



## 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 Minutes

**Members Present:** Council Member Michael Parker (Co-Chair), Council Member Rachel Schaevitz (Co-Chair), Mandey Brown, Hardy Butler, Matt Gladdek, Justin Haslett, Emily Kass, Greg Overbeck, Sharon Rothwell, Justin Simmons, Kaze Thomas, Xilong Zhao

**Members Not Present:** Kathy Atwater, Gerald Bolas, Dan Cefalo, Paul Shareshian, Kameron Southerland, Don Tise, Marlon Torres, Brenda Womble

**Staff Present:** Susan Brown, Jim Huegerich, Katie Murray, Sarah Poulton, Ross Tompkins

**Others Present:** Ryan Smooth, Daily Tar Heel

#### I. Opening

Jim Huegerich

##### a. Approval of March 18, 2019 Meeting Minutes

Meeting began at 8:46am. March 18, 2019 meeting minutes were approved.

##### b. Approval of Agenda

April 15, 2019 meeting agenda was approved.

##### c. Public Comment

None.

#### II. Business

##### a. Review proposed summary of findings

Background: Jim Huegerich facilitated a review of a draft of findings that included responses to each of the questions posed as part of the Council's specific charge to the Task Force.

Action taken: Edits were made to this language and a final version is included below.

#### III. Open Forum

Jim Huegerich

#### IV. Adjournment

The meeting adjourned at 10:21am.

#### Meeting Materials:

- Proposed Summary of Findings

**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 Sorrell](#) Building at 123 E. Franklin St., currently owned by James Rumpfelt. 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 Sorrell](#) 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:

**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?

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 ~~aeessible-adequate~~ performing arts spaces in our area. This venue ~~could contribute~~ ~~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 ~~aeessible-adequate~~ 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 ~~programming in 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 ~~public arts and cultural~~ performances, and ~~possibly other private events, based on availability~~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 Aa~~ comprehensive analysis of this issue was not conducted ~~though,~~ ~~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 7,000-8,000 individuals to the Downtown monthly.
- As described below, if renovated, the ~~Varsity Theatre~~ ~~re~~ ~~would have no more than the~~ ~~current~~ ~~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 ~~have unknown~~~~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 Sorrell building housing the Varsity Theatre is close to \$2,000,000. 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 – ~~ranging from at least~~ \$1,500,000 to \$3,500,000– 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 local government Town funding, fund-raising through a new or existing not-for-profit, and various grants (governmental and ~~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 in the preliminary conclusions below~~mentioned below~~. However, based on information presented in the Orange County Arts Commission report “Setting the Stage,” generically the business models could include:

1. Local government Town ownership and operation (with or without an operating subsidy)
2. Local government 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~~ The physical limitations of the building and theaters are such that achieving the goals expressed would be difficult as well as prohibitively expensive.
- While a performance space such as has been described might provide a boost to Downtown businesses, it ~~is unclear that~~ ~~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. Further research would be needed to determine potential impact.
- ~~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 visitors feeling safe, comfortable, and welcomed (for example, aggressive panhandling, smoking, public urination, harassing behavior on the streets and sidewalks, etc.). ~~The cost and perceived availability of parking is an additional barrier~~ public safety and parking. Another issue to be addressed is improving communication and collaboration among existing Downtown businesses who desire arts programming in their spaces. These issues also need to be addressed as part of the larger conversation around Downtown vibrancy.

It is clear that the Varsity Theatre is not the appropriate location for a performing arts center as identified by this Task Force. However, there are other possible spaces for such a venue in Downtown Chapel Hill and the Task Force recommends that the Council and Town staff continue to engage and explore this issue.