



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Performing Arts/Youth Theatre Study Report
Category:	Community Services and Sustainable Infrastructure
Meeting Date:	10/1/2019
Staff Contact:	Renee Lorentzen, 408-586-3409
Recommendation:	<ol style="list-style-type: none">1) Approve restructure of the youth theatre contract program and performing arts class opportunities resulting in:<ol style="list-style-type: none">a. Increased availability for residents' use of the Community Center Auditorium;b. Creation of Performing Arts Brand and Marketing; andc. Expansion of performing arts opportunities including shorter, less expensive programs for children with subsidy through the Milpitas Assistance Program; and greater variety, including cultural music and dance;d. Contract structure for director to go to a flat rate for each production, including a percentage of ticket sales revenue2) Direct staff to develop additional recommendations for City Council consideration during the FY 2020-21 Budget process for additional opportunities based on community feedback/interest.

Background:

At its June 11, 2019 meeting, City Council requested a study of the Performing Arts/Youth Theatre program to provide information about the youth theatre contract program's cost to the City and the use of space in the Milpitas Community Center Auditorium. In order to provide a comprehensive report for Council consideration, staff evaluated the current state of performing arts and youth theatre in Milpitas based on past data as well as community feedback.

In July 2019, staff began work on a comprehensive study to include a thorough evaluation of the current programs, community-wide input and benchmarking with other municipalities. The public was invited to participate in an online survey and participate in an interactive planning workshop in August 2019. Special effort was made to include both current program participants and under-represented segments of the community. It is important to note that staff conducted the Performing Arts/Theatre Program study to meet an expeditious timeline and the work from this study will be used to inform the upcoming Parks and Recreation Master Plan. The Master Plan will evaluate all of the Recreation programs and fee structure and enable staff to bring forward additional recommendations on programs and fees as part of the annual budget process for Fiscal Year 2020-2021.

Youth Theatre Background

In 1982, the City of Milpitas launched a youth theatre program called "Rainbow Theatre." The program's mission was to provide a forum for youth to build self-esteem through positive theatrical experience, and to present quality, family-oriented entertainment for the community. At its inception, the program was staffed with

various part-time employee directors and volunteers. Ultimately, it evolved into a larger program with a full-time employee Director, part-time permanent employee Set Designer, and part-time Assistant Director.

In 2012, during the economic downturn, the Rainbow Theatre program was considered for cancellation and complete defunding. At the request of City Council, after receiving comment and concern from Rainbow Theatre participants, City staff created a youth theatre "Contract Program" model. This contract program model was developed 1) through benchmarking of other surrounding cities with similar programs, 2) to maintain fiscal responsibility during harder economic times, and 3) to allow for a maximum of program revenue to remain with the contractor to help sustain the program. The Contract Program model differed from the Contract Class model in the level of staff support for the program, and in-kind support of rehearsal and performance space. The director of the Rainbow Theatre, who was previously a City employee, became a contractor and the program was rebranded as Center Stage Performing Arts (CSPA). The annual contract allows for the City to retain 10% of the ticket sales revenue and the Contractor to retain the remaining 90%. The Contractor is responsible for paid advertising and hiring choreographers etc. The City provides the space for rehearsals and performances, pays for royalties and supplies, and provides a limited amount of marketing.

CSPA currently offers three to four productions per year and classes for young children that culminate in small performances. Youth participating in the CSPA program also perform smaller showcases as part of the regular season of shows and at events including the Tree Lighting Ceremony and Fourth of July.

Analysis:

Per Council direction, staff has evaluated the youth theatre contract program's cost to the City and the use of space in the Milpitas Community Center Auditorium. Staff has also compiled a comprehensive report on other performing arts programs for Council consideration, based on past data as well as community feedback. Data has been pulled from the department software, Activenet.com, which is used for contractor payment, program enrollment, and scheduling of City facilities. An evaluation of performing art and youth theatre programs was informed by an online survey, Community Workshop meeting, and stakeholder meetings with theatre program parents.

Community Center Auditorium Use

A review of Milpitas Community Center Auditorium reservation data for the past three (3) years reflects that the youth theatre contract program is the heaviest user of the facility, averaging 195 days per year. 73 days out of that overall use have a production set installed, which does not allow for shared use of space. 122 days out of that overall use are partial use reservations, for rehearsals. In this scenario the room is available for multiple reservations for daytime classes, City meetings and rentals, such as memorial services.

