dots to indicate the scenario(s) you would like to prioritize.
- Each person gets 3 dots.
- Dots can be placed however you would like (e.g. 1 dot on 3 different scenarios or all 3 dots on one scenario, etc.)

# Closing and Next Steps

Samantha Meysohn, Kearns & West



# Upcoming Meetings

Meeting no.	Date/Time	Location
9	Wed. May 14, 3 to 5 pm	The Portland Building, Room 216
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216
11 ( <i>TBD</i> )		

## P'5 Performing Arts Venues Workgroup

### Meeting Objectives and Agenda

April 30, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Understand success indicators and analysis matrix
2. Analyze and begin to coalesce around scenarios to recommend to City and Metro

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening and Agenda Review</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Opening and agenda review</li><li>• Recap: Capital recommendation</li><li>• Status update on guiding principles wordsmithing group</li><li>• Discuss plan for upcoming meeting</li><li>• Affirm 4/16 meeting summary</li></ul>	3:00 – 3:15 pm
<b>Success Indicators &amp; Scenarios Follow Up</b> Ben Duncan, Kearns & West Bill Blake, AMS	<ul style="list-style-type: none"><li>• Scenarios and success indicators (needs &amp; wants) matrix</li><li>• Scenario analysis – scoring</li></ul>	3:15 – 3:35 pm
<b>Scenarios Analysis &amp; Discussion</b> Ben Duncan, Kearns & West Bill Blake, AMS	<ul style="list-style-type: none"><li>• Homework assignment follow-up:<ul style="list-style-type: none"><li>○ Round Robin Discussion (<b>3 minutes per Workgroup member</b>)</li><li>○ Dot exercise to prioritize scenarios</li></ul></li></ul>	3:35 – 4:55 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Address final questions and confirm next steps</li></ul>	4:55 – 5:00pm

### Action Items

#### Project Team

- Send Workgroup members scheduling poll to find additional time to meet on May 14

#### Workgroup Members

- Send written remarks for roundtable discussion

## Opening and Agenda Review

Ben Duncan, Kearns & West, opened the meeting and welcomed Workgroup members. He reviewed the agenda and recapped the capital recommendation made at the previous meeting.

A Workgroup member provided an update on the Guiding Principles Wordsmith Subgroup, sharing that the group has coordinated and will meet.

Workgroup members affirmed the 4/16 meeting summary with no questions or changes requested.

Ben reviewed the Workgroup's meeting sequence to date and emphasized the importance of this meeting as a critical juncture for sharing thoughts, opinions, and perspectives on operating model scenarios. He reminded the members that the Workgroup is not consensus-based so disagreement is allowed and encouraged members to bring their "full selves" into the meeting.

Ben also noted the tight timeline for making recommendations to the City and Metro (end of May) and shared that the Workgroup will likely need more time than the two meetings already scheduled. Members discussed their availability to extend the May 14 meeting. It was decided that a scheduling poll would be sent to the Workgroup to identify additional meeting times.

## Success Indicators & Scenarios Follow Up

Bill Blake, AMS, introduced success indicators to help evaluate potential scenarios in a matrix, explaining their origin in the "needs and wants" work that the Workgroup previously conducted. He reminded members of the value/capacity/support framework and explained how the success indicators have been categorized as follows:

- Public Value
  - Ensures belonging, affordability, accessibility for everyone (esp. the underserved)
  - Ensures affordability, accessibility for arts organizations
  - Boosts downtown economy and Portland as major cultural destination
- Capacity
  - Funding model includes fundraising infrastructure
  - Op/gov model is flexible, independent, less bureaucratic
  - Improves audience & venue experience
  - Maximizes venue activation and more creative uses
  - Ops and comms are guided by shared values and goals
- Support
  - Optimizes public/private partnerships
  - Allows arts orgs agency and involvement in ops
  - Funds deferred maintenance and major capital
  - *Positive cashflow and sustainable funding – added during meeting*

A discussion followed about adding "positive cash flow" and "sustainable funding" as success indicators under the Support category (noted above).

Bill shared that through the dot exercise at the last meeting, six potential scenarios were identified for further exploration and analysis using the success indicator matrix.

## Scenarios Analysis & Discussion

Bill shared the results of the dot exercise at the previous meeting and asked if members had any reflections or questions.

- A member noted the large number of green dots associated with “Additional scenarios” and asked for clarification
  - Ben explained that those were expressions of scenarios different from those Bill previously presented that Workgroup members have and that the members themselves need to share what these scenarios are.
- A member asked for an explanation about the Schnitzer, Keller, and Other 3 Venues scenarios.
  - Bill explained that these were to gauge members’ interest in/support for the scenarios of having these venues operate separately, noting that there could be multiple possible operations/governance scenarios within those options. He noted that the larger number of red dots for “Other 3 Venues” options likely indicates an unfavorable opinion among members about having the three smaller venues operate separately.
- A member asked for more inquiry into the outlier results, specifically the one red for “non-profit” scenario and the one red for “Renegotiate IGA” scenario.
  - The members who placed these dots explained their rationales.
- A member asked for clarification about the difference between “Renegotiate IGA” and “Metro operated.”
  - Chariti Montez, City of Portland, explained that the former means to keep City-owned and Metro-operated structure and reconfigure the IGA, while the latter would mean Metro would operate as a single government owner/operator of P’5.
- A member expressed confusion about the meaning of the “Renegotiate IGA” scenario, asking if members’ opposition to it meant opposition to renegotiating the IGA or opposed to the IGA in general.
  - Ben answered that members can address this topic later during the roundtable discussion if they choose.
- A member asked for an explanation of the “City operated” scenario.
  - Bill responded that means that the City would own and operate P’5 as a single government (Metro would no longer be the operator).

Bill then walked through the six scenarios using the success indicator matrix, including:

- Not-for-profit (general)
- For-profit (general)
- University
- Multi-venue/Multi-operator (general)
- Modify Existing Structure (general)

- City Operated

A success indicator matrix for each of the three pillars of the framework (Public Value, Capacity, Support) rates the probability of achieving each success indicator for each scenario, including “low probability,” “medium probability,” “high probability,” and “cannot be determined.”

Bill explained that these draft analyses for each scenario were his attempt at scoring them and that they are open to Workgroup member input. Workgroup members had questions and comments about the success indicator matrix:

- Two members strongly disagreed with the draft assessment that for-profit entities would not prioritize audience accessibility and shared examples of for-profit donating venue space to nonprofit organizations.
- One member challenged the assessment that nonprofits would have only medium probability of boosting Portland’s downtown economy and advocated for them as having high probability.
- One member asked for examples of multi-venue/multi-operator scenarios in other cities.
  - Bill shared examples in Seattle and Chicago, and Workgroup members added that this scenario is common in other cities around the country.

Ben then transitioned the Workgroup to a round robin discussion, during which time each member had three minutes to share their perspectives and opinions on the various scenarios. Members were asked to reflect on the following questions when considering their remarks:

- What are the benefits, risks and open questions for the top scenarios from last meeting?
- How do the top scenarios hold up when filtered through the Workgroup’s “Needs & Wants” as success indicators?

Workgroup members shared the following remarks on the scenarios:

- Acknowledged the discussion of non-profit vs. for-profit and noted that for-profit venues often support the broader performing arts ecosystem with a mission-driven focus. Noted that local for-profit and non-profit venues are run differently than national for-profit and non-profit venues, with locally run venues often proving to be solid and beloved within their communities. Expressed support for the multi-owner/multi-operator scenario that includes the Symphony running the Schnitzer, the Keller giving more calendar control to Broadway (but acknowledged that the Keller is in flux currently).
- Noted the difficulty of exploring the questions and decisions to be made about possible paths forward. Suggested that the data behind the scenarios is incomplete, making assessing them more challenging, e.g. not knowing the proper mix of earned and contributed revenue, cash flow targets, etc. Shared that removing deferred maintenance/capital needs from the Workgroup’s consideration makes it difficult to understand which of the scenarios would be more likely to succeed and which would be more likely to fail. Transferring the Schnitzer to the Symphony could be done, but it would

need a long-term capital maintenance funding plan first. Expressed the need for more clarity about long-term targets and capital plan.

- Expressed reluctance to recommend solutions that relieve any stakeholder of responsibility. Raised concerns about implementation and the need to identify who would drive the implementation of change and to assess which stakeholders are best suited to initiate, steward, and move change forward.
- Advocated for strengthening public-private partnerships and supported a nonprofit solution for its community connections and accessibility. Recommended eliminating government management due to constraints. Emphasized addressing deferred maintenance. Support for the multi-venue/multi-operator model because it would give arts organizations an opportunity to have a leadership role and for philanthropy to play a bigger role in supporting the arts. There should be a master coordination plan to ensure operations and fundraising are aligned.
- Expressed difficulty with deciding on a particular scenario because the current level of knowledge and analysis feels high level. Suggested learning more specifics from other markets and advocated for a stronger role for private philanthropy.
- Emphasized the importance of addressing capital needs and creating a long-term fundraising plan. Questioned whether nonprofits could operate city-owned venues and raised concerns about implementation probability. Cautioned about making a decision without sufficient information.
- Stressed the importance of addressing capital issues and creating a solid business plan. Expressed skepticism about the public sector's ability to support these assets effectively. Shared no preference for for-profit or non-profit scenario.
- Emphasized the need for venue owners to address capital maintenance and noted that Broadway works in cities with various operational models. Suggested that if all P'5 venues are operated by the same entity, then it needs to be able to fundraise. If the venues are split, some should be nonprofit to provide access at reasonable prices and others, e.g. Keller, could be for-profit.
- Requested more financial data, particularly regarding capital questions and the land lease for the three smaller venues. Emphasized the need for nimble leadership independent of political whims and a fundraising/capital plan separate from operations that can be set at the onset of new ownership/management.
- Advocated for venues accessible to artists and organizations with affordable pathways. Expressed concern about splitting venues because of potential lost opportunities for smaller and larger organizations and for the larger venues to support the smaller ones. Cautioned that splitting them up could also lead to the loss of some of the smaller venues. Urged for more transparency from City and Metro. Suggested a system to transition venues off City funding over time.
- Expressed concern about the process structure, particularly the directive not to focus on funding. Financial clarity and sustainability should be a key focus. Noted several good arguments for a for-profit model and expressed interest in multi-venue/multi-operator

scenario, especially the possibility of splitting off Keller from the other venues as a more sustainable option.

