

EDMONDS PUBLIC FACILITIES DISTRICT / EDMONDS CENTER FOR THE ARTS

Annual Report to Snohomish County Council

Tuesday, June 25, 2024

Overview

Edmonds Public Facilities District / Edmonds Center for the Arts completed its busiest season to date, showcasing an impressive lineup of events and reflecting ECA's commitment to bringing diverse arts and culture experiences of the highest quality to the Snohomish County region.

- ECA continues to strengthen its ticket sales and attendance. Although advanced ticket sales in 2023 and the start of 2024 were not as prevalent in comparison to previous seasons, single tickets were strong and general trends in ticket sales and attendance continue to be positive. The 2023/2024 Season sold to 72% capacity, which is 3% higher than ECA's lifetime annual average and is continuing to outpace our original three-year projections for pandemic recovery period ticket sales.
- ECA's revamped Summer Series, which includes four presentations, will kick off on Wednesday, June 26 with The Paperboys. With one show still to be announced, the series has already reached 54% of its revenue goal.
- Rental events at ECA saw a 24% revenue increase in 2023 over 2022. The 2023/2024 Season secured 20% more rental events than were booked for the pre-pandemic 2019/2020 Season, and we anticipate continued growth through ECA's rental event services.
- ECA's education & community engagement activities continue to grow in number and quality, with a full complement of education matinees, in-school workshops, tours to senior living and memory care facilities, summer camps, residencies, music classes, and more. The 2023/2024 season saw the return of KidStock!, a free arts event for the public, with nearly 1,500 attendees. Not including KidStock! numbers, education arts access outreach increased by 26% in the 2023/2024 Season over the previous season for an all-time high of more than 6,600 served.
- Contributed revenue, up by 21% in 2023 compared to 2022, is still below the 2018/2019 average year revenue. The primary reasons for this drop from individuals and institutions are continued impact from pandemic recovery in programming and fundraising activity, audience behavior shifts, and shifting funding priorities from both individuals and institutions.

As revenue climbs, however, expenses have also continued to increase. Investments in personnel and systems to help attract and manage the increased number of events account for most of our rising costs. We believe these investments in our team will translate to continued program expansion, audience development, and revenue growth in the coming years.

Non-Operating Performance

Revenue from the District's direct Washington State Sales Tax rebate, as well as revenue passed through to the District from the Snohomish County Public Facilities District, has remained steady post-pandemic. These critical sources of revenue are dedicated to paying down existing debt related to the 2006 renovation of Edmonds Center for the Arts and to ongoing facility maintenance.

Between 2011 and 2017, the District's annual bond debt payments had to be met, in part, with assistance from the City of Edmonds in the form of loans as prescribed in a Contingent Loan Agreement (CLA) between the two entities signed in 2008. Under the terms of this CLA, the City of Edmonds is contractually obligated to advance to the District, as a loan, the amount of any shortfall in the District's Debt Service Fund should such a deficit exist at the end of a fiscal year.

As of 2018, the District no longer requires assistance from the City of Edmonds to meet its annual debt service obligations. To the contrary, the District began making incremental payments on this series of loans in 2018. In 2023, the District met its long-term bond debt obligations and made a loan payment to the City in the amount of \$150,000 and anticipates another \$150,000 payment on this loan in December 2024. We anticipate the CLA to be paid in full by 2029.

As our facilities continue to age, more investment will be required to maintain and repair aging infrastructure and equipment. The District collects a “Historic Facility Preservation Fee” with each event ticket purchase to help fund special maintenance and equipment repair/replacement projects. However, major capital repairs and improvements in future years will require additional, one-time grant support or special capital fundraising efforts to address.

Leadership Transition and Staffing

In August 2023, Joe McLalwain, the founding Executive Director of the District and ECA, relocated to Austin, Texas after serving as Executive Director for 17 years. The District hired consulting search firm m/Oppenheim to identify and screen candidates and provide other transition assistance as needed. After an extensive national search facilitated by m/Oppenheim and led by the Leadership Transition Team, comprised of District and ECA Board members, and staff, the District hired a new Executive Director, Kathy Liu, who started on November 1, 2023. The District and ECA’s Associate Executive Director, Lori Meagher, served as Interim Executive Director during the transition.

Strategic Planning

The District’s ability to meet its Strategic Business Plan objectives in the latter half of the 2019-2023 implementation timeframe was impeded by the effects of the pandemic. It also became clear that strategic priorities and goals set forth in 2019 have changed significantly, also as a result of the pandemic. Surveys have revealed that patterns of audience engagement have changed, and the performing arts industry nationwide is in the process of recognizing and reacting to these changing patterns.