Internal City uses are the second most common, accounting for an average of 79 reservations per year. This category includes City-sponsored events, such as Tree Lighting or Lunar New Year; large City meetings, general classes, and Human Resources testing days. Of that overall use, nine (9) days are full-day reservations.

Rentals are the next most common use, with an average of 46 reservations per year. The most common type of reservation is for a family celebration, such as a wedding, anniversary or birthday party. The heaviest rented day of the week is Saturday, followed by Sunday.

Other performing arts uses account for a relatively small amount of time in the Auditorium, at average of 11 reservations per year. Most of these are rehearsal and performance days for the Milpitas Community Concert Band and performing arts classes. One (1) day of this overall use is a full-day reservation.

An average of 19 City holidays and facility closures account for an average of 19 days, most of which occur over the December holiday period. On average, 4 days per month go unused. The majority of the non-holidays that go unused are Sundays and Fridays.

The average annual value of the hours reserved in the Community Center Auditorium for the Youth Theatre contract program ranges from \$320,800 (at a resident rental rate of \$200 per hour) to \$160,400 (at a non-profit rental rate of \$100 per hour).

Table 1: Community Center Auditorium Usage

Community Center Auditorium Usage Summary Averages Over Past 3 Fiscal Years					
User	Exclusive Use Reservation (Full day reserved)	Partial Use Reservations	Total Reservations	Total Hours Used	Percentage of All Time Used (2577 hours)
Youth Theatre Contract Program	73	122	195	1604	62%
City events	9	70	79	549	21%
Rentals	0	46	46	332	13%
Other Performing Arts programs	1	10	11	92	4%
Total Use	83	249	332	2577	
City Holiday/Closure			19	323	
Unused but Available			46	782	

Cost Analysis

CSPA is the City's primary "resident" performing arts provider. Its youth musical theatre shows are fully staged, full-length musicals, for which participants audition and pay a participation fee upon being cast. Just as with adult community theatre, casting is competitive. Its theatre classes are intended to teach young performers the basics of performing and conclude with a production. Class productions are also staged and presented in the Community Center Auditorium, but these productions are on a much smaller scale, and all class members are guaranteed a role.

Table 2: Detailed Cost Analysis of the Youth Theatre Program

Youth Theatre Contract Program Cost					
Revenue	Average Annual / Average Per Production	Fees	Est. Revenue Per Production to Contractor	Est. Annual Revenue to Contractor	Est. Annual Revenue to City
Show Participants	58 / 19	\$130 resident rate (90/10 split)	\$2,223	\$6,786	\$754 (10% of revenue + applicable non- res fee))
Public Show Audience	1140/428 (71 per show)	\$15 avg. ticket (Prices \$12/\$15/\$18)	\$6,420	\$17,100	\$0
School Show* Audience *Not always offered	482/289 (160 per show)	\$5 ticket	\$1,445	\$2,410	\$0
Class Participants	18/9	\$130 resident rate (90/10 split)	\$1053	\$2,106	\$234 (10% of revenue + applicable non- res fee))
Class Audiences	346/208 (55 per show)	\$10 avg. ticket (Prices \$10/ \$15)	\$2080	\$3460	\$0
TOTAL				\$31,862	\$988

Expense					Budgeted 2019-20
Contractor					(\$26,400)
Royalties					(\$20,000)
Supplies					(\$30,000)
City Staff Support*					(\$72,560)
TOTAL					\$148,960
Number of Participating Youth Served Annually					76
Cost to City Per Participating Youth					\$1,960
Est. number of People Served (Participants + Audience)					2,044
Cost to City Per Person, including audience					\$73

*Annual estimated % of time for (1) Senior PSA, (1) Program Coordinator, (1) Recreation Supervisor, (1) Department Director

Many of the show participants appear in multiple productions per year, so the number of unduplicated participants is smaller than 76. Ticket sales are based on averages reported from the contractor to the City. Similar to the participation number, the ticket sales numbers are totals, rather than unduplicated audience members.

A review of the Youth Theatre Program confirms that number of performer participants averages fewer than 60 per year, and approximately 20 youth per production. Ticket sales show an average audience of 428 per production. The number of students participating in the youth theatre classes averages nine (9) students per class. When classes perform the average attendance is 208 per class production. The number of youth participating annually (duplicative) is 76, with a per child cost to the City of \$1,960. If totaled with the number of audience members served to reflect the number of people experiencing the production, the cost to the City is \$73 per person.

Performances by CSPA at special events are paid independent of the theatre program. The average payment for performing at special events depends on the level of performance, and ranges from \$600 - \$1,000 per performance.

According to available data, Recreation Assistance program funds have not been used for enrollees in the youth theatre contract program.