- Argued that as city-owned assets, P'5 venues should be used to reach city cultural policy goals. Proposed that the City take a more strategic approach to managing all of the venues it owns and matchmaking arts organizations with its venues (P'5 and beyond). Opposed any scenario that reduces city responsibility for the venues. Suggested that Metro does not necessarily need to operate P'5 and that universities are stronger mission-driven presenters. Expressed concern about for-profit ownership and management. Suggested that the city could offer one-dollar leases to nonprofit operators in the multi-venue/multi-operator scenario.
- Advocated for keeping P'5 intact to preserve institutional knowledge, save money in the long term, and maintain shared infrastructure, contracts and safety standards. Splitting the Keller from the other venues would remove much of the support the smaller venues need to operate. Maintaining government ownership will ensure long-term, consistent management and sharing of administrative costs across venues. Noted that non-profits and companies come and go, while the government is more stable. Shared that Metro has never received the funding it has needed to properly operate P'5. Pushed for a renegotiation of the IGA, and a group has devised a plan to do this that includes funding.
- Emphasized the need for a capital plan. Noted difficulty in making recommendations without knowing public sentiment about arts funding. Advocated for keeping the venues together to ensure public use and to maintain accessibility as a priority. Urged more community feedback.
- Shared that the strongest scenario would be the one that puts P'5 in the strongest position to conduct a capital campaign with a solid business plan; however, it is not clear which scenario would do this. Noted that venues are primarily supported by nonprofits. Shared that City owned and operated could make sense as a model but questioned whether the City wants to continue owning and start operating these venues. Noted that the City would have the power to levy taxes to support the venues, but the City's lack of direction and capital maintenance is discouraging. Expressed concern about the ability of the Antoinette Hatfield Hall to sustain itself without the financial support of the other P'5 venues. Expressed openness to considering nonprofit or public operating scenarios but felt underinformed to make a recommendation.
- Recommended moving management of P'5 to the City for now (estimated 18-month process) and bringing back the Visitors Facilities Intergovernmental Agreement (VFIGA) to help fund P'5. The City should hire a visionary general manager immediately to set long-term vision and goals for P'5, and, along with a targeted group of advisors, evaluate future options.
- Expressed difficulty with recommending scenarios without additional information. Stressed the need for experienced leadership running P'5 if the venues are transitioned to City operations. Raised concerns about for-profit models potentially exploiting laborers and musicians. Noted Oregon's comparatively low public arts funding and advocated for arts education in schools to build a more sustainable arts culture in the long term.

Ben then recapped themes heard from members' remarks. The Workgroup did not move forward with the planned dot exercise. Members continued the conversation about scenarios and reflected on the process.

- Concerned that the parameters for the Workgroup are not allowing the Workgroup to address critical issues, such as capital/deferred maintenance plan.
- Urged the Workgroup to analyze the scenarios in more detail, including a business plan, capital campaign, and considering how art organizations can have “skin in the game.”
- Given the direction of Workgroup conversations, renegotiating the IGA does not make sense as a scenario. The City could consider issuing a Request for Proposals (RFP) to generate ideas for the future of P’5 and evaluate the responses.
- Expressed frustration that the Workgroup was asked not to make recommendations on a capital needs/deferred maintenance plan, noting that it is one of the primary topics the Workgroup has coalesced around.
  - Chariti noted that the Workgroup approved a recommendation about the need for a capital plan at the previous meeting and clarified that the Workgroup can recommend that capital needs must be addressed with a budget separate from operations.
- Asked for clarity about how models that do not include the City and/or Metro, e.g. non-profit, for-profit, university, would be included in a renegotiated IGA.
  - Chariti explained that the various operating models could be incorporated into an IGA.
- Noted the Workgroup’s consensus on the capital needs recommendation and urged the Workgroup to make recommendations on other issues to address short-term needs.
- Asked for the opportunity to be more direct and detailed in considering the scenarios because for many of them the current perspective is uncertain due to many unknowns. Proposed asking the Workgroup more directly about its recommendations to make improvements in the short term or how to renegotiate the IGA.

Chariti reminded the Workgroup of the directive to offer both short-term recommendations to improve P’5 with the existing governance model (City owned, Metro operated) and long-term recommendations that could be renegotiated in the IGA. She noted that the Workgroup has mostly addressed the latter. She explained that the Workgroup does not need to figure out all the details of its recommendations, which can include open questions that the City and/or Metro should address.

## **Closing and Next Steps**

Bill acknowledged the challenges with the process and emphasized the importance of addressing ecosystem support and identifying decision-makers. Discussing the non-profit model, he noted that creating a new non-profit arts organization would require considerable fundraising that could compete with fundraising for the existing arts organizations. A successful non-profit operator would also drive a considerable amount of P’5’s programming; one operating more as a landlord for P’5 would more likely be ineffective.

Ben asked members to share their remarks and thoughts from today's meeting in writing and indicated that the project team would plan next steps and start to think about the format and contents of a recommendation. He reminded the group of their short timeline to produce a recommendation for the City and Metro. Ben reminded the Workgroup of its remaining task to address short-term recommendations.

A Workgroup member offered to create a document of short-term recommendations that members could contribute to, which Ben welcomed. Another member urged members to individually reflect and write out their thoughts and perspectives on potential recommendations.

## **Workgroup Member Written Remarks**

Below are the written remarks of Workgroup members shared with the project team after the meeting. Some of them expand on the remarks members made during the meeting, while others contain new perspectives altogether. Remarks are shared in the order in which they were received by the project team; no ranking is actual or implied by the order in which they appear below.

- 1) Articulates general support for the nonprofit management scenario, given its values alignment, ability to fundraise, independent leadership, and experience with public-private partnerships, along with giving arts organizations more control over operations. A nonprofit model would need strong leadership and financial management, clearly defined roles, and a capital investment plan. Expresses more reserved optimism for a university-led model, noting that it could bring operational advantages and educational partnership opportunities but also the risks of mismatched university and arts community vision and goals, challenges with attracting capital investment, and lack of flexibility. Shares most reservations about the multi-venue/multi-operator scenario, noting greater flexibility, innovation, and creativity along with a lack of coordination, increased complexity, and the potential for equitable access to the venues becoming deprioritized.
- 2) Expresses difficulty with identifying a single operating model given the lack of "math" provided to date, i.e. the sources and uses and operational ramifications of pursuing goal sets (e.g. access) in a context with scarce resources. More concrete numbers would allow for more confident support of an operating model. Despite that, shares several benefits, risks, and shortfalls to be addressed in the future:
  - Overall benefits and risks
    - Changing operating models will not immediately solve current issues but could improve operations long-term
    - Physical plant quality issues and church land lease concerns cannot be resolved by model changes alone
    - Without increased contributed revenue, expanded community access strategies require frugal operations
  - Government models
    - Multi-government approaches tend to be overly complex and lack accountability.

- Risks include: operational rigidity, political cycle disruptions, interagency resource competition
- Key benefit: civic mission through government funding enables broader community access
- Non-profit/For-profit models
  - Benefits include: operational nimbleness, creative compensation options, fundraising capability, governance structures/boards tied to community and philanthropy
  - Major risk: potential government divestment from arts funding and support for operations, building maintenance, capital investments and community access; aka government “washing its hands” of the responsibility for the venues
- Independent facility operations
  - Benefits similar to non-profit models, plus better service to clients in residence
  - Risks include separation of assets/loss of economies of scale (e.g. shared admin, labor, contracts, etc.) and loss of inter-facility subsidies to stabilize operations/community access strategies
- Recommendations regardless of model
  - Improve calendar management and increase traditional facility use
  - Develop creative revenue generation strategies through non-traditional facility use through sales and marketing team
  - Create an effective foundation to generate both current and future endowed philanthropic support
  - Ensure contractually obligated governmental contributed revenue
  - Conduct facility conditions assessments revisited at established intervals
  - Establish discrete operating and capital reserve accounts with obligations for annual funding and allowing for setting aside sufficient funds for repairs and replacement of facilities and equipment.

3) Shares that all of the operating scenarios considered by the Workgroup are possible and viable in theory. Successful accomplishment of any of the scenarios hinge on the strengths or weaknesses of key stakeholders involved; ownership, governance, and operations; determination and will; and accountability. Leadership needs to be thoughtful to evaluate, initiate, rally, steward, and fund in order to effectively drive change. A recommendation for an operating model would depend of the abilities and shortcomings of the potential stakeholders involved with each, aka more insight into who and how a model would be implemented.