With the hire of a new Executive Director starting on November 1, 2023, the District has shifted its approach for its strategic planning process that had been anticipated to begin in 2024. On September 23, 2023, the District and ECA Boards of Directors, along with management held a joint retreat to discuss the priorities for the next 12-18 months and to begin to identify opportunities for going into the new strategic planning process.

The District plans to begin a new strategic planning process in late 2024 that includes an RFP process to engage with a consultant in assisting with this work starting in early 2025. Audience and community surveys and focus groups, along with careful research and identification of emerging trends will be critical to the planning process. District leadership expects to complete its next strategic plan by December 2025 for implementation thereafter. Program, budget, and campus facility priorities will be major components of the strategic plan.

Capital Projects and Community Partnerships

Building Envelope & Structural Seismic Evaluations of Edmonds Center for the Arts: The District recently received the final report by Mithun Architecture after conducting their building envelope and structural seismic evaluations of Edmonds Center for the Arts that was renovated and reopened in 2006. The areas of the campus evaluated were the building originally constructed as a high school between 1909/1929, which is on the east side of the District’s campus and that currently serves as classroom, administration, and artist support spaces (called the Back-of-House space), and the major addition that was constructed in 1938-39, which added the current Auditorium and Gymnasium structures. This scope of work provides the District an understanding of the potential costs of repairs and improvements that should be considered based on the current condition of the building, as well as under state regulated mandates, in order to plan for the near-term future of the Center.

On May 21, 2024, the District hosted a combined presentation at ECA, with members of the District and ECA Board, Staff, and Mithun sharing the background for the need of the study, the methodology in which Mithun proceeded with the evaluations, findings, budget, and concept schedules. With the completion of this study, next steps are embarking

on a master planning process, resuming potential partnership discussions that were on hold due to the study, understanding the operational impacts of construction based on the phasing approach selected, and evaluating the financial strategy needed to undergo any recommendations combined with known existing capital deficiencies and additional capital needs within the building plus previously budgeted improvement (e.g., accessibility initiatives).

4th Avenue Cultural Corridor: During 2023 and into early 2024, the District partnered with the City of Edmonds to work with the consulting firm, KPGPsomas, to provide a report for a cost estimate and project concept. The 4th Avenue Cultural Corridor has been a part of the City's Cultural Plan since 2005. The concept of the project was to completely upgrade the streetscape of this critical link between Edmonds Center for the Arts and Main Street to include a comfortable pedestrian walkway, improved lighting, visual art installations, activity spaces, and more. The City also planned to update utilities and replace aging infrastructure as part of the project. After holding advisory meetings, and a public outreach campaign, which included an open house at ECA, it was determined by City staff that due to overall budgetary concerns, they would not seek funding in the next budget cycle, and to reduce the scope of the improvements and focus on some core components of the plan and our existing infrastructure needs.

ECA / Boys & Girls Club of Snohomish County – Teen Center Project & Other Community Partnerships: Prior to beginning the building envelope and seismic structural evaluation, the District had been partnering with the Boys & Girls Club of Snohomish County to explore the possibility of remodeling or replacing a facility on the Edmonds Center for the Arts campus to help meet the needs of both organizations and the community we serve. Currently, the Boys & Girls Club can only serve students up to 5th Grade in its existing facility. ECA is also severely limited by the number and configuration of its current activity spaces, which prevents the expansion of its education & community engagement programs. The District received a \$200,000 allocation from the State of Washington to support further study on the current condition of the District's facilities and how our two organizations may be able to create a single facility that contains a Teen Center for the Club, as well as new, more functional classrooms and activity spaces for ECA.

Other organizations have also approached ECA to explore potential partnerships, and as the District works through its master campus and strategic planning, we will resume these conversations to discuss common programming goals and facility needs, and where the creation and operation of a shared facility to meet these needs will have the most mutual impact and effect.

Key Statistics

Of the estimated 90,000 people who attend events at ECA each year, approximately 49% come from outside Snohomish County. Below is a geographic analysis of ECA's audiences between January 1, 2023, and December 31, 2023:

- Edmonds – 31%
- Seattle – 14%
- Lynnwood – 7%
- Bothell (including King Co. residents) – 6%
- Everett – 3%
- Kirkland – 2%
- Other Snohomish County Cities Combined – 10%
- All other locations outside of Snohomish County, including national and international visitors – 27%