

EDMONDS PUBLIC FACILITIES DISTRICT / EDMONDS CENTER FOR THE ARTS

Annual Report to Snohomish County Council

Tuesday, June 27, 2023

Overview

Edmonds Public Facilities District / Edmonds Center for the Arts just completed its second full season of programs and events following the closure necessitated by the COVID-19 Pandemic. We are happy to report that our organization is operating at full capacity, and we are now exceeding pre-pandemic activity, attendance, and revenue figures.

- The 2022-2023 Season sold 71% capacity, which is 2% higher than the lifetime annual average and is outpacing our original three-year recovery period projections.
- ECA's upgraded Summer Series, which includes five presentations, launched on Tuesday, June 13 with Marty Stuart & His Fabulous Superlatives. Marty Stuart was sold out, and the series has already reached 83% of its revenue goal.
- ECA has already secured 10% more rental events for the 2023-2024 Season than were booked for the 2019-2020 Season prior to the lockdown, and we anticipate more bookings in the coming months.
- ECA's education & community engagement activities are quickly growing 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.
- ECA is on pace to raise 25% more in private donations, foundation and government grants, and other forms of contributed revenue in 2023 than we raised in 2022.

As revenue climbs, however, expenses have also continued to increase. Investments in existing and new personnel to help attract and manage the increased number of events account for the majority of our rising costs. We believe, however, that the 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, remained steady through the 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 has no longer required 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 2022, the District met its long-term bond debt obligations and made a loan payment to the City in the amount of \$100,000. It is anticipated that the District will make another payment on this loan in the amount of \$150,000 in December 2023.

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

Leadership Transition and Staffing

In June of 2022, the District's Founding Executive Director, Joe McIlwain, announced that he would be stepping down from his position effective August 31, 2023. The District responded quickly by forming a Leadership Transition Task Force, consisting of leaders from the district board, the non-profit board, and the staff. The Task Force identified and recommended a qualified Executive Search Firm, m/Oppenheim, to help facilitate a national search to secure a new Executive Director for the District / ECA. The interview process is entering its final phase this month. It is anticipated that the successful candidate will be appointed by the end of July.

Capital Projects and Community Partnerships

Building Envelope & Structural Seismic Evaluations of Edmonds Center for the Arts: After a successful RFQ process, the District is in the contract negotiation phase with Mithun Architecture based out of Seattle, WA to conduct building envelope and structural seismic evaluations of Edmonds Center for the Arts that was renovated and reopened in 2006. The areas of the campus to be evaluated will consist of the building originally constructed as a high school in about 1909/1929, which is on the east side of the District's campus and currently serves as classroom, administration, and artist support spaces (called 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 will provide the District an understanding of the potential costs of repairs and improvements that should be considered to the Center 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.

4th Avenue Cultural Corridor: The District is partnering with the City of Edmonds to secure a consulting firm and to fund the next phase of conceptual design for this exciting project. The 4th Avenue Cultural Corridor has been a part of the City's Cultural Plan since 2005. The concept of the project is 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 plans to update utilities and replace aging infrastructure as part of the project.

ECA / Boys & Girls Club of Snohomish County – Teen Center Project: The District is also 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 recently received a \$200,000 allocation from the State of Washington to further study 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. We believe we share common programming goals and facilities needs, and we think we can be efficient and effective in the creation and operation of a shared facility to meet these needs.

Key Statistics

Of the estimated 90,000 people who attend events at ECA each year, approximately 55% come from outside Snohomish County. Below is a geographic analysis of ECA's audiences between January 1, 2022, and December 31, 2022:

- Edmonds – 24%
- Seattle – 19%
- Lynnwood – 6%
- Bothell (including King Co. residents) – 6%
- Everett – 4%
- Kirkland – 2%
- Other Snohomish County Cities Combined – 10%
- All other locations outside of Snohomish County, including national and international visitors – 29%