AGENDA
President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
33 S. Arlington Heights Road, Arlington Heights, IL 60005
October 10, 2023
7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

A. Metropolis Theater Request for Restricted Contribution Funds

V. OTHER BUSINESS

VI. PUBLIC COMMENTS

VII. ADJOURNMENT

Any member of the public wishing to speak will be given the opportunity to do so. If the item is on the Agenda, that opportunity will be while that Agenda item is being discussed. Any member of the public wishing to speak on an item not on the Agenda will be given the opportunity during the Other Business portion of the meeting. Please limit comments to three minutes.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.

Committee-of-the-Whole
10/10/2023

Item: Metropolis Theater Request for Restricted Contribution Funds

Department: Finance

The Metropolis Theater has weathered some difficult times due to the pandemic, followed by post-pandemic inflation, and ongoing concerns by some patrons about indoor public gatherings. For the last few years, ticket sales for live-performance theaters across the nation have gone down significantly, causing numerous theaters to close or reduce their offerings. By closely watching their expenses, and due to the receipt of federal PPP forgivable loans and Shuttered Venue grants, the Metropolis Theater has been able to continue to offer performances and classes during these challenging times. The aforementioned loans and grants previously provided the Theater with a significant reserve amount, which has now been drawn down to cover ongoing costs over the last couple of years

Staff has met with theater leadership multiple times over the past several months. While challenges exist, the leadership seems to have a good understanding of the financial pressures and has been transparent about it with the Village. Thankfully, more recent ticket sales experience has started to show positive improvements, but are still not at pre-pandemic levels. As outlined in the attached request from the Metropolis Theater, they are planning a "Secure Our Future" fundraising campaign. As part of this campaign, the Theater is requesting the use of existing Restricted Contribution reserve funds that are maintained in the Village's Arts, Entertainment, & Events Fund. These monies would be used as matching funds for donations sought from a wide-variety of regional businesses and individuals. A number of years ago, the Village established the Restricted Contribution reserve to provide the Theater with emergency capital and operations funds, given the uneven economics of the theater business. The pandemic and its aftermath clearly represent this type of extraordinary event.

Recommendation

The Metropolis Theater is requesting the use of $200,000 of the current $371,000 Restricted Contribution reserve balance, as a matching component to its upcoming fundraising campaign, which is needed to support its ongoing operations. As the Village has reserved funds for this type of extraordinary request, and their use is only part of a broader effort to help the theater weather the storm, Staff recommends that the Village Board authorize the release of these requested reserve funds to the Metropolis Theater.

ATTACHMENTS:

Description	**Type**
Secure our Future Overview	Correspondence

METROPOLIS
PERFORMING ARTS CENTRE

Tom Kuehne
Finance Director/Treasurer
Village of Arlington Heights
33 S. Arlington Heights Road Arlington Heights, IL 60005

Dear Mr. Kuehne and Village Leadership,

During the last three and a half years, entertainment industries worldwide have experienced drastic changes and challenges, particularly movie theaters and live performing arts.

The primary challenge that has arisen for non-profit arts organizations, which typically operate on thin margins, is a severe increase in operational expenses for goods and industry professionals. These expense increases are driven by rapid inflation and rising costs of living.

Secondarily, live performing arts attendance has undergone a cultural shift in the post-pandemic era. While the live arts were shuttered for nearly two years, the proliferation of streaming and stay-at-home entertainment changed the purchasing behavior of arts patrons nationwide. Attendance at live arts events and movie theatres is now more erratic and inconsistent than the pre-pandemic era.

These challenges together have created operational deficits at institutions of all sizes in all disciplines all over the country. Storied institutions like Los Angeles' Center Theatre Group, New York's Public Theater, the Oregon Shakespeare Festival, Dallas Theater Center and San Francisco's American Conservatory Theater, among many others, have announced closures, reduced programming or staff cutbacks.

Chicago's theatre industry has experienced similar trials. Just last month, Chicago Tribune's theatre critic Chris Jones published an article entitled "What happened to the theater in Chicago?" In it, he details over a dozen theatres that have shut down operations completely. The most glaring example is the regional Tony Award-winning organization Lookingglass Theatre, which has ceased operations for a year to try to raise $2.5 million in a capital campaign. The nationally-renowned Steppenwolf Theatre announced on September 1 that they'd cut 12% of staff. Closer to home, The Raue Center in Crystal Lake has dramatically reduced produced work.

Metropolis has not been immune to the same challenges. Attendance has been slow to return, but we have been seeing some encouraging numbers lately. Our subscriptions have increased by 25% over last year, and attendances are trending in positive directions at a time where many organizations are experiencing continued declines. We're at a stable level of staffing for the first time in over a year, and have a robust calendar of offerings for the coming season.

To address the deficit created by these challenges, Metropolis Performing Arts Centre will launch a fourth-quarter fundraising campaign called **Secure Our Future**, with a $571,000 goal by year end. To strengthen donation incentives, there will be three prongs to this campaign – Village Support, support from our largest donors and a general appeal to our overall donor/attendance base.

Therefore, we formally request $200,000 from the Village of Arlington Heights from the Restricted Contribution Funds to start our Secure Our Future initiative. This gift will support and enhance the solicitation of $150,000 in major gifts from our closest supporters. Ultimately, we will position these funds as a matching gift campaign to our full network of patrons and supporters. With these vital resources, we will address the present challenges of the era and remain a strong critical economic and cultural component of Arlington Heights.

Regards,

Neil Scheufler, Interim Executive Director

Brendan Ragan, Artistic Director