



Town of Chapel Hill VARSITY THEATRE TASK FORCE

Monday, April 15, 2019 at 8:30am
Chapel Hill Public Library
100 Library Dr., Chapel Hill, NC 27514

Meeting Agenda

Members: Council Member Michael Parker (Co-Chair), Council Member Rachel Schaevitz (Co-Chair), Kathy Atwater, Gerald Bolas, Mandey Brown, Hardy Butler, Dan Cefalo, Matt Gladdek, Justin Haslett, Emily Kass, Greg Overbeck, Sharon Rothwell, Paul Shreshian, Justin Simmons, Kameron Southerland, Kaze Thomas, Don Tise, Marlon Torres, Brenda Womble, Xilong Zhao

- I. Opening
 - a. Approval of March 18, 2019 Meeting Minutes
 - b. Approval of Agenda
 - c. Public Comment
- II. Business
 - a. Review proposed summary of findings
- III. Open Forum
- IV. Adjournment

Meeting Materials:

- Proposed summary of findings

Next Meeting: TBD

Public Charge: Consider the possible use of the Varsity Theatre at 123 East Franklin Street as a community performing arts center.

Specific Charge: Determine the following:

1. What would be the vision for such a venue? What types of programming would be appropriate and desired by our community?
2. How would such a venue meet community needs, reflect community values, and attract a wide range of individuals to the Downtown and what would be the economic impact on the Downtown?
3. What would be the costs of this conversion for both acquisition and necessary refurbishment – and how long would it require? How would these costs be paid for and what kinds of partnership(s) might be feasible?
4. What would be the business model of the new entity in terms of ownership, ongoing management, and ability to be financially secure and self-sustaining.

Draft Varsity Theatre Task Force Findings

Introduction:

The Varsity Theatre is located in the Varsity Building at 123 E. Franklin St., currently owned by James Rumfelt. The Varsity Theatre business comprises approximately 8,000 square feet of the building including two theaters, a lobby, upstairs restrooms and assembly areas. Other businesses in the Varsity Building include the Blue Horn Lounge and Light Years. The building is not actively for sale by the owner.

The Varsity Theatre Task Force was convened by the Town Council in October 2018 to address the following:

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2. How would such a venue meet community needs, reflect community values, and attract a wide range of individuals to the Downtown and what would be the economic impact on the Downtown?
3. What would be the costs of this conversion for both acquisition and necessary refurbishment – and how long would it require? How would these costs be paid for and what kinds of partnership(s) might be feasible?
4. What would be the business model of the new entity in terms of ownership, ongoing management, and ability to be financially secure and self-sustaining?

Starting in December 2018, the Task Force has worked to answer these questions to serve as the basis for a recommendation going forward. The answers to those questions are presented below along with some initial conclusions derived from them.

Question 1:

- a. **Question:** What would be the vision for such a venue?

Response: The vision for this venue is that it would be a vibrant, lively place where folks go to meet and engage with the arts, that reflects the community's values, and that is accessible and appealing to a broad cross-section of community members and visitors of all ages.

- b. **Question:** What types of programming would be appropriate and desired by our community?

Response: Appropriate and desirable programming for our community includes all of the traditional performing arts, such as theatre, live music, comedy, film, dance and spoken word, as well as other public performance, especially those that feature local talent or educational opportunities.

Question 2:

- a. **Question:** How would such a venue meet community needs?

Response: The Orange County Arts Commission and the Chapel Hill Cultural Arts Commission, among others, have shown that there is a significant gap between the number of local artists and the number of accessible performing arts spaces in our area. This venue would feature a business model that contributes to bridging that gap. The Orange County Arts Commission Report ("Setting the Stage") and the International Downtown Association (IDA) report, among others,

have shown that performing arts venues generate revenue such as ticket sales, concessions, rentals, grants, fundraising, and tuition and also produce an economic impact from hotel stays, food and beverage sales, and parking. By attracting visitors to Downtown, this venue would contribute to the overall economy of Downtown, Chapel Hill and Orange County.

b. Question: How would such a venue reflect community values?