4) Explains that the Workgroup was convened because Metro has not been provided the funds needed to operate P’5. Advocates for keeping all P’5 venues under a single organizational structure to save money, build a stronger arts community, and provide more affordable access to the arts. In turn, these will improve audience and venue experience. Benefits include:

- Operational Efficiencies and Resource Sharing

- Institutional Knowledge Preservation: Decades of collective expertise across management, engineering, ushering, and security would remain intact
- Staffing Flexibility: The ability to share personnel resources across venues
- Equipment and Supply Sharing: Consolidated purchasing and utilization of consumables and equipment
- Consolidated Infrastructure Contracts: Unified management of critical systems (e.g. elevators and HVAC)
- Standardized Safety Protocols: Consistent safety measures across all facilities
- Shared Resources to Maintain Affordability: Revenue from Keller continue to be used to support smaller local arts groups
- Consistency and User Experience
  - Unified Booking Process: Standardized reservation systems and procedures
  - Centralized Ticketing: Consolidated box office access and systems
  - Stability in Management: Long-term venue management provides stability despite turnover in arts organizations
- Consistent Management and Community Impact
  - Support for Local Arts Ecosystem: Unified management better serves smaller local arts groups and underserved communities
  - Streamlined Multi-Venue Utilization: Organizations using multiple venues would face complications dealing with separate management teams
  - Reduced Internal Competition: Separate venue management would create competition between city-owned properties
- Economic Sustainability
  - Economics of Scale: Centralized management reduces duplicative administrative costs across city-owned properties
  - Dedicated Capital Improvement Fund: Ability to maintain a consolidated fund for building improvements
  - Organizational Resilience: Larger, unified organizations can better weather financial challenges
- Recommendation
  - Metro and the City to renegotiate the IGA to address immediate funding challenges while maintaining unified management across all venues and to prioritize regional arts ecosystem needs, educational opportunities, and accessibility. Government entities are more stable and long-lasting than nonprofits, companies, and universities.
  - Do not divide up the venues.
- Proposed Alternative Model
  - A local group that has developed an alternative business model with the benefits below. This group is available for further discussion.
    - Financial sustainability within 3 years
    - Downtown revenue increases within 3-5 years
    - Property value appreciation within 10 years

- Solution for Keller Auditorium seismic issues
  - Increased revenue for all venue users
  - Maintained accessibility
  - Downtown revitalization
  - Protection of public and non-profit interests
- 5) Shares that recommendations assume that implementation includes sustainable funding for operations, capital, and growth. Recommendations include:
- Building Systematic Access: Creating clear pathways to venue affordability for all artists and organizations rather than relying on inconsistent discounts or leftover availability between major bookings.
  - Calendar Management: Addressing concerns about scheduling control and exclusion, where smaller organizations feel "edged out" by larger ones. Greater transparency could alleviate this competitive dynamic.
  - Financial Sustainability: Acknowledging that larger venues currently subsidize smaller ones, with specific concerns about Hatfield Hall's viability. Two options are presented: either develop Hatfield's independent sustainability or maintain unified venue management.
  - Governance Recommendation: Moving operations away from city ownership would diversify funding options, though private ownership (even non-profit) requires strong community oversight to ensure continued accessibility.
  - Historical Service Issues: P5's operations have fostered an adversarial relationship with the community, worsened by lack of transparency in decision-making across City, Metro, and P5.
  - Proposed Multi-Multi Approach: one non-governmental organization with five divisions (each with distinct missions) under a single accountability structure, potentially overseen by rotating community arts leaders.
  - Transition Strategy: Any restructuring should include gradually decreasing City support while avoiding a uniquely Portland solution that "descends into mediocrity."
- 6) Advocates for keeping P'5 as publicly owned and operated, emphasizing the City's accountability for these buildings should be maintained to ensure they continue serving the public interest rather than being subject to private or new non-profit management approaches. Key points include:
- Unique Public Status: P5's distinguishing characteristic is its status as a City-owned public asset, unlike Portland's existing non-profit and for-profit venues.
  - Opposition to Privatization: Recommended against privatizing P'5 venues, arguing the City should not be relieved of its responsibility to maintain these facilities as public resources serving Portland residents, artists, and organizations.
  - Arguments Against Alternative Management Model include:
    - For-profit management: Would likely prioritize profit over public service

- New non-profit management: Would create unnecessary competition for limited philanthropic resources in Portland's already underfunded arts ecosystem
- Recommended Alternative Structure:
  - Delegate management of individual P'5 venues to existing nonprofits (e.g., Symphony managing Schnitzer, Opera/Ballet managing Keller)
  - Structure \$1/year leases with memoranda of understanding requiring affordable access
  - City's Office of Arts & Culture directly manages the Brunish/Newmark/Winningstad building
  - PSU stewards its venue with a mission-driven presenting program
- Integration with Cultural Policy: The Office of Arts & Culture could audit venues needs citywide and determine which needs can be met by:
  - Private sector venues
  - Other City assets (like Parks facilities)
  - P'5 venues specifically
- Funding Capital Improvements: Proposed treating P'5 maintenance like public schools, using municipal bond measures for facilities overhauls over time.

7) Evaluates non-profit and multi-venue for-profit operating models:

- Non-profit model
  - Key Advantage: Creates community connection through universal accessibility while removing governmental management constraints
  - Primary Risk: Whether existing or new organizations can successfully pivot to meet newly defined venue management goals
  - Open Question: Must address significant capital issues including:
    - Current deferred maintenance backlogs
    - Future capital requirements
    - Ongoing maintenance funding through operations budget
  - Conclusion: Optimizes public-private partnership that maintains shared responsibility for supporting a healthy arts ecosystem
- Multi-venue for-profit model
  - Central Proposition: Introduces private sector independence to drive arts leadership toward success and challenges the "gridlock of exclusive public support" in favor of activating Portland's philanthropic potential
  - Risk: Venues with stronger arts programming will have advantages, requiring development of a comprehensive "master-thinking plan" to ensure equity
  - Conclusion: City should take leadership in initiating this public-private engagement approach

8) Reflects on discussions concerning IGA negotiations and outlines an approach to make recommendations to City Council while remaining strategic and considering broader impacts. Proposes key questions for developing these recommendations, including whether to set an

expiration date for the current IGA and what understandings and principles should guide any future business model or operating entity. Additional sub-questions include:

- What kind of process should be used to identify values, criteria, and selection of a future management entity?
- How should community (arts organizations, patrons, unions, others?) be involved transition decision making? e.g. what decisions need input from who?
- What kinds of analysis need to be conducted to inform the business model and management arrangements, for example: capital replacement analysis, ongoing maintenance requirements, market supply and demand balance for performing arts, others?
- What kind of process should be used to develop a transition plan that would support smooth operations during transition?

Asks if these are the right questions, if other questions should be considered, and if staff can provide information on any related ongoing work.

- 9) Presents a vision for P'5 as a primary tool for revitalizing downtown with two potential scenarios with specific recommendations. Overarching considerations include:

- The IGA must be completely renegotiated due to accountability issues around building maintenance and capital projects
- A candid assessment of Metro's interest in operating these facilities is needed but currently missing

#### *Scenario 1: Maintaining Current Structure with Improvements*

- Calendar Control
  - Identified as key to success but currently problematic
  - Example: Symphony's rigid Friday rehearsal schedule blocks potential for other events
  - Recommendation: Create incentives for flexibility through co-promotion or revenue sharing
- Food and Beverage Opportunities
  - Currently missing despite normally representing 20-40% of venue earned income
  - Specific recommendations:
    - Add high-profile local restaurant to Hatfield building ground floor with revenue sharing
    - Activate and upgrade the underutilized Schnitzer entry hall bar
    - Create summer-long pop-up vendors on the street between Schnitz and Hatfield
    - Explore street closure in front of Keller to address undersized lobby and improve bar access
- Additional Improvements
  - Renegotiate land rent contract with the church (likely overpaying)
  - Address accountability gap: City owns buildings but isn't responsible for upkeep
  - City should invest in maintenance as any proper landlord would

#### *Scenario 2: Restructured Management Model*

- Foundational Requirements
  - Establish agreed-upon priorities, ethical guidelines, and shared values before dividing buildings
  - Ensure long-term responsibility for "multigenerational success and community integrity"
  - Harmonize calendars with team operations and detailed priority contracts
- Proposed Management Structure
  - Schnitzer: Symphony-operated with calendar control and complementary F&B program
    - Explore VIP roof deck and large-scale multi-stakeholder events
  - Keller: Run by winner of status-blind RFP process
    - Open to Broadway/Opera, local promoters, and other skilled entities
    - Must balance enthusiasm with mission-driven concepts of fairness and inclusion
  - Hatfield Building: City-run with Arts & Culture objectives
    - Focus on access for smaller nonprofit performance organizations
    - Prioritize introducing new ideas into Oregon's cultural ecosystem



# Performing Arts Venues Workgroup – Meeting Nine

May 14, 2025





# Agenda

- Opening, Agenda Review, Housekeeping
- Introduction to Recommendation Report
- Recommendation Report Outline
- Short-term Recommendations
- Long-term Recommendations
- Recommendation Report Process
- Closing and Next Steps

# Housekeeping

- Update on Guiding Principles Wordsmithing Group
- Affirm 4/30 meeting summary (option to affirm at next meeting)

# Introduction to Recommendation Report

Rachael Lembo, P'5



# Meeting Sequencing & Process To Date

## Grounding

---

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 Consider alternative models/options
- #5 Gather questions for consultants; address consultant's questions for Workgroup
- #6 Consultant - kick-off, "state of the field"/trending
- #7 Consultant - capital/deferred maintenance, introduce scenarios
- #8 Consultant – evaluate scenarios with success indicators

## Workgroup Recommendations

### **#9 *Develop – Today***

- #10 Draft
- #11 ~~Finalize, submit~~ (*may need to add 11th meeting in May*)

# Last Meeting: Reflections & Key Takeaways

---

- Need funding plan for capital improvements
- Need an entity to be accountable
- The two-government model isn't working
- Fundraising is necessary to sustain operations
- Determining the best operating model is complex

# Recommendation Report Outline

---

Ben Duncan, Kearns & West



# Proposed High-Level Outline

---

- Introduction and Background
  - Purpose and Charge
  - Membership
  - Sequencing of topics and meetings
- Short-Term Recommendations
- Long-Term Recommendations
- Conclusion
- Appendices

# Short-Term Recommendations

Ben Duncan, Kearns & West



# Short-Term Recommendations

---

**Capital Planning:** The Workgroup recognized the immediate need to begin capital planning. The Portland's venues need a capital plan and funding source to support critical capital improvement needs.

