




CITY COUNCIL AGENDA MEMO

MEETING OF SEPTEMBER 15, 2015

TO: Fayetteville City Council

THRU: Mayor Lioneld Jordan

FROM: Jeremy Pate, Development Services Director 

DATE: August 28, 2015

SUBJECT: Theatre Squared – Use of City Property for Permanent Home

RECOMMENDATION:

A Resolution expressing the City Council's support of Theatre Squared and the intent to utilize the City of Fayetteville 0.8-acre property at the southeast corner of West Avenue and Spring Street as a new permanent home for an expanded theater, and to authorize the mayor to negotiate terms for a long-term lease or sale of the property, which must be ultimately approved by the City Council

BACKGROUND:

Theatre Squared is a non-profit professional theater offering 220 year-round performances in the downtown arts district and in local schools, the only theater of this nature in a 150-mile radius. Theatre Squared offers visitors access to professional theater artists in productions that are conceived, rehearsed and performed only in Fayetteville; broadly accessible ticket prices, many of which are subsidized for Fayetteville residents; educational programs reaching 1500 Fayetteville students at no cost; and free tickets for clients of various non-profit organizations in Fayetteville. It is the top-rated attraction for Fayetteville on the on-line service TripAdvisor, and has received recognition by the American Theatre Wing, founder of the Tony Awards, as one of the nation's ten best emerging theaters. The organization is currently leasing space from the Walton Arts Center in the Nadine Baum Studio as its primary performance area, and has several satellite locations for storing equipment, offices and other supporting activities.

Growth in the organization and region suggests that the capacity of Theatre Squared has yet to be realized. A recent study commissioned by the theater determined that their rapid and sustained growth over the past 10 years, along with national recognition and the cultural arts amenities drawing millions to the region, compels the organization to explore opportunities for an expanded and new permanent home. Significant infrastructure challenges, operating constraints and immediate capacity issues emerged from this long-term facilities plan, resulting in a new focus on building "an intimate, state-of-the-art, permanent home." And we all want that home to be in downtown Fayetteville.

Theatre Squared recently announced the award of a competitive Our Town grant from the National Endowment of the Arts to begin the design exploration process. The City supported Theatre Squared in this grant application, and would like to continue that support to the fullest

extent possible. After reviewing several sites to locate a new permanent home in downtown Fayetteville, where the synergy of cultural arts, entertainment and necessary supporting amenities are available, Theatre Squared determined the property best situated to add to the performing arts destination that is downtown Fayetteville is a site at the southeast corner of West Avenue and Spring Street, home to a parking lot that has been utilized as a construction staging and Walton Arts Center staff parking for much of the past year. This property offers the size and proximity to public parking, the Walton Arts Center, Dickson Street, and other amenities that a downtown theater needs to thrive.

DISCUSSION:

Theatre Squared is formally requesting that the City support their intent to begin a several-month long design process on this property, identifying it as the preferred site for their new home. Without this initial commitment by the Council, producing conceptual and schematic design on a site that isn't at least being seriously considered as the new home to Theatre Squared would be too risky. By doing so, the City Council would also authorize the mayor to enter into negotiations establishing the terms for a long-term lease or sale of the property to Theatre Squared for this stated purpose. It would be the intent for staff to bring back a negotiated agreement in the spring of 2016. Staff fully supports this endeavor, as we believe the impact of an expanded, unique professional theater in the downtown can be significant draw for tourism and economic development. The impact to the City from Theatre Squared currently is estimated at \$2.3 million per year; it is estimated that a world-class, locally programmed, nationally recognized arts destination will nearly double the ongoing economic impact to more than \$4 million annually once the new facility is in operation. In combination with the Walton Arts Center expansion and the amenities that downtown Fayetteville has to offer, this facility, if fully realized, will add to the Northwest Arkansas region's arsenal of cultural amenities, thereby fueling tourism and spending in our economies.

BUDGET/STAFF IMPACT:

The decision to dedicate the subject property to development does not come without an eventual cost. Currently this property contains a public, pay parking lot containing approximately 54 spaces. The property was evaluated in 2012 as a possible location for the new parking deck, but was the first removed for consideration due primarily to its smaller size for a parking deck and impact on adjacent properties. For the better part of the last year, the property has been out of commission as a parking lot, as it is currently serving as a lay-down/staging area for the parking deck construction as well as temporary dedicated parking for Walton Arts Center staff, until the parking deck is complete. The revenue from this parking lot, like all public parking downtown, is dedicated to paying back the bonds issued for the deck construction. In discussions with the Finance Director, this revenue dedication from the South Lot can likely be transferred to the parking deck once it is open, subject to approval by our bond counsel; however it is critical that the parking deck is open and functioning with a proven usage rate to offset this revenue before any other use could occupy the space. That timetable works well with Theatre Squared's schedule for design and future capital fundraising for construction.

Another consideration is that the City will want to condition a lease or sale agreement of the property upon Theatre Squared's ability to raise the necessary funding to construct the facility that serves the public in the manner described. Any lease that the Mayor brings back to the City Council will include a provision to this effect.

Attachments:

Letter of Request