

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal
Dept.: City Manager
Subject: PROPOSAL FOR THE GEM THEATER -
ONE MORE PRODUCTION

From: Kimberly Huy
Dept.: Community Services
Date: November 27, 2007

OBJECTIVE

To request that City Council consider a proposal from One More Production for the repair, operation and management of the Gem Theater.

BACKGROUND

On July 24, 2007, in a Special Study Session of the City Council, Garden Grove Community Foundation (GGCF) President, Dominic Acolino made a proposal that the GGCF enter into a contract with the City to operate and manage the theater, and provide the management, scheduling and day-to-day interior maintenance of the facility.

That proposal requested that the City provide the funds necessary to bring the Gem Theater to a structural condition that would allow for the operation of the Theater and provide \$50,000 annually to assist the Foundation in reaching stabilization in its operation and management of the Theater. This amount would be in addition to marketing assistance that would commence at \$25,000 the first year and would decrease by \$5,000 per year over the following four years.

At the City Council meeting of October 10, 2007, during Matters from the City Council, Councilman Rosen mentioned that Damien Lorton, Artistic Director of One More Productions, had indicated that his theater production company had the financial capability to make the necessary improvements to the Gem, and would be willing to do so, in exchange for the opportunity to operate the Theater.

DISCUSSION

On November 16, 2007, One More Production submitted a proposal for the repair, operation and management of the Theater. The proposal is as follows: (Attachment "A")

- Promotion and presentation of amateur/professional theatrical productions, consisting mainly of musicals and plays, with not less than five (5) fully mounted productions per year. Additional outside performances and guest artists will also be considered in addition to the season offerings.

- Provision for workshops, social activities and meeting facilities for the community.
- Creation of a Children's Outreach Program, geared predominantly to low-income families who otherwise would not have an opportunity to experience theater. The program would run between 2-5 weeks and will provide education in performance and technical arts, culminating in a performance by the children.
- Annual Theatrical Arts Festival introducing the arts to the community.
- Promote new "works" and allow writers to have a venue to produce and being new art to the community.

One More Production is aware of the physical condition of the Theater and has examined the building several times with both a contractor and City staff. Based upon the list of improvements that was identified in a Gem Theater Report, dated October 2006, One More Productions is proposing:

- One More Production will fund and oversee the repair of the facility to meet International Building Code requirements. Building repairs will be made through private donations and fundraising, however, they are prepared to take a loan for the repairs should their fundraising efforts fail to meet the fiduciary requirements of the theater.
- One More Production would operate and manage the Gem Theater for a ten (10) year period with the rent being forgiven in-lieu of the improvements.
- City would agree to pay the utilities, less telephone and internet connections. Additionally, the City would be responsible for the primary maintenance of the building.

One More Production has produced several plays both at the Amphitheater and in the Gem, when it was under the management of the Grove Theater Company. During the 2005 season, they produced "You're a Good Man Charlie Brown," "Smile the Musical," "Once On This Island" and "Back on Stage 1&2." Additionally, they have produced "Little Shop of Horrors" and "Bye Bye Birdie" in the Festival Amphitheatre.

Damien Lorton, has had more than 20 years of experience in theater, four of those as the Artistic Director for the Costa Mesa Playhouse. One More Production has been in existence since 2005 and has recently applied for non-profit status and is awaiting approval. In 2006, One More Production, Inc. reported annual revenues of \$200,000, with approximately 50% generated through ticket sales. The remainder was generated through donations and concessions.

Additional Requested Information

At the October 10, 2007 Study Session, the City Council directed staff to do the following:

- ***Meet with the City's Financial Director and present options on how the City Council could finance the amount requested by the Foundation.***

At present, there is approximately \$190,000 remaining in the Cultural Arts Fund. Additional funds would have to be utilized to make the necessary theater repairs. The remaining funding could be obtained either through the Redevelopment Agency, since the building is within the Community Project Area or through a General Fund appropriation. Additionally, the City anticipates annual revenues into the Cultural Arts Fund of approximately \$55,000, of which \$15,000 is annually expended on the operation of the Festival Amphitheater and approximately \$12,000 toward the operation of the Gem. An estimated \$25,000 should be available to fund annual expenses of the Gem.

- ***Of the municipal theaters surrounding the City, which are subsidized and to what extent? Are those subsidies from private contributions, or does the City subsidize them? How many are owned and/or operated by the City in which they're located?***

The Attached Spreadsheet identifies the majority of municipal theaters/playhouses that surround Garden Grove. All of the theaters listed receive some type of City subsidy. (See Attachment "B")

- ***Examine the Fox Theater in Fullerton that established a more "grass roots" committee and determine how they were able to obtain funding.***

Fullerton's Fox Theater qualified for the Historic Registry in 2006, and as such, was able to apply for tax credits. Although they are non-profit, their historic status allowed them to qualify for more than \$4 million in tax credit certificates; which they could sell on the for-profit market. The Fox also qualified for a City of Fullerton seismic rehabilitation loan of \$1,250,000, which the City Council approved in 2007.

ADA Requirements

Effective January 1, 2008, the Building Industry will be adopting the 2007 International Building Code (IBC). The 2007 IBC approves the use of hand-held hearing devices, thereby eliminating the need for the permanent installation of the

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\$100,000 hearing aid system. This reduction in improvements reduces the cost of improving the Gem Theater to approximately \$250,000.

SUMMARY

Staff is requesting that the City Council give direction to staff regarding the proposal from One More Production for the repair, operation and management of the Gem Theater.

KIMBERLY HUY

Director

Attachment A: Proposal from One More Production

Attachment B: Theaters Surrounding Garden Grove (100 seats or more)