- Performing arts centers do not fund capital maintenance through operations.
- Facility Condition Assessments should be completed so needed capital improvements and estimated costs are known.

**Accountability for Future Work:** More investigation and analysis are needed to determine the appropriate long-term solution and best operating model for Portland's. As the owner of the buildings, the City of Portland is best suited to lead and be accountable for this work.

**Change to Operating Model:** A two-government model with the City owning the buildings and Metro managing them is not the preferred operating model. The City and Metro should begin working to dissolve the IGA while the City explores other long-term alternatives.

# Short-Term Recommendations (contd.)

---

**Calendar:** The calendar is generally set a year or more in advance, but Metro should explore any existing (FY26) changes that be made and begin to apply the success indicators to future (FY27) calendar shifts.

**Audience Development:** The City and Metro should identify the capacity that exists to support audience development, whether that is in promotion and marketing, youth engagement or other mechanisms to connect audiences to P'5 venues.

**Increase Foundation Fundraising Activity:** The ability to immediately begin more robust action from the Foundation to bring in individual and philanthropic gifts could have immediate benefit to the arts ecosystem.

# Long-Term Recommendations

Ben Duncan, Kearns & West



# Long-Term Recommendations

**No single recommendation:** Given the complexity of factors that influence operating model choices, and the limited amount of time the Workgroup had, there is no single recommendation of a future operating model.

## Considerations:

- Workgroup considered these broad scenarios:
  - Non-profit, for profit, university, multi-venue/multi-operator, modify existing structure, and city operated
- Specific examples were suggested by Workgroup members, including:
  - Separate venue management: Oregon Symphony operates the Schnitzer, Broadway Across America or other Broadway-capable operator operates the Keller, City or non-profit operate theatres in the Hatfield.
  - Cooperative arts non-profit

# Long-Term Recommendations (cont'd)

---

**Further analysis:** Any future operating model decision will require further analysis. The Workgroup identified key aspects of the analysis, including:

- A broad look at the arts & culture ecosystem, not just the Portland's buildings.
- The benefits and challenges of keeping the five theatres under one operator or separating them under different operators.
- Financial targets for the mix of earned/contributed revenue, cash flow, and capital maintenance.
- Continued engagement with community, including local arts organizations, patrons, labor unions, other Portland's clients, and other interested stakeholders.

# Long-Term Recommendations (cont'd)

---

**Guiding Principles:** Recommended set of values and criteria to analyze scenarios and guide decision-making:

**Public Value** (public good provided)

- The venues are a major cultural destination and economic driver, bringing 1 million visitors annually to downtown Portland, with room still to grow.
- They provide affordable and accessible performance spaces to arts organizations, which we depend on to breathe cultural life into our city and region.
- The venues are for everyone. They are responsive to changing audiences. They provide access and affordable tickets to underserved communities.

**Capacity** (functions, resources, capabilities)

- The operating model has positive cash flow and sustainable funding.
- The funding model includes fundraising infrastructure that supports sustainability and resilience to market fluctuations.
- The operating/governance model is flexible, independent, and less bureaucratic.
- The audience/venue experience is optimized to increase spending and loyalty.
- The venues maximize activation and make creative uses of the spaces.
- The operations and communications are guided by shared values and goals.

**Support** (external resources, contributions, forces)

- Public/private partnerships are well-leveraged.
- User groups/arts organizations have agency and are involved in P'5 operations
- The venues receive adequate funding to cover deferred maintenance and major capital needs.

# Recommendation Report Process

Ben Duncan, Kearns & West



# Process & Tools to Gather Input

---

- Recommendation document to be shared by Friday 5/16
- Timing
  - Tuesday 5/20 - Workgroup members' feedback received
  - Friday 5/23 – Revised draft shared with Workgroup
  - Wednesday 5/28 – Finalize and affirm recommendation report at final Workgroup meeting

# Closing & Next Steps

Ben Duncan, Kearns & West



# Upcoming Meeting

Meeting no.	Date/Time	Location
10	Wed. May 28, 3 to 5 pm	The Portland Building, Room 216

## P'5 Performing Arts Venues Workgroup

### Meeting Summary

May 14, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Introduce recommendations report outline and short- and long-term recommendations
2. Provide feedback on recommendations report outline and short- and long-term recommendations
3. Confirm process to finalize recommendation report during May 28 meeting and gather Workgroup member input in the interim

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening, Agenda Review and Housekeeping</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Opening and agenda review</li><li>• Update from guiding principles group</li><li>• Affirm 4/30 meeting summary</li></ul>	3:00 – 3:10 pm
<b>Introduction to Recommendation Report</b> Rachael Lembo, P'5	<ul style="list-style-type: none"><li>• Recap process and sequence to date</li><li>• Reflections and key takeaways from previous meeting</li></ul>	3:10 – 3:25 pm
<b>Recommendation Report Outline</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Review proposed recommendations report outline and format</li><li>• Share feedback on proposed outline and format</li></ul>	3:25 – 3:40 pm
<b>Short-Term Recommendations</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Review proposed short-term recommendations</li><li>• Share feedback on proposed short-term recommendations</li></ul>	3:40 – 4:10 pm
<b>Long-Term Recommendations</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Review proposed long-term recommendations</li><li>• Share feedback on proposed long-term recommendations</li></ul>	4:10 – 4:40 pm
<b>Recommendation Report Process</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Confirm process to gather input and finalize recommendation report</li></ul>	4:40 – 4:55 pm
<b>Closing and Next Steps</b> Ben Duncan, Kearns & West	<ul style="list-style-type: none"><li>• Address final questions and confirm next steps</li></ul>	4:55 – 5:00 pm

## **Action Items**

- Affirm 4/30 meeting summary at 5/28 meeting
- Project team to share editable draft of recommendations report with Workgroup on Friday 5/16
- Workgroup members to provide feedback on draft recommendations report by Friday 5/23
- Project team to consolidate feedback and share revised recommendations report before 5/28 meeting.

## **Opening, Agenda Review and Housekeeping**

Ben Duncan, Kearns & West, opened the meeting and welcomed Workgroup members. He provided an overview of the work the project and facilitation teams had done in preparation for the meeting, including compiling the themes and examples from members' remarks at the previous meeting and shared in writing before this meeting to create a draft outline of recommendations.

Ben asked members to contribute to this meeting by sharing high-level feedback about the format and content of the draft recommendation report. He urged the members not to "wordsmith" the language presented to them, adding that there will be opportunities offline to engage in more detailed finessing of language. He asked members to name areas of support, issues, concerns, and questions about the content of the draft recommendations so that the project and facilitation teams can ensure that the recommendations accurately reflect the Workgroup's perspectives and positions.

Ben then reviewed the meeting agenda. Ben proposed affirming the 4/30 meeting summary during the 5/28 meeting to give the Workgroup more time to review it.

The sub-group of members working on the language of the guiding principles then provided an update to the full Workgroup. They shared that they had not been able to meet due to conflicting schedules, but that two individual members had created shared online documents for the sub-group to contribute to. One member noted that their document aims to contextualize the guiding principles and the work of the Workgroup. As a next step, this sub-group committed to consolidating its multiple documents into one and share with project and facilitation teams Thursday 5/15.

## **Introduction to Recommendation Report**

Rachael Lembo, P'5, reflected on the previous Workgroup meeting and shared how the project and facilitation teams distilled members' perspectives to create a draft report of recommendations. She named that the previous meeting could have felt difficult with a lack of certainty about how the Workgroup would produce a set of recommendations with only two meetings remaining in the process.

However, after reflecting on Workgroup members' comments and receiving members' written remarks after the meeting, clear throughlines and themes emerged. She shared that the draft recommendations to be shared during this meeting are intended to reflect those throughlines and themes, and members should provide feedback and indicate any gaps.

Rachael then reviewed the Workgroup meetings and process to date. She highlighted the early meetings to establish group norms and expectations; exercises to understand members' individual visions, needs, and wants for P'5; a deep dive into P'5's current operating model and finances; presentations from a performing arts consultant and expert about current trends among performing arts centers, capital funding models, various governance and operating scenarios; and then Workgroup members sharing their perspectives on recommendations, including lingering information needs and open questions.

Rachael highlighted key takeaways from members' remarks from the previous meeting:

- Need funding plan for capital improvements
- Need an entity to be accountable
- The two-government model isn't working
- Fundraising is necessary to sustain operations
- Determining the best operating model is complex

She reminded the Workgroup that its recommendations can name the complexity of this process and do not need to clearly identify a specific governance and operating model to the City and Metro. The Workgroup can also recommend important considerations and questions for the City and Metro to address going forward. A recommendation that guides the future work of identifying and implementing a new governance and operating model would be immensely beneficial.

Workgroup members shared their perspectives and asked questions:

- Noted feeling frustrated at the previous meeting but expressed approval of this approach to recommendation. Had concerns that the recommendation report would be a smorgasbord of various governance and operating models but appreciated and endorsed the reframing that Rachael proposed.
- Referring to the takeaway regarding the two-government model, shared their understanding that the Workgroup was supposed to provide recommendations about the two-government model and asked if the Workgroup had moved to a place where it does not agree to this type of model.
  - Rachael responded that many members have expressed that a two-government model is not preferred, and the Workgroup could recommend that the City and Metro needs to improve the current two-government model in the short term paired with a long-term recommendation that a two-government model should not be pursued. She reminded the Workgroup that if the IGA is terminated, Metro would need to provide 18 months' notice, so the transition to a new model would take at least that amount of time.

