



**CITY OF MARTINEZ**

**CITY COUNCIL AGENDA  
November 19, 2008**

**TO:** Mayor and City Council

**FROM:** Councilmember Kennedy and Vice Mayor Ross, John Muir Festival Center  
Ad Hoc Committee (JMFC)  
Joann Tool, Deputy Community & Economic Director, Recreation  
Services and Marina  
Philip Vince, City Manager

**SUBJECT:** Willows Funding Request

**DATE:** November 13, 2008

**RECOMMENDATION:**

- A. Consider the request from the Willows Theatre Company for \$100,000 in one time funding to help with operating and one time expenses; and
- B. Refer the request for funding in the amount of \$65,000 per year for the next five years to be considered by Council in the next two year budget prioritization session.

**BACKGROUND:**

The facts and figures that the Willows have gathered regarding their economic impact on Martinez are impressive (report attached). Since 2001, the Willows held 708 performances between the amphitheater, cabaret and high school performing arts center, bringing over 101,000 patrons to the downtown. According to the Willows economic impact indicators the amount in direct tax dollars for the City is \$118,000. The Willows provides employment for 74 FTE, while 42% of their current employees are Martinez residents.

The Willows Theatre Company is currently operating at a deficit due to shortfalls in earned and contributed income. Further, the Company has depleted its reserves with the development of the Kenney Building and the Cabaret, and is unable to pay their vendors. The Willows has an outstanding accounts payable of \$167,000.

The Willows met with the JMFC Ad Hoc Committee and staff to discuss their present monetary dilemma. They have made it clear that in order to continue their operations they need a one time grant from the City in the amount of \$100,000. Their need is immediate, and they must secure this amount by the end of 2008.

In addition to the one time bail out, the Willows is requesting that they be granted an annual stipend of \$65,000 for the next five years. This is in addition to the rent currently being paid by the City for the Cabaret, all the utility costs incurred at the Kenney Building and utility costs for their shared use of the old train depot. This additional request can be considered among other competing community financial requests as the Council prioritizes the next two year operating budget.

**FISCAL IMPACT:**

The recent request from the Willows for a one time bail out of \$100,000 to pay off vendors has been thoroughly considered by the JFMC Ad Hoc Committee. The Committee realizes this request comes at a difficult financial time for the City, but also recognizes the \$1.7 million dollar investment the City has made to the performing arts since 2001, has resulted in over 100,000 patrons attending dramatic arts in the City of Martinez. To be sure, the theater and the arts are almost always subsidized to some extent by towns and cities; much like recreation programs, it is not feasible to expect these venues to be fully cost covering.

A closer look at the economic benefits that accrue from theater and the arts demonstrates that the City has benefited with 74 added jobs and the addition of \$118,000 in direct sales tax to the City's coffers. It is important to factor these direct economic benefits, but of equal or greater value are the intangible benefits that accrue to Martinez with the increase in quality of life for all the residents.

As the Downtown Specific Plan develops and the choices for retail expand, there will be a wider audience to draw from to patronize theater arts and entertainment. As more improvements are made north of the railroad tracks, with the John Muir amphitheater and the Marina enhancements, more people will attend shows and end up purchasing season tickets. Once this threshold occurs, the Willows will become less and less dependent on City subsidy and rely more on private fundraising and increased attendance.

**ACTION:**

(A) Adopt resolution\* authorizing all or part of the \$100,000 one time funding request to assist Willows Theater Company in paying off over \$167,000 in debt payments; and (B) have Council consider budgeting an ongoing amount of \$65,000 per year in the next two year operating budget beginning on July 1, 2009.

Attachment:

Willows Theatre Company 2008 Financial Summary and Funding Request

\*RESOLUTION WILL BE AVAILABLE ON MONDAY.



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*REQUEST FOR SUPPORT FOR PROGRAMS*

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*WILLOWS THEATRE COMPANY  
2008 FINANCIAL SUMMARY  
AND  
FUNDING REQUEST*

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*636 WARD STREET  
MARTINEZ, CA 94553*

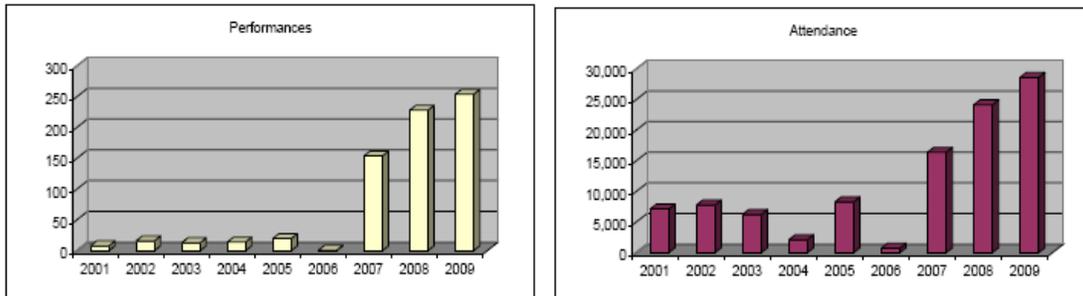
# WILLOWS THEATRE COMPANY 2008 FINANCIAL SUMMARY AND FUNDING REQUEST

**Background** - The Willows Theatre, since the inception of the John Muir Summer Festival in 2001 and through 2008 has brought more than 101,000 patrons to the City of Martinez which has translated into \$2.8M in economic impact for the community including \$118K in direct tax dollars for the City. However, this venture has exhausted the company's surplus having expended more than \$300K in projects aimed at bringing permanent live theatre and theatre education to Martinez. The Willows Theatre Company therefore requests a one time grant of \$100K in November 2008 expressly to enhance Marketing efforts to attract a greater audience to Martinez.