Response: This venue would reflect and address several key community values and goals, including:

- A Place for Everyone - by developing a family-friendly, vibrantly creative environment, with a special emphasis on the arts and reaching producers and patrons that are historically underrepresented in the arts community.
- Community Prosperity and Engagement - by supporting existing and new local businesses, and generating increased economic development Downtown
- Good Places, New Spaces - by investing in Downtown and by balancing respect for the old with the prospect of the new.

c. Question: How would such a venue attract a wide range of individuals to Downtown?

Response: By specifically investing in and creating accessible space for local artists, this venue would tap into networks all across our community who may not otherwise have a reason to come Downtown. Ideally, with spaces like this one, and others already in existence Downtown, and with the help of the Downtown Partnership and the Visitors' Bureau, we can market Downtown as a community crossroads where there is always something fun happening. Attributes of a successful space include accessibility for patrons regardless of physical ability and ability to pay, safety, and flexibility to support a range of artistic activities. While it should be principally for revenue-generating performances and possibly private rentals, it is just as important that community groups should also be able to affordably reserve the space for homegrown performances.

d. Question: What would be the economic impact on the Downtown?

Response: While a comprehensive analysis of this issue was not conducted, some data that were assembled are suggestive:

- Based on information provided by Paul Shareshian, the Theatre's owner, the Varsity accounts for nearly 100 events per month, with about three quarters of these comprising showings of films. These events draw approximately 7-8,000 individuals to the Downtown monthly.
- As described below, if renovated, the theater could have a maximum capacity of between 280-300 seats.

If occupied at a level comparable to other venues in the area it is not clear that there would be a significant increase in the number of individuals drawn to the Downtown. Thus, renovating the Theater would be unlikely to have a material effect on Downtown businesses

Question 3:

a. Question: What would be the costs of this conversion for both acquisition and necessary refurbishment – and how long would it require?

Response: The assessed value of the building housing the Varsity is close to \$2 million. It is assumed that purchasing the theater from its current owner would be in this price range.

An initial assessment of the facility suggests that its limitations – it is long and narrow, it has a sloping floor, it has a relatively low ceiling height, it lacks obvious spaces for storage, dressing rooms, and the like, and many of its systems do not comply with current building codes – would make it difficult, if not impossible, for it to accommodate the range of programming described above.

In terms of costs, while cosmetic renovations are possible (e.g., improving the exterior of the building, including updating the marquee, and upgrading the lobby might cost about \$ _____), a renovation that would make it into a modern space would be expensive – at least \$1.5 million – due to the limitations mentioned above and the need to make older systems code compliant.

b. Question: How would these costs be paid for and what kinds of partnership(s) might be feasible?

Response: Although the Task Force has not investigated this question specifically, the likely options would include Town funding, fund-raising through a new or existing not-for-profit, and various grants (governmental or private).

Question 4:

a. Question: What would be the business model of the new entity in terms of ownership, ongoing management, and ability to be financially secure and self-sustaining?

Response: The Task Force did not thoroughly investigate this for the reasons mentioned below. However, based on information presented in the Orange County Arts Commission report “Setting the Stage,” generically the business models could include:

1. Town ownership and operation (with or without an operating subsidy)
2. Town ownership of the facility and operation by a separate entity (either for or not-for-profit) with or without Town subsidy
3. Completely independent ownership (with or without Town subsidy)

Preliminary Conclusions:

Based on the work conducted by the Task Force to date, the following conclusions have been reached:

- There is a clear desire and need for a community arts performance space that would meet the needs of a variety of local arts groups:
 - Accommodate both private functions and more commercial performance needs
 - Broad access to such a facility by both patrons and arts groups was viewed as critically important
- While a performance space such as has been described might provide a boost to Downtown businesses, it does not appear that, given the current utilization of the Varsity space and its capacity, converting it to a new use would have a meaningful impact on Downtown businesses.
- The physical limitations of the building and theaters are such that achieving the goals expressed would be difficult as well as prohibitively expensive.
- It is possible that a more cosmetic approach to the Varsity (i.e., working with the current building and theater owners to upgrade the exterior of the building) might help the Downtown by providing an interesting visual focal point and improve utilization, thereby assisting Downtown businesses.

Task Force members discussed other barriers to Downtown attendance including public safety and parking. These issues also need to be addressed as part of the larger conversation around Downtown vibrancy.