Benchmarking

Staff benchmarked against eight Bay Area cities' performing arts offerings, chosen because they were near in size and/or demographic make-up to Milpitas (Appendix A in the Performing Arts/Youth Theatre Program Study). The cities were:

- Sunnyvale
- San Leandro
- Mountain View
- Pleasanton
- Union City
- Cupertino
- Gilroy
- Campbell

A review of similar cities suggests there are several cost-effective ways to structure a youth theatre program, and that there are a variety of other types of performing arts programs, including cultural programs, that could be successful.

Five of the eight cities currently have some type of youth theatre program offered at City facilities. Two (Pleasanton and Gilroy) operate as City programs. Pleasanton's program is directed by City employees. Gilroy's program is directed by independent contractors, who are hired show-by-show, rather than on an annual contract. Sunnyvale and Mountain View contract with a theatre company. San Leandro rents City space to a theatre company through its Library.

All of the cities that use contractors handle registration, assist with marketing and pay the contractor a split of performer enrollment fees. Milpitas' split arrangement is at 90/10. Gilroy's is 50/50. Sunnyvale's is 60/40. Mountain View's is 70/30 for programs on City property and 80/20 for programs offsite at the contractor's facility.

Ticket revenue is handled differently in each City. In Milpitas and Gilroy, the contractor keeps 100% of the ticket sales. Sunnyvale requires that the first 100 tickets be comps, but it allows the contractor to keep 100% of revenue on additional tickets sold. Mountain View requires the performances to be free of charge. Other cities ticket prices are in the \$5-\$12 range. Milpitas tickets are on average \$15.

All five cities researched offer some sort of need-based fee-waiver program either through a city-run program, or through the contractor. Milpitas' new Milpitas Assistance Program will be used to offset costs for Milpitas residents to participate

Milpitas' youth theatre contract program draws a demographic of 52% residents, 48% non-residents for shows and 80% residents, 20% non-residents for its theatre classes. Non-residents participating in Milpitas' program are typically from San Jose and Fremont. Mountain View's is virtually 100% residents. Pleasanton's is 75% residents. Sunnyvale's is 75% residents during the school year, but their program approaches 50% non-residents for all-day summer theatre camps. Gilroy's is 70% residents.

Community Outreach and Feedback

A total of 316 people responded to a survey about Performing Arts; 71 percent were residents.

Feedback from the residents indicates that providing opportunities for youth to perform is a high priority with musical theater as a popular genre, however, residents are also interested in having the City provide a wider variety of performing arts opportunities and genres.

Fifty-four people attended a Community Workshop on August 22. Meeting participants indicated a strong interest in preserving existing programs, youth musical theatre and the community band. Other opportunities of particular interest included an all-ages theatre program; an all-ages orchestra and choir; dance parties; workshops; performances in the park; and a community talent show.

Staff also held meetings with a stakeholder group consisting of the current youth theater contractor and parents to discuss possible programming changes. The group expressed support on adjusting program scheduling to free up the auditorium for rental uses and condense show runs to one weekend, provided occasional allowance of two-weekend runs as demand and facility availability warrants. Parents were supportive of the idea of a show selection committee, which would give the City and public greater input into the titles chosen.

Program Recommendations and New Auditorium Use

Based on the data researched, benchmark information, and stakeholder and community feedback, staff is recommending changes to the youth theatre program that will address City Council concerns about Community Center Auditorium usage, allow for consistent and more robust marketing of the productions, and facilitate a contractual structure that will enable more flexibility on types of shows. The proposed changes are also intended to expand the number and type of participants, with the goal of increasing participation from Milpitas residents. Table 3 shows the comparison between the current and proposed youth theatre programs.

Table 3: Comparison of Current and Proposed Youth Theatre Program

No.	Current Program	Proposed Program
1.	City contracts director on annual basis to run the program, under her business name. Director subcontracts other production personnel. Director paid 90% of resident participation fees.	City to flexibly contract director(s) by show or season, for show direction only. City contracts other production personnel for each show, with input from director. Contractors to be paid a flat fee.
2.	Show selection by contractor, with City approval.	Show selection by committee i.e.: Contractor(s); City staff; Arts Commissioner; current performer; one current volunteer.
3.	Productions are mainly youth musical theatre shows.	Productions could be musicals or non-musical, youth, mixed ages or adult performers.
4.	Director sells tickets and retains 100% of sales.	City will sell tickets, and director will receive a percentage of sales.
5.	Contractor is responsible for paid advertising. City provides limited marketing support.	City responsible for all marketing and advertising.
6.	City pays for royalties and supplies.	City pays for royalties and supplies.
7.	Three to four shows per season.	Three to four shows per season.
8.	Show runs are typically two weekends.	Show runs will be typically one weekend, with occasional exceptions of two week runs considered on a show by show basis and facility availability.
9.	Shows mostly rehearse in Community Center Auditorium.	Shows will rehearse in Community Center Auditorium during Tech Week, beginning the Monday before the show opens. Other rehearsals will be scheduled in other City facilities or joint use areas, unless no other space is available.
10.	Current average use is 195 days annually.	Use will average 39 days annually, an 80% reduction.