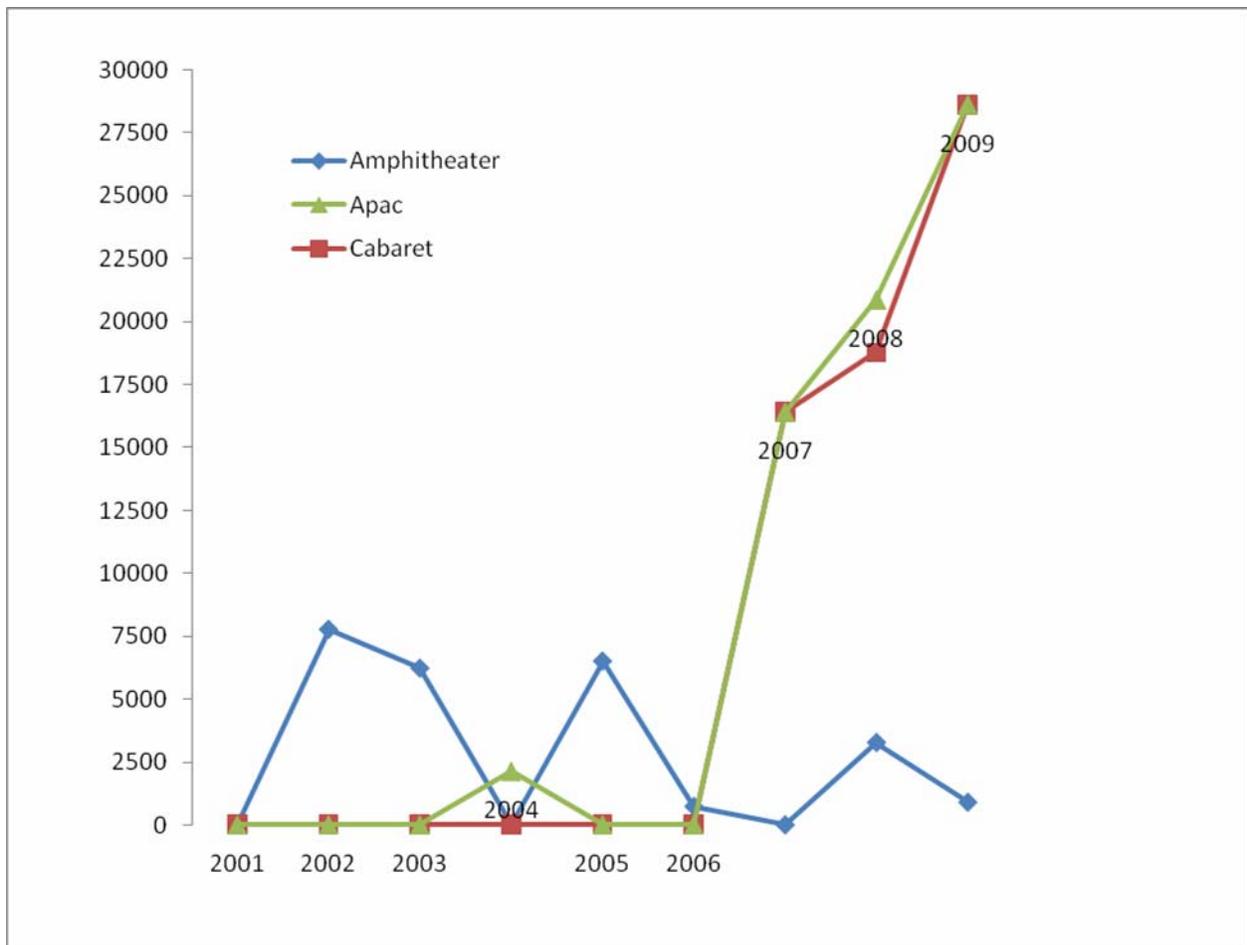
**Justification** – Having invested the past 7 years in developing live theatre projects in Martinez including the development of the John Muir Amphitheater, the building of the Campbell Cabaret Theatre and the Kenney/Conco Production Facility as well as developing two world premiere productions and 708 performances, it is clear the company is committed to Martinez and to the future development of theatre programs in the City.

## Performances and Attendance at Martinez Theatre Events



In 2007 with the opening of the Campbell Theatre, Martinez saw a tremendous growth in attendance and number of events offered.