## **Recommendation Report Outline**

Ben shared a high-level outline of the recommendation report and asked Workgroup members for their feedback on missing items/topics and for their questions.

- Introduction and Background
  - Purpose and Charge

- Membership
- Sequencing of topics and meetings
- Short-Term Recommendations
- Long-Term Recommendations
- Conclusion
- Appendices

Workgroup members shared their perspectives and asked questions about the report:

- Noted that there could be recommendations that are both short and long term.
- Shared that there should be a separate section that clearly identifies tensions that have come up during the Workgroup process.
- Advocated for inquiring about the causes of tensions and proposing solutions to them.
- Offered to share a document of short-term concerns from Labor with the Workgroup.

## Short-Term Recommendations

Ben reviewed draft short-term recommendations below and asked for Workgroup member feedback and questions.

- Capital Planning: The Workgroup recognized the immediate need to begin capital planning. The Portland's venues need a capital plan and funding source to support critical capital improvement needs.
  - Performing arts centers do not fund capital maintenance through operations.
  - Facility Condition Assessments should be completed so needed capital improvements and estimated costs are known.
- Accountability for Future Work: More investigation and analysis are needed to determine the appropriate long-term solution and best operating model for Portland's. As the owner of the buildings, the City of Portland is best suited to lead and be accountable for this work.
- Change to Operating Model: A two-government model with the City owning the buildings and Metro managing them is not the preferred operating model. The City and Metro should begin working to dissolve the IGA while the City explores other long-term alternatives.
- Calendar: The calendar is generally set a year or more in advance, but Metro should explore any existing (FY26) changes that be made and begin to apply the success indicators to future (FY27) calendar shifts.
- Audience Development: The City and Metro should identify the capacity that exists to support audience development, whether that is in promotion and marketing, youth engagement or other mechanisms to connect audiences to P's venues.
- Increase Foundation Fundraising Activity: The ability to immediately begin more robust action from the Foundation to bring in individual and philanthropic gifts could have immediate benefit to the arts ecosystem.

Workgroup members shared feedback and questions:

- Capital Planning: none
- Accountability for Future Work

- Noted that while the City does own the P'5 building, it is not necessarily best suited to lead and be accountable for operating P'5.
  - Rachael clarified that intent of this recommendation is that the City is currently best suited to continue to explore and analyze governance and operating models and not to imply that the City is best suited to operate P'5 venues in the long-term.
- Supported this recommendation because the arts could be lumped with community and economic development at the City, which could include the City creating an office to manage this process. This recognizes the importance of the arts.
- Raised concern about the lack of mention of Metro and its role in the short term, which could imply that the City is solely responsible for moving the process forward with little to no responsibility assigned to Metro. Expressed desire for Metro's role to ensure the success of a governance and operations transition to be named in the short-term recommendations.
- Expressed support for emphasizing accountability for the City and agreed that Metro should also be held accountable in the short term.
- Advocated for establishing a mission and/or vision as the basis for holding the City accountable, noting that strong mission/vision statements are key to guiding the work.
- Supported centering the work around a mission and vision, and suggested P'5 revisits its original mission for local and smaller user groups to have a high-quality performance venue, especially at the new theater building.
- Change to Operating Model: none
- Calendar
  - Recommended including FY27, FY28, and FY29, explaining that it is challenging for artist organization to plan only one year in advance and planning further in advance would be beneficial.
  - Expressed concerns that changing the ways the calendar is set could inhibit certain arts organizations from performing on key dates as they have in the past, e.g. restricting Friday night shows in favor of performances that earn more money for P'5.
  - Shared that the calendar should be responsive to changing artistic trends and reflective of new audience's tastes.
  - Expressed the view that calendaring, audience development and increasing fundraising should be considered as marketing activities and the P'5 should be conducting marketing efforts in collaboration with renters.
- Audience Development
  - Doubted that audience development was widely agreed to as a short-term recommendation by Workgroup members and recommended a public advertising campaign as a call to action to engage audiences.

- Ben responded that this recommendation was meant to capture the design to take short-term actions to better activate P'5 venues and increase audience engagement.
  - Shared that activities that make going to P'5 performances more desirable for audiences are largely out of the control of user groups, e.g. improving food and beverage offerings.
  - Expressed the desire for P'5 to reevaluate the audiences it serves, including local/community arts organizations, noting an adversarial relationship between front of house staff and security that negatively impacts the quality of service to audience members. Improving relationships with local arts organizations would facilitate better audience development, e.g. being a resource to the performing arts community by providing a space in a P'5 building for local arts organizations to advertise their upcoming shows.
  - Noted ongoing discussions about improving food and beverage to highlight more local Portland restaurants and brands, similar to the new airport, but questioned the long-term positive impact on revenue that food and beverage can have, based on AMS' data. Supported the idea of space in P'5 buildings for local arts groups to advertise their shows.
  - Supported the idea of a “hearts and minds” campaign to engage the public and develop audiences.
  - Noted that the language in the recommendation is centered on demand-focused strategies, but P'5 should be focused on the supply side of the equation in the short term. P'5 should consider how to present new and different performances to attract new audiences.
- Increase Foundation Fundraising Activity
    - Recommended modifying the language of this recommendation to be more active, noting that the language for this recommendation is more passive compared to the others.
    - Shared concern about the ability of the P'5 Foundation to significantly increase its fundraising in the short term. Expressed the importance of setting the stage to increase philanthropic support for the venues in the short term but doubted that the P'5 Foundation would be the best mechanism to that.
      - Rachael offered to change the language in this recommendation to remove specific mention of the P'5 Foundation and discuss philanthropy and fundraising more broadly.
    - Expressed doubt that increased fundraising from the P'5 Foundation was an accepted short-term recommendation amongst Workgroup members. Instead, had thought that fundraising would be important if P'5 were to be operated by a nonprofit to fund mission-driven programming and establish its brand. Noting P'5's current earned revenue-focused funding model, questioned the role of philanthropy.
      - Ben responded that philanthropy had been identified as one of the mechanisms to raise more funds, in addition to the City raising money

through bonds and/or taxation, so this short-term recommendation is an attempt to capture that P'5 needs to diversify its funding streams to increase funding.

- Shared confusion about the specific naming of the P'5 Foundation as the way to increase philanthropic funding.
- Proposed changing the language to more broadly recommend increasing revenue in the short term to not overly focus on the P'5 Foundation's role, e.g. issue an RFP in the coming months for Portland restaurateurs to take over the food and beverage at a P'5 venue to improve food and beverage.
- Suggested the short-term focus of fundraising efforts should be developing a cohesive long-term strategy to increase contributed revenue, and it should not focus on the foundation, which is likely not the right mechanism to lead fundraising.
- Overall feedback on short-term recommendations and/or the process.
  - Shared that the short-term recommendations seem like they are recommendations to whichever entity is the next owner/operator of P'5 as opposed to the current owner/operator (City/Metro), which is supposed to be the focus of the short-term recommendations. Suggested that these recommendations could be re-conceived of as "mid-term" recommendations. Noted that the approximate 18-month timeline for short-term recommendations is not sufficient for them to be developed and implemented. Suggested defining "short-term," "mid-term," and "long-term" more clearly.
  - Proposed including community engagement through expanding volunteer opportunities, e.g. ushers, could be a short-term recommendation that could improve the long-term sustainability of P'5. Noted that volunteers are advocates and can become donors.
  - In response to increasing volunteer ushers, noted that not all ushers are volunteers and would not support a recommendation that could cut jobs.

## Long-Term Recommendations

Ben highlighted that the Workgroup is not recommending a single operating model, given the complexity of factors that influence the options and implementation and the limited amount of time the Workgroup had. He summarized the considerations the Workgroup made, including broad scenarios and examples of specific operating scenarios suggested by Workgroup members.

- Workgroup considered these broad scenarios: Non-profit, for profit, university, multi-venue/multi-operator, modify existing structure, and city operated
- Workgroup members suggested specific examples, including:
  - Separate venue management: Oregon Symphony operates the Schnitzer, Broadway Across America or other Broadway-capable operator operates the Keller, City or non-profit operate theatres in the Hatfield.
  - Cooperative arts non-profit

He noted that the specific examples are not comprehensive and meant to be illustrative. He asked the Workgroup for its input on how to represent specific examples of operating models in the recommendation report.

Workgroup members shared the following perspectives:

- Naming several specific examples and not naming others is not the right approach. The report either needs to be vague about the operating model examples or name all examples suggested by Workgroup members.
  - Rachael responded that one option would be list all specific examples in the body of the recommendation report itself, and another option would be to not name any specific examples in the body of the report because the Workgroup is not recommending a specific model but the examples would be captured in the appendices in meeting summaries, slides, etc.
- Suggested that the considerations should be framed more as scenarios rather than recommendations and advocated for the various perspectives and examples of the Workgroup be named and addressed in the body of the report, rather than in the appendices.
- Promoted keeping the P'5 venues together and offered to meet with members separately about the benefits of this approach. Explained that this perspective comes from the collective experiences of labor union peers, sharing that breaking up P'5 will be more expensive in the long term than keeping P'5 together because of loss of centralized operations, processes, and structures, e.g. calendaring, contracting, staffing, etc. Added that breaking up the venues will also lead to the loss of living-wage jobs with benefits. Highlighted labor's commitment to the long-term success of P'5 and willingness to partner to ensure its sustainability.
- Clarified that Workgroup members would not advocate for cutting jobs, regardless of the operating model going forward and acknowledged that there are user groups with significant labor contingents.
- Supported keeping P'5 together because of its ability to attract and host nationally recognized dance organizations, which would no longer be possible if P'5 venues were broken up because these organizations would be too expensive to host in individual venues.
- Endorsed the idea of naming the considerations as scenarios, along with context about the need, reasons why a scenario may or may not work, and proposed solutions.
- Suggested naming recommendations the Workgroup supports regardless of operating model, e.g. support for a living wage for all employees at all venues, along with proposed solutions to the tensions that are named.
- Advocated for not naming specific organizations in the report because that could be perceived as endorsements of specific organizations and/or operating models.
  - Chariti proposed more generalized language, e.g. "an existing nonprofit that already uses P'5 venues."
  - Ben noted that specific examples could be in footnotes or appendices, and it will be clear that they were submitted by Workgroup members.