In summary, staff recommends City Council consideration of:

- 1) A more flexible community theatre program with key components being reduced auditorium usage, greater City control over the program, and flexibility to offer all-age productions; implement a contract structure for the theatre director to go to flat rate compensation for each production, plus a percentage of ticket sales revenue; contract with additional production personnel per productions for a flat rate
- 2) Adjusting program scheduling to free up the auditorium for rentals uses and condense show runs to one weekend, provided occasional allowance of two-weekend runs as demand and facility availability warrants, thereby **reducing Auditorium use by the youth theatre program by approximately 80%;**
- 3) Creating an over-arching program branding and increased marketing to include:
 - a. Community Theatre
 - b. Community Concert Band and other Community Music Ensembles
 - c. Milpitas Arts and Culture Grants
 - d. Classes/Workshops
- 4) Expanded Performing Arts Classes and Workshops

- 5) Offer shorter, less expensive programs for children with subsidy through the Milpitas Assistance Program; and greater variety, including cultural music and dance;
- 6) Develop recommendations for City Council consideration during the FY 2020-21 Budget process for additional opportunities based on community feedback/interest such as:
 - a. Community Talent Show
 - b. Milpitas Birthday Dance Party
 - c. Milpitas Arts and Culture Grant Program Re-design via the Arts Commission
 - d. Community Orchestra and/or Community Choir

Policy Alternatives:

Alternative 1: Make no changes to the Performing Arts/Youth Theatre program.

Pros: This alternative would continue to serve the existing youth theater participants.

Cons: This alternative does not reflect the community input requesting greater diversity in performing arts program opportunities. Nor does it address community demand for greater access to the Milpitas Community Center Auditorium for other uses, including rentals by residents.

Reason not recommended: This alternative will not increase performing arts participant numbers or diversity. It does not include any provisions for more equitable use of City space and funding resources.

Alternative 2: Discontinue the Youth Theatre Program

Pros: This alternative would address the community demand for greater access to the Milpitas Community Auditorium for other uses, including rentals by resident, and after the conclusion of the Fall Production, result in a budget savings of \$63,050.

Cons: This alternative does not reflect the community input placing importance on youth theatre programs or requesting greater diversity in performing arts program opportunities.

Reason not recommended: This alternative does not reflect the community input placing importance on youth theatre programs, or requesting greater diversity in performing arts program opportunities.

Fiscal Impact:

Staff recommendations for the youth theatre and overall performing arts programs for this current fiscal year are achievable within the approved FY 2019-2020 budget of \$76,400 as well as staff support budgeted in Administration and related overhead totaling approximately \$149,000.

If staff's recommendation is approved, the reduction in Auditorium use by the youth theatre contract program for the remainder of the 2019-20 fiscal year could generate an estimated \$3,200 in revenue. Further, the youth theatre contract program restructure could generate an estimated \$9,000 in ticket sales revenue to the City for the remainder of the 2019-20 fiscal year, totaling an additional \$12,200 in estimated revenue.

Recommendation:

- 1) Approve restructure of the youth theatre contract program and performing arts class opportunities resulting in:
 - a. Increased availability for residents' use of the Community Center Auditorium;
 - b. Creation of Performing Arts Brand and Marketing; and
 - c. Expansion of performing arts opportunities including shorter, less expensive programs for children with subsidy through the Milpitas Assistance Program; and greater variety, including cultural music and dance;

- d. Contract structure for director to go to a flat rate for each production, including a percentage of ticket sales revenue
- 2) Direct staff to develop additional recommendations for City Council consideration during the FY 2020-21 Budget process for additional opportunities based on community feedback/interest.

Next Steps:

Upon City Council direction, the Performing Arts Brand would be announced in the Spring 2020 including program, production and/or class opportunities for the Spring and Summer 2020 seasons.

Attachments:

1. Performing Arts/Youth Theatre Study Report