



**Preservation of Egyptian Theatre, Inc. Board of Directors response to
Janis Barlow and Associates Feasibility Study**

Presented to City of DeKalb staff on June 19, 2017

Section A
Items in Agreement

1. Agree that “The Egyptian Theatre is one of the finest examples of this style of vaudeville theatre in the United States. The theatre’s basic design reflects the function and efficiency of vaudeville theater and film performances of the theatres contemporary with its construction. The quality of work and the amazing design of this structure are the reasons the Egyptian is still available today for rehabilitation and programming to serve the next 100 years as a performing arts center. The basic bones of the structure are excellent. It only needs mechanical and electrical upgrades and additions with contemporary programmatic functioning required to give the Egyptian Theatre the prominence in performance that it currently holds in the architectural field.” (1.5.4)
2. Agree that staffing needs to be expanded in order to grow programming. (1.7.5)
3. Agree that the current rental rates are well below average for a theatre of this size but that rates are currently maxed out with what the current community groups can afford. “The Egyptian is subsidizing the use of the theatre by community groups without receiving a subsidy to do so.” (1.8 Measurable Variables for Assessing Financial Sustainability)
4. Agree that “The theatre requires a significant financial investment, larger staff, renovation, expansion, and air-conditioning to sustain more use.” (1.8 Budget Analysis)
5. Agree that “DeKalb’s private resources are likely to be a limited source of contributed income and, given the size of the Egyptian Theatre, it should develop a program that appeals to a regional audience and donor base while maintaining affordable programming for local residents.” (2.1.3 Employment Rates and Income)
6. Agree. That “The Egyptian Theatre is unquestionably understaffed for a theatre of its size and potential capacity.” (2.1.6.3)
7. Agree that 87% of people surveyed yes to the question “Do you think the Egyptian Theatre warrants municipal support? (3.2.1)
8. We agree with the community survey results that led the consultants to state “The Egyptian Theatre appears to be viewed by the respondents as an important element to the community and culture of DeKalb while also recognizing its importance as an economic driver” (3.2.1)
9. Agree that the success of the Egyptian Theatre through further investment by the City of DeKalb is supported in the City strategic plan. (3.3)

Section B
Items of Concern

1. Architectural Summary: it is worth noting that this review was neither complete nor up to date at the time of being published. (1.5.4)
2. Evolution of Theatre Personnel: the study incorrectly states that there was a plan in place in 2006. (1.7.5)

3. Operating potential and programming plan: no survey was done of current and potential patrons as to what type of programming they would attend and what they would pay for such programming. The suggested programming model isn't based on any local data. It is unknown what these recommendations are based on. (4.0)
4. Collaborative programming with NIU: Agree that there is potential here. But study failed to meet with the key individuals at NIU to discuss this idea, failed to take into account the ongoing financial struggles of the state affecting NIU, and failed to put forth any comprehensive plan that includes a funding model for this idea. (4.2.4)
5. Community rentals: "The number of rehearsal days should be kept to a minimum (no more than one or two days)." This statement does not take into account multiple local factors and never did the consultants ask local renters if this could be possible. From our experience with local community groups since 1978 this is not possible for many of the groups. (4.2.5)
6. Potential audiences: consultants selected radii instead of drive times for their maps and audience projections. We believe that because of our proximity to Chicago, a drive time map would provide a better representation of audience projections. Furthermore, the consultants did not look at ticket buyer data by event type to determine current trends. (4.3.1)
7. Calculations of demand: study does not provide data on how many ticket buyers could be expected for each type of programming type and how many times a year they would attend. (4.3 Calculations of Demand by Potential Audiences)
8. A special event attraction was suggested in the study based on the success of a similar idea at Navy Pier from 2006 to 2014. The DeKalb marketplace is vastly different than that of Navy Pier. No data was provided by the consultants to support this idea. This idea was a large portion of the projected budget. It was also assumed that this large expense would be co-presented but consultants provided no support for who (if anyone) would co-present this annual presentation. (4.4.3)
9. We agree that marketing efforts can be dramatically improved and should once a full time marketing staff member is able to be hired. Study did not provide any specifics on which marketing channels or platforms would provide the greatest opportunity for growth and be the best investment based on current investment. (4.4.3)
10. Budget Preparation: study lists proposed average ticket prices for a variety of programming types. The sample ticket prices included in the study were from 4 other theatres in non-similar communities. While the venue size is similar, the demographics of those communities are vastly different than DeKalb. The Egyptian Theatre prepared an extensive listing of average ticket prices for performance groups and venues throughout the region that was not included in the study. This research done by the Egyptian Theatre shows much lower average ticket prices for the region than are listed in the study. The basis of the entire budget projections provided by the consultants comes into question. (4.5)
11. Business model proposed by consultants is based on \$250,000/year operating support from the City of DeKalb as well as covering insurance (estimated \$20,000), maintenance (estimated \$150,000), and an initial program reserve in the amount of \$400,000. This appears to be a good starting point for discussion. This represents a commitment from the City of DeKalb that without the Egyptian Theatre would have to evaluate other options not presented by the consultants in this report. (4.5.6)
12. Study failed to provide, as requested in the RFP, a list of every ownership/management model possible for the Egyptian Theatre, list the pros/cons of those options, and then provide a recommendation based on those findings. The consultants only provided their recommendation and did not provide much backup as to why they chose that model over

