Building Project FAQs, 6.26.18

What kind of gift did Artists Rep receive, and how is that money being used?

In January 2017, Artists Rep received an anonymous donation of $7.1 million, the largest single donation in our history and one of the largest single gifts to an Oregon arts non-profit in the state’s history.

Simply stated, we have allocated the $7.1 million funding as follows:

1. We paid off $4.18 million in mortgage debt, eliminating $300K in annual mortgage payments. This has been a difficult mortgage payment for our relatively modest organization and a significant source of our financial challenges since we purchased our property in 2004.

2. $560K was used to pay off past-due payments to vendors, our line of credit, and credit card debt.

3. $385K of the remaining funds were applied to an operating cash reserve. We arrived at this figure by adding our average monthly cash expenditures of $230K (i.e., one month’s operating cash), plus $155K in deferred subscription revenue for the remaining three plays in our 2017/18 season at the time of the donation.

4. An additional $325K was restricted and placed in a separate account, ensuring multi-year grants or donations for specific programs or future productions, including a facilities reserve for small, overdue maintenance projects.

5. We placed the remaining approximately $1.65 million in a board-restricted reserve fund, which we will use only when it is best for the theatre as we manage the company through this time of transition. While we continue to explore a possible sale and re-configuration of our facilities, this reserve gives us the resources to ensure the stability of Artists Rep and the ArtsHub companies, if and when we are displaced during any construction.

Why are you still selling part of the building?

The part of the property that we are selling includes the exposed street-level parking, the Alder Theatre, and Laswell rehearsal hall, dividing the site by north and south.

The fact is, our big red building is not put together as well as our gorgeous lobby makes it look. We have a long list of building needs, many of them critical and expensive. These include seismic upgrades that will likely cost around $1 million, upgrading electrical systems, sound proofing our performance spaces, and addressing vital accessibility issues to create a welcoming space for all—including an elevator to get patrons from the parking garage to the theatre. We also want to give you comfortable chairs to sit in, reliable climate control, and high-quality restrooms. While we’re proud of the art we put on our stages, our staff can tell you that Artists Rep’s lighting, sound, and technical equipment is outdated and in need of an overhaul. Added to the above, the total block is more square footage than we require to pursue our mission, and the maintenance too expensive for an organization of our budget size.

Developers have shown interest in our property for years, including a near sale and redevelopment as far back as 2008. The offer from Wood Partners was initially attractive to us as a way of paying off our mortgage and stabilizing the theatre’s finances, but with the unexpected $7.1 million donation the landscape changed. We now have the opportunity to use the proceeds of the sale as a launch pad for a campaign that will be transformative for Artists Rep and Portland’s...
arts community. We also have the chance to intentionally design and upgrade our spaces in ways that benefit audiences, and the many groups that call Artists Rep home.

Does Artists Rep have to move? Where will you be for the upcoming 2018/19 season?

No demolition will be occurring, nor do we anticipate impact upon our programming, **before April 30, 2019**. Over the coming months we will be gaining more clarity about what the period of transition to a new and improved theatre facility will entail. We will continue sending quarterly updates to our supporters as details and plans emerge.