- Supported including no specific examples in the body of the recommendation report and instead to include them in footnotes and/or appendices.
- Encouraged the Workgroup to consider the reader audiences for the report: City and Metro councilmembers and recommended taking a “less is more” approach. Suggested placing specific examples and detailed considerations in appendices and keeping the body of the report concise.
- Proposed language in the report that the new operating model, regardless of structure, does not raise costs for user groups or audiences.
  - Ben noted that the guiding principles that commit to affordability and accessibility should address this concern.
- Noted that the long-term recommendations do not clearly state the Workgroup’s long-term vision for the P’5 venues.
  - Rachael responded that this is largely the intent of the guiding principles.

Ben reflected that the Workgroup’s recommendations should be viewed as a gift to future decision-makers to support their work by identifying key considerations, factors, and objectives that any operating model will need to succeed. He asked the Workgroup for feedback on how specific examples and recommendations raised by members should be represented in the report: (1) identifying themes in the body of the report and naming specifics in footnotes and/or appendices or (2) naming all specific examples and recommendations in the body of the report.

The Workgroup was split, but most members favored the second option.

Chariti shared that there could be two versions of the report: a full report and an executive summary. The high-level executive summary could be presented at City and Metro Council meetings.

Workgroup members shared comments and asked questions about the various formats of the report, including:

- Noted that the executive summary shared with City and Metro Councils should be organized and succinct. Asked how it would be presented to the Councils.
  - Chariti explained that there will be a presentation at a City Council meeting, and a PDF of the full recommendation report will be placed on the City’s website.
- Suggested framing the report as an outline of topics the Workgroup discussed rather than a set of recommendations. Suggested naming the wide variety of stakeholders and perspectives Workgroup members represent and the time constraints the Workgroup faced.
  - Ben highlighted that the report would identify time constraints.

Rachael revisited the short-term recommendations related to the calendar, audience development, and increasing foundation fundraising activity and suggested alternative language, including:

- Short-term increases in revenue, e.g. more shows, improved food and beverage offerings, and strategies to increase contributed revenue

- Improve relations with local arts organizations by asking for their needs and wants and a coordinated campaign to engage audiences

Workgroup members agreed with these edits and clarifications.

### **Recommendation Report Process**

Ben shared that the project team will share an editable draft recommendation report with the Workgroup by Friday 5/16 to gather their comments and input. He emphasized the quick turnaround needed to capture and incorporate feedback and prepare a draft that the Workgroup will review at its final meeting on Wednesday 5/28.

Rachael clarified that Workgroup members will have one week, from Friday 5/16 to Friday 5/23, to provide feedback.

### **Closing and Next Steps**

Ben closed the meeting by thanking Workgroup members for their ongoing engagement and commended them for the progress made towards finalizing recommendations. He reminded them that the final meeting will occur on Wednesday 5/28.

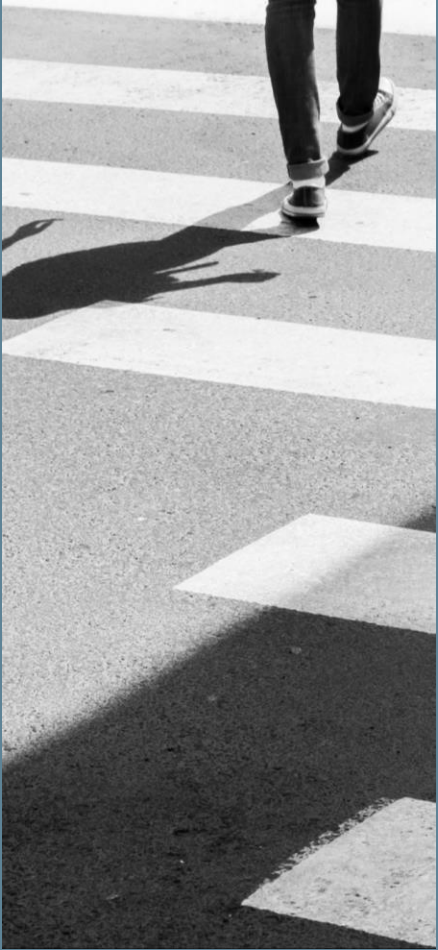


# Performing Arts Venues Workgroup – Meeting Ten

May 28, 2025



Metro



# Agenda

- **Opening, Agenda Review, Housekeeping**
- **Recommendations Report: Feedback Process and Changes**
- **Final Feedback and Further Discussion on Report**
- **Post-Workgroup Next Steps and Timeline**
- **Reflections and Closing**

# Meeting Sequencing & Process To Date

## Grounding

---

- #1 Introductions, ground-setting
- #2 Users' needs & wants
- #3 Understanding current operating model

## Models/Options

- #4 Consider alternative models/options
- #5 Gather questions for consultants; address consultant's questions for Workgroup
- #6 Consultant - kick-off, "state of the field"/trending
- #7 Consultant - capital/deferred maintenance, introduce scenarios
- #8 Consultant – evaluate scenarios with success indicators

## Workgroup Recommendations

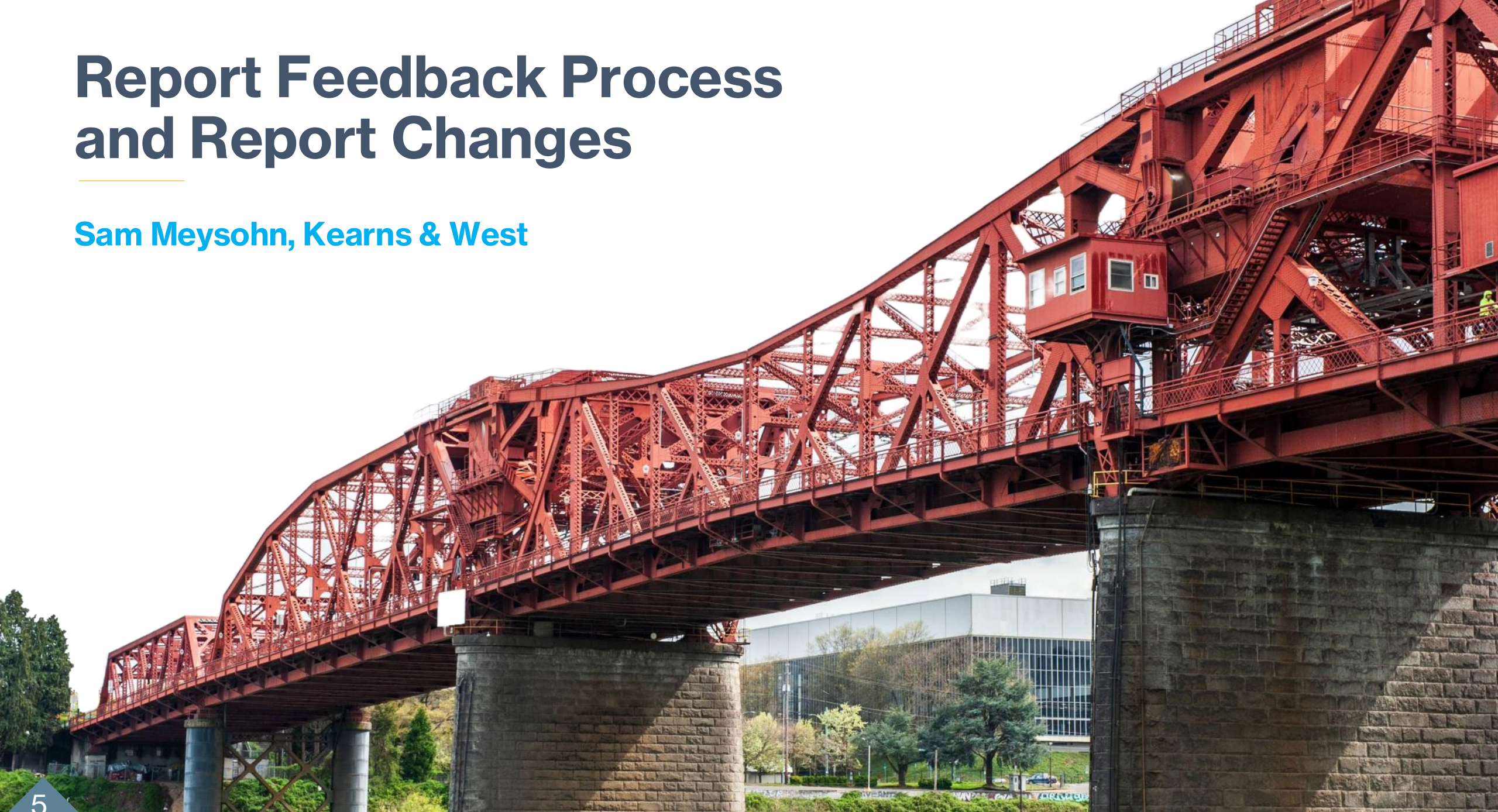
- #9 Develop
- #10 Finalize – Today**

# Housekeeping

- Affirm 4/30 and 5/14 meeting summaries
- Affirm AMS Summary Memo

# Report Feedback Process and Report Changes

Sam Meysohn, Kearns & West



# Feedback Process

---

## The report is a Workgroup product

- Previewed a draft at the 5/14 meeting and provided edits in real-time.
- Circulated a draft to the full Workgroup with one week for review.
- Workgroup members shared edits in tracked changes and comments to enhance the report.