others. Furthermore, they did not provide any cons or potential challenges to be aware of with the suggested model. (5.0)

13. Public-Private Governance: little detail was provided on this proposed model. No recommendation was made as to the size of the board or composition of its members. (5.1.2)
14. Economic impact only counted paid attendees and did not take into account the thousands that attend free events and have an economic impact on the community as well. The economic impact study conducted by the City of DeKalb and Egyptian Theatre by surveying attendees to events seems to be a more accurate representation of the current economic impact. (Appendix B)

Section C

Response to Summary of Consultant's Eight Recommendations: Changes Required to Ensure the Egyptian Theatre's Future Success (page 85)

1. *Approve in principal [sic] the directions implied in the business planning assessment study for the Egyptian Theatre and approve the extension of the study to further business, architectural and project planning. (currently costed at \$100,000+)*
 - a. Response: The Egyptian Theatre Board of Directors is not requesting nor do we plan to participate in an extension of the study with Janis Barlow and Associates. The Board plans to utilize our committee structure to further examine any potential changes to our existing governance, facility, and business models. Our committees consist of board members and community members who are experts in their respective fields, and these committees can add members as needed. Our list of committees includes our Executive, Facility, Finance, Nominating, and Development Committees. Through the continued work of these committees and with community involvement, we feel confident that we will be able to define the path forward and identify if and when further outside consultation is required.
2. *To kick off the next study, the consultant will facilitate planning sessions and Invite the current Egyptian board, staff and stakeholders to collectively establish a new theatre mission, vision and values that align with City goals and fully utilize the asset.*
 - a. Response: As mentioned above, the Egyptian Theatre Board of Directors plans to utilize our committee structure to begin evaluating all of this. The Board annually holds a board retreat to focus on strategic planning and plans to do so again this summer to continue addressing these items and more.
3. *Continue to serve local resident theatre companies of the Egyptian, preserve the historic elements of the Egyptian Theatre and seek ways to leverage its significance nationally and regionally.*
 - a. Response: The Egyptian Theatre Board of Directors continues to make it its mission to serve the 30+ community groups that we host every single year. The community saved the Egyptian Theatre from the wrecking ball in 1978 and it is the community that continues to support this treasure today. In alignment with our strategic plans we will continue to grow the number of national acts that complement the existing community programming to maximize the amount of cultural and economic impact on the area. As the consultants stated in their report, "The Egyptian is subsidizing the use of the theatre by community groups without receiving a subsidy to do so." For the Egyptian Theatre to continue the extensive charitable community efforts that it is doing it will need to receive annual operating support from the city. The City of DeKalb currently offers subsidy to the

Chamber of Commerce that produces events for the City. Many of those events utilize the Egyptian Theatre for free in line with our mission but again, the Egyptian Theatre does not receive any subsidy to host those events.

4. *Better leverage the 1,397 seating capacity of the Egyptian and its potential to generate income for the community by developing a plan for a professional performing arts center that will attract audiences from throughout the region and beyond.*
 - a. Response: As referenced above, the Egyptian Theatre has a programming plan in place that is being implemented but cannot be fully executed without additional resources. Through enhanced community support the Egyptian Theatre plans to increase the number of national touring acts each year with the continued momentum towards the wonderful potential the Theatre has. The Egyptian Theatre Board of Directors is confident with the leadership and staffing that is in place and looks to continue growing that team. Through additional resources of funding, staffing, and facility improvements; the Egyptian Theatre will be able to reach its full potential. As stated by the consultants in their final report, “The Egyptian Theatre is unquestionably understaffed for a theatre of its size and potential capacity” and “The theatre requires a significant financial investment, larger staff, renovation, expansion, and air-conditioning to sustain more use.”