### Attendance Statistics



## Attendance Summary

Component	Attendance	Performances	Economic Impact	Notes
<b>John Muir Amphitheater</b>				
<i>Total Attendance since opening 2001</i>				
<i>Shows</i>	<i>33,482</i>	<i>72</i>		
<i>Events</i>	<i>4,220</i>	<i>23</i>		
<i>Total Amphitheater</i>	<b><i>37,702</i></b>	<b><i>95</i></b>		
<b>Campbell Cabaret</b>				
<i>Total Attendance since opening 2007</i>	<i>35,143</i>	<i>359</i>		
<i>Projected 2009 Attendance</i>	<i>28,600</i>	<i>254</i>		
<i>Total Cabaret</i>	<b><i>63,743</i></b>	<b><i>613</i></b>		
<b>Total Attendance in Martinez</b>				
<i>Total Attendance</i>	<b><i>101,145</i></b>	<b><i>708</i></b>	<b><i>\$2,826,000</i></b>	<i>FTE 74</i>  <i>Household Income</i> <i>\$1,019,706</i>  <i>Local Gov't Revenue</i> <i>\$118,014</i>  <i>State Gov Revenue</i> <i>\$133,698</i>

## Summary of situation and proposed usages of grant

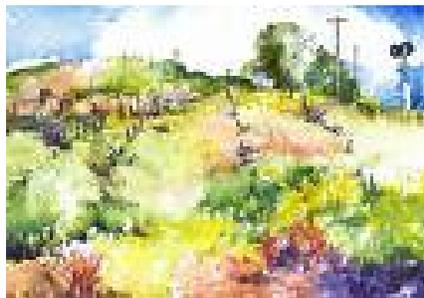
As the Willows Theatre Company experienced the combination of shortfalls in revenue in areas of earned and contributed income due largely to a loss of sponsorships and the downturn in the economy along with the additional expenses of covering the capital projects shortfalls and unbudgeted expenses associated with the Kenney/Conco Production Facility and Campbell Cabaret, the accumulated surplus of the company has been depleted.

Moreover, attendance at the venues, while certainly growing, are nowhere near the numbers needed to sustain the company under current situations.

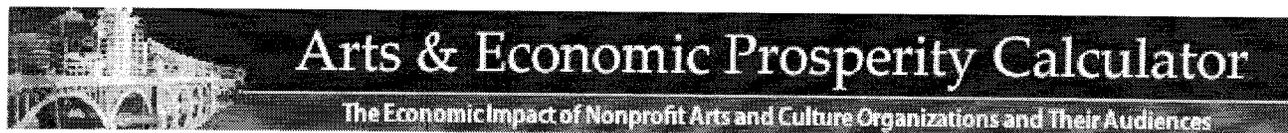
### 2008

If awarded, the 2008 grant funds would be used to repay vendors who have been made to wait as much as 5 months for payment. These include Industrial Lumber, AlphaGraphics, Music Theatre International, Samuel French, Inc, Dramatists Play Service, P G and E, Dawson Electric, and Bank of the West to name a few. The total A/P outstanding is approximately \$167K

We are in the process of renegotiating our agreement with the actors union in order to keep costs in order as we move into the future.



*Viano Vineyards - Local Artist*



# Arts & Economic Prosperity Calculator

The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences

Information

**STEP 1: POPULATION**

POPULATION of your community: Less than 50,000

**STEP 2: TOTAL EXPENSES** (optional)

Your Organization's TOTAL EXPENSES (please do not use commas): \$

**STEP 3: TOTAL ATTENDANCE** (optional)

TOTAL ATTENDANCE to your organization's arts events (again, do not use commas): 101145

Total Economic Impact Of:

	Total Expenditures	FTE Jobs	Household Income	Local Government Revenue	State Government Revenue
Nonprofit Arts and Culture Organizations:					
Nonprofit Arts and Culture Audiences:	\$2,858,358	74.9	\$1,031,381	\$119,365	\$135,229
<b>Total Industry Impact:</b> (The Sum of Organizations and Audiences)					

Please see the [fine print](#) below.

Definitions

- Total Expenditures:** The total dollars spent by your nonprofit arts and culture organization and its audiences; event-related spending by arts and culture audiences is estimated using the average dollars spent per person by arts event attendees in similarly populated communities.  
[Back to Calculator](#)
- FTE Jobs:** The total number of full-time equivalent (FTE) jobs in your community that are supported by the expenditures made by your arts and culture organization and/or its audiences. An FTE can be one full-time employee, two half-time employees, four employees who work quarter-time, etc.  
[Back to Calculator](#)
- Household Income:** The total dollars paid to community residents as a result of the expenditures made by your arts and culture organization and/or its audiences. Household income includes salaries, wages, and proprietary income.  
[Back to Calculator](#)
- Government Revenue:** The total dollars received by your local and state governments (e.g., license fees, taxes) as a result of the expenditures made by your arts and culture organization and/or its audiences.  
[Back to Calculator](#)

When using estimates derived from this calculator, always keep the following caveats in mind: (1) the results of this analysis are based upon the averages of similarly populated communities, (2) input/output models were customized for each of these similarly populated communities, providing very specific employment, household income, and government revenue data, and (3) your results are therefore estimates, and should not be used as a substitute for conducting an economic impact study that is customized for your community.

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