## Thoughtful Participation

Received feedback from nearly half Workgroup members

## Clarified Language

Feedback served to add specificity to language to reflect Workgroup discussions

## New Concepts

Additional ideas the Workgroup has not discussed

# Feedback Integrated into Report

---

- Accepted many of the changes.
- Changes were accepted if they:
  - Reflect the Workgroup discussions and recommendations.
  - Improved clarity and concision.

# Feedback for Further Discussion

Sam Meysohn, Kearns & West



# Feedback for Further Discussion

---

## Sections to review:

- “Tensions” section of the report.
- New ideas that have not been discussed yet.
- Placement of some comments.
- Others?

## Keep in mind:

- We want to hear from you!
- If you have a critique, please provide alternative language to meet shared interests.
- Wordsmithing aside, can you support the content?

# Post-Workgroup Next Steps & Timeline

Chariti Montez, City of Portland



# Next Steps and Timing

## *June*

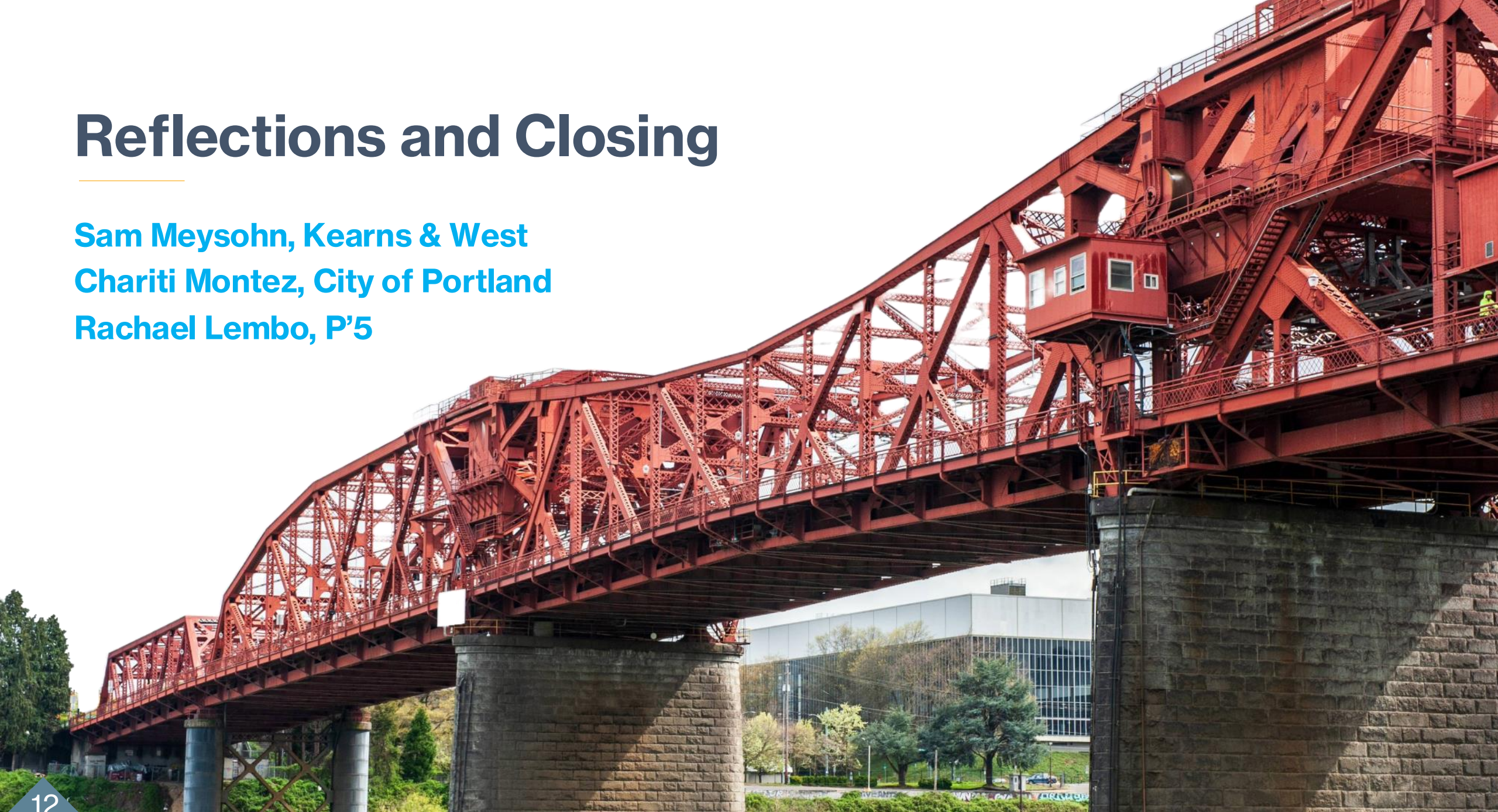
- City and Metro leadership (Sonia Schmanski and Craig Stroud) review Recommendations Report
- Final Recommendations Report released
- Recommendations formally submitted to City Administrator by June 30

## *July*

- MERC Discussion (7/2)
- Metro Council Work Session (7/15)
- City Council Arts and Economy Committee Meeting (*late July - TBD*)

# Reflections and Closing

Sam Meysohn, Kearns & West  
Chariti Montez, City of Portland  
Rachael Lembo, P'5



# Workgroup Member Appreciations

---

Share an appreciation for the Workgroup and/or process.

## P'5 Performing Arts Venues Workgroup

### Meeting Summary

May 28, 2025

3:00 to 5:00 pm

The Portland Building (1120 SW 5th Avenue), Room 216

### Meeting Objectives

1. Understand the feedback on the recommendations report received from Workgroup members
2. Make final edits Workgroup recommendation report
3. Understand the next steps with the recommendations after the Workgroup concludes
4. Share reflections on Workgroup process

### Meeting Agenda

Topic and Lead	Description	Time
<b>Opening, Agenda Review and Housekeeping</b> Sam Meysohn, Kearns & West	<ul style="list-style-type: none"><li>• Opening and agenda review</li><li>• Affirm 4/30 and 5/14 meeting summaries</li></ul>	3:00 – 3:10 pm
<b>Report Feedback Process and Report Changes</b> Sam Meysohn, Kearns & West	<ul style="list-style-type: none"><li>• Review process for receiving and integrating feedback into report</li><li>• Review feedback and edits integrated into report</li></ul>	3:10 – 3:20 pm
<b>Feedback for Further Discussion</b> Sam Meysohn, Kearns & West	<ul style="list-style-type: none"><li>• Review proposed feedback/edits for further discussion</li><li>• Wrap up edits to the report</li></ul>	3:20 – 4:30 pm
<b>Post-Workgroup Next Steps and Timeline</b> Chariti Montez, City of Portland	<ul style="list-style-type: none"><li>• Discuss process for finalizing report, sharing with City and Metro staff, and presenting to Councils</li></ul>	4:30 – 4:45 pm
<b>Reflections and Closing</b> Sam Meysohn, Kearns & West Chariti Montez, City of Portland Rachael Lembo, P'5	<ul style="list-style-type: none"><li>• Share appreciation for the Workgroup members and process</li><li>• Process for sharing feedback</li><li>• Closing remarks</li></ul>	4:45 – 5:00 pm

## **Action Items**

- Send Workgroup final draft of recommendation report with changes from this meeting
- Send Workgroup feedback survey

## **Opening, Agenda Review and Housekeeping**

Samantha (Sam) Meysohn, Kearns & West, opened the meeting and welcomed Workgroup members. She reviewed the meeting agenda and meeting sequencing and process to date.

The Workgroup affirmed the meeting summaries for the April 30 and May 14 meetings and the summary memo from AMS Consulting.

## **Report Feedback Process and Report Changes**

Sam reviewed the process for feedback on the recommendations report, highlighting that the report is ultimately a product of the Workgroup intended to reflect the recommendations and work of the group. She noted that feedback was received over the previous week from about half of the Workgroup on a draft of the report. Much of the feedback received helped to clarify the Workgroup's ideas and refine the language. Sam also mentioned feedback that included new ideas that the Workgroup had not previously discussed.

Sam then shared how the project and facilitation teams incorporated feedback into the report. She explained that the teams accepted as many proposed changes from Workgroup members as possible, including those that reflected Workgroup discussions and recommendations and those that improved the clarity and concision of the document. Sam also noted that the primary audiences (e.g. City and Metro Councils) were kept in mind.

## **Feedback for Further Discussion**

Sam oriented the Workgroup to specific areas of the report to review and edit live during this meeting, including the section on Tensions, locations where new ideas not previously discussed were proposed, and the placement of various statements within the document. She asked Workgroup members if there were other parts of the report they wanted to review and discuss as a group. She explained that Colin Baker, Kearns & West, would be live editing on the screen for members to see.

She encouraged members to provide alternatives when sharing a critique and noted that the report reflects a diversity of perspectives among Workgroup members. She also encouraged members to focus on the content/purpose of the report and not the specific wording (as long as the wording does not take away from the content/purpose).

The Workgroup then began revising the Tensions section of the report, starting with the topic of splitting up the P'5 venues. Workgroup members discussed clarifying the language so it would not be interpreted such that the three venues in Hatfield Hall would be separated from each other.

Members then discussed scheduling and calendar control. Some members called for a more strategic and articulated process for managing the P'5 performance calendar. Workgroup members noted that this topic highlights the importance of access to P'5's performance calendar especially for organizations that have not historically had access. Members discussed issues around lead time and communications with P'5 about booking performance dates. Members coalesced around a recommendation about booking policies and to increase usage of the venues.