5. *Pursue a cost-effective retrofit design and upgrade from theatre experts to turn the Egyptian vaudeville facility into a regional performing arts centre that has greater programming flexibility and income potential and maximizes its 1,397 seating capacity.*
 - a. Response: The Egyptian Theatre has undergone extensive research and planning in recent years to identify the current and future needs of the building. Through additional planning the Board of Directors plans to make public later in 2017 options for addressing the facility challenges that the Egyptian Theatre faces and that were addressed in the Feasibility Business Assessment conducted by Janis Barlow & Associates in 2016. Our goal is to expand the Egyptian Theatre to provide the support spaces needed to efficiently, safely, and competitively operate the Egyptian Theatre with a sold-out audience on a regular basis. We do not believe that the consultants provided enough evidence or feedback to pursue the addition of additional performances spaces at this time. We hope to develop an expansion plan that allows for future growth if the demand warrants it in future years. In order to continue this planning and conversations with donors, it is crucial that the City of DeKalb earmark a significant amount from the remaining TIF dollars to go towards the expansion of the Egyptian Theatre. This commitment will allow for expedited and efficient planning as well as timeliness when speaking with donors.

6. *Transfer the ownership responsibility to secure it as a prominent public asset and icon of the City of DeKalb – which has the professional capacity to supervise significant capital upgrades and secure public funding for a major public project.*
 - a. Response: We have a number of priorities and a change in ownership is not an option that we are evaluating at this time. There are many ownership/governance/management models throughout the country and region for historic theatres that all have their own unique set of advantages and challenges. The Board of Directors takes this discussion very seriously as it has lasting impact on the Egyptian Theatre. If a change in ownership is determined to be an appropriate move in the future, then the Board of Directors plans to get extensive

community input before making any changes. The Board of Directors and staff of the Egyptian Theatre are the stewards of the Theatre for the community. Therefore, any significant changes such as this would need to be well vetted and discussed by the community.

- b. The consultants stated that “the City of DeKalb has the professional capacity to supervise significant capital upgrades and secure public funding for a major public project.” The Preservation of Egyptian Theatre, Inc. oversaw the \$2.3 million restoration of the Egyptian Theatre in 1983 and has overseen over \$2 million in projects over the past ten years. The City of DeKalb has repeatedly stated that their staff is spread thin and would need outside assistance to help with any further studies and planning. That being the case, we do not feel that this statement holds true that the City of DeKalb would have the capacity to supervise a significant capital upgrade.
- c. To address the concern of making sure the Egyptian Theatre continues with its current purpose and has a secure future the Egyptian Theatre Board of Directors is prepared to discuss multiple options that would provide security of invested taxpayer dollars.

7. *Expand the governing structure of the Egyptian from a community-based volunteer board of directors to a broader-based public-private governance structure.*

- a. Response: The Egyptian Theatre Board of Directors currently has strong representation from both public and private sectors within the community with a variety of backgrounds and expertise. The study produced by Janis Barlow and Associates lacked much detail in regards to this recommendation. Much like ownership/management models of historic theatres, there are many variations of public-private governance models. Through the careful evaluation of our governance model we will make the necessary changes to enhance the effectiveness and reach of the Board of Directors. Additionally, the Egyptian Theatre Board of Directors is open to discussing adding voting seats to the board for organizations that commit a significant financial investment annually.

8. *Expand the management structure to assume full professional responsibility for the development and execution of an expanded programming and operating structure.*

- a. Response: The Egyptian Theatre Board of Directors is keenly aware of how understaffed and underfunded the Egyptian Theatre is. We have been making careful strategic decisions in recent years to maximize operational efficiencies and increase staffing as much as possible. As additional funding support becomes available, there is a staffing plan in place to continue growing the organization. We are fortunate to have a dedicated professional staff in place and we look forward to continued growth. We recognize the importance of having varied revenue sources both earned and contributed. The Egyptian Theatre continues to grow its annual donations, memberships, grants, and sponsorships. A significant annual operating investment by the City of DeKalb will help solidify the importance of this treasure within our community and region. Those additional resources will allow the theatre to staff and operate the theatre at a level that is needed to reach its potential.