

## Executive Summary - Clark State Performing Arts Center Operational Analysis - 2022

### Executive Summary

An executive summary of Clark State PAC market and operational analysis findings is presented below.

**Facility condition.** The PAC is a 30-year-old building still in good condition. It has been well maintained and cared for. It is a functional facility with quality amenities and useful technology. The exterior aesthetic of the PAC is appealing. However, the interior appears very dated and has received limited updates since its construction.

**Market analysis.** Over 100,000 people live within the primary market of the PAC, which is a positive indicator for cultural and performing arts demand. However, the market is also likely saturated by Dayton, Columbus and Cincinnati offerings which are near Springfield. Demand forecasts show a slight decline in demand over the next 30 years due to limited growth in area population.

**Historical financials.** The PAC has seen limited growth of revenue as compared to expenses over the past ten years with an increasing revenue deficit subsidized by Clark State. At its peak in FY2019, PAC deficit was over \$700,000 in a single year (considered subsidy). When considering the challenging market conditions discussed earlier, one could argue financial success is impossible. Though the market poses a challenge, the PAC's financial struggles are more likely due to the following factors: poor audience interest in presenting series programming; disadvantageous deal structures for touring productions; low rental rates and ticketing fees; and limited opportunities for fundraising and sponsorship support. The economic effects of COVID-19 have further distressed financials, which is typical for performing arts centers nationally.

**Programming analysis.** Clark State presenting series and Springfield Arts Council programming has generated some success over the years

but is likely missing opportunities for improved attendance numbers. Attendance numbers are regularly dipping below industry break-even benchmarks. Future audience growth is likely dependent on changes in programming that focuses efforts on reflecting local demographics and interests on stage.

**Business plan and pro forma.** Keen Independent developed a business plan and pro forma to help guide Clark State in its decision-making regarding the PAC and HBC. Recommendations include:

- Combining PAC and HBC operations into a “Venue Team” model where staff focus on the entire college venue portfolio;
- Hiring a General Manager to oversee PAC and HBC operations;
- Increasing part-time staffing pool to increase facility performance and customer service;
- Reducing Clark State College subsidy of PAC and HBC over a 4-year time period;
- Iteratively expanding programming with a focus on sustainable revenue growth;
- Increasing rental rates and ticketing fees to better reflect regional median facility costs;
- Increasing fundraising through reasonable donor and sponsorship goals; and
- Pursuing local, state and federal support for PAC and HBC operations.

If recommendations are effectively implemented and order-of-magnitude pro forma budget forecasts prove accurate, the PAC and HBC together could require substantially less subsidy from Clark State, dropping from \$700,000 of subsidy in FY2019 to \$300,000 of subsidy in FY2027. Community and academic impact would be maintained in this model.