Ultimately, it was decided to move this topic from the Tensions section to the Short-Term Recommendations section.

The Workgroup then addressed the tension around fundraising. Members suggested being more explicit about the type of fundraising suggested in this section, aka philanthropic fundraising. Some members noted that the proposed language about a “plan” was not strong enough and should highlight a larger shift in funding strategy. Members agreed to acknowledge the importance of philanthropy to the performing arts ecosystem and identify the tension between increasing P’5’s philanthropic fundraising and the possibility of diverting existing philanthropic funding from other performing arts organizations.

The Workgroup then discussed the tension about financial sustainability. Members suggested that this topic could be about the tension between commercial and non-commercial presenters at P’5 venues. It was noted that current revenue streams do not currently cover operating costs for the venues and that there is not currently sufficient commercial activity to offset nonprofit renters’ reduced rates. Members discussed broadening this topic to be about the need to explore different financial models and reframing the topic as a recommendation instead of a tension. It was agreed to name the pressure to increase fees to increase revenue and acknowledge that doing so could have adverse effects on both commercial and non-commercial users, while suggesting additional revenue generation and business models.

After discussion on the Tensions section of the report, the Workgroup addressed a proposed edit about creating an advisory body of local performing arts organizations as an accountability measure for P’5. Some members agreed with the concept but were concerned that the Workgroup would not be able to decide on language during this meeting. Some members suggested broadening membership beyond local performing arts organizations to additional local stakeholders. It was noted that this type of body is not common among similarly sized venues elsewhere in the U.S. Members noted that an advisory committee for P’5 comprised of stakeholders already exists, that it has not historically been as engaged as it could be, and that it has recently been more actively engaged. P’5’s youth arts council was also noted. Members discussed the definition of “local” in this context. It was decided that to change the language to focus on revamping the existing P’5 advisory committee to include local stakeholders to guide the strategic direction of P’5 and hold the venues accountable to the guiding principles proposed by the Workgroup.

The Workgroup then discussed a suggestion that P’5 should be “community accountable.” Some members were concerned about how to define “community” in this context and how the community would hold P’5 accountable. Some members suggested defining “community” as the audience, others suggested Portlanders more broadly, and others suggested the Portland metro area or the state of Oregon. Ultimately, it was resolved to reframe this topic as “community focused.”

A Workgroup member recommended further strengthening language about not funding capital needs, such as deferred maintenance, with the operations budget, and other members noted that this was already clarified in the report.

A Workgroup member proposed identifying both traditional and non-traditional uses of the venues as ways to maximize venue usage, and Workgroup members agreed.

Sam checked in with the Workgroup to get a sense of how members were feeling about the report after the above discussions and edits. Members shared a thumbs up to indicate their affirmation of the current state of the report.

### **Post-Workgroup Next Steps and Timeline**

Chariti Montez, City of Portland, shared that an edited version of the recommendations report would be shared with members the following week (first week of June). She explained that the report would then be sent to Sonia Schmanski, Deputy City Administrator for Vibrant Communities at the City of Portland, and Craig Stroud, General Manager of Visitor Venues at Metro, who may ask for additional edits or clarifications; however, substantive changes would likely not be made. Chariti then shared that a final recommendation report with a cover letter would be published in mid- to late June, and it would be submitted to the City Administrator by June 30. Metro's MERC will discuss the report in early July, and then Metro Council would host a work session in mid-July to review the report. A presentation at the City Council Arts and Economy Committee meeting in late July could also occur.

Chariti also noted the importance of keeping Metro staff who could be impacted by the recommendations informed in advance of any decision making. She also expressed the desire to keep the Workgroup informed with updates on the process and offered to have members attend public meetings, e.g. a presentation on the report to City Council.

A Workgroup member asked about the timeline for the Keller Auditorium redevelopment project.

- Chariti responded that traffic studies are currently taking place, and a market feasibility study will likely begin later this summer. She explained that, overall, there is still a lot of work and moving pieces for the City to advance with this project.

### **Reflections and Closing**

Sam invited Workgroup members to share appreciations about the Workgroup process. Members expressed their appreciation for various aspects of the Workgroup, including the diversity of perspectives among the members and the ability to learn from each other, the work that Metro and City employees conducted to provide data and background information, and the spirit of service and collaboration among members for the sake of improving a public good. Members also shared their excitement for the process going forward and the future of P'5.

Ben Duncan, Kearns & West, joined the last several minutes of the meeting remotely to share his appreciation for Workgroup members' dedication and commitment to working through difficult questions and issues. He also thanked the City of Portland and P'5/Metro staff for their time and leadership.

Chariti thanked Workgroup members for their consistent participation and ongoing engagement over the previous five months. She expressed gratitude for members' approval of the report.

Rachael Lembo, P'5, appreciated the process and insights and questions brought by Workgroup members. She shared her belief that the recommendations report would ultimately lead to improvements for P'5.

Sam noted next steps, including sending a final draft of the recommendations report to the workgroup along with a feedback survey, and adjourned the meeting.



To: Chariti Montez, Director, Office of Arts & Culture  
From: Bill Blake, Director, AMS Planning & Research  
Cc: Soo Pak, Arts, Culture & Special Events Manager  
Rachael Lembo, Interim Executive Director, Portland'5  
Date: May 29, 2025  
Project: Portland'5 Assessment  
Re: Summary of AMS's Key Findings

## Overview

On April 2, AMS presented an analysis of Portland'5's business model and governance structure, comparing it with a group of 50 significant performing arts centers (PACs) across North America tracked by AMS. This analysis was part of a larger effort to evaluate current conditions, understand best practices, and explore potential scenarios for Portland'5's future. At subsequent Work Group meetings, AMS participated in the development of a series of guiding principles and success indicators and shared a sample evaluation of how these elements could be utilized to evaluate management and governance changes.

### 1. Current Industry Conditions

*PACs Nationwide:* Approximately 90% of major PACs are operated by private nonprofits, even though 1/3 are publicly owned (17 of the 50). Public-private partnerships are common, with the most common being public ownership of real estate with a private non-profit entity as a lessee (\$1/year) and operator.

*Operating Models:* Centers typically operate as a Presenter (operator programs a majority of events at its own financial risk), a Landlord (majority of time rented to others), or a Host (anchor tenants/resident companies drive majority content). Most operate in a hybrid model with one of these operating modalities emphasized. Portland'5 operates primarily as a Host, but also engages in a small amount of at-risk presenting and the rental of surplus dates as demand and opportunity dictates.

#### *Post-Pandemic Recovery:*

1. Activity is rebounding, but not evenly. Centers with smaller budgets (defined as under \$25 million) are lagging larger-budget Centers.
2. Event counts across the comparison group remain below pre-COVID levels, especially for nonprofit rentals and resident companies.
3. Costs have risen significantly; ticket prices and fees are not rising fast enough to offset them.
4. Despite fewer events, some centers have grown audiences through higher per-event attendance.



## 2. Benchmarking Portland'5

AMS compared Portland'5 to a comparison group of nine PACs with FY24 budgets ranging from \$15M to \$30M. Key takeaways:

*Activity:* Portland'5 hosts more events than peers, driven largely by its multiple venues and resident company programming.

*Capacity Sold and Revenue per Available Seat:* Portland'5 has above-average capacity utilization at performances and events (69% sold vs. group avg. of 62%). However, revenue per available seat<sup>1</sup> that flows to Portland'5 is lower than the comparison group (\$21 vs. \$59), which reflects the limited nature of P'5's at-risk presenting and P'5's Host-Landlord operating model where the vast majority of ticket sales dollars flow to facility users, not the operator.

### *Revenue Mix:*

- Portland'5 relies heavily on earned revenue (85%), most significantly from facility rentals and related pass-through labor and service charges (including rental to resident companies). The average of comparable centers is 77% earned revenue.
- Contributed revenue at Portland'5 is almost entirely government-based; the group average includes more individual philanthropy, which tends to be given in support of center-presented (at-risk) performances and educational programs.

### *Expenses:*

- Operating expenses per sq. ft. are lower than the group average. (\$70 vs. \$121)
- Admin costs are well within the range of comparable centers (\$4.7M at P'5; \$5.4M group average), but programming investment is relatively limited.

*Financial Efficiency:* Portland'5 essentially breaks even with a 2% operating margin (vs. 12% comparison group average).

<sup>1</sup> Total Revenue per Available Seat calculation: total operating revenue divided by total available seats. Total available seats calculated by multiplying the total number of ticketed events in each venue by the seating capacity of that venue.



### 3. Emerging Governance & Operational Scenarios

There are three general directions that could be explored and evaluated for future management and governance changes at Portland'5:

- **Outsource:** Retain City ownership but contract operations of all five venues to a nonprofit or for-profit operator.
- **Multi-Operator:** Assign different venues to separate operators—possibly with different ownership structures.
- **Modify In-Place:** Keep a government-based structure, but refine operations, related agreements, and increase support and advocacy with public and private funders.

### 4. Key Questions Moving Forward

- **Define Success:** What are the key success indicators for the venues from City Council, Metro Council, key donors and board members of the resident companies, downtown stakeholders, current and prospective venue renters, and audiences? How do these different constituent groups each envision success? Which success indicators are most important? And which should be given secondary consideration?
- **Assess Support:** What level of public and private support is potentially available to implement changes and improvements to the venues and their operations? How would the level and sources of support influence decision-making and goal-setting?
- **Plan for Capital Maintenance:** What capital strategies exist for renovations, upgrades, and deferred maintenance? Industry practice indicates that major capital improvements and system replacements are not wholly funded from annual operating revenue.
- **Consider Impacts:** How would changes to Portland'5 impact the arts and cultural ecosystem of Portland? What would the impacts be on downtown? And the region's reputation as a culturally rich destination?