

F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 15, 2024
Program Area: Arts, Culture, Humanities
Grant Type: Board Grant

REQUEST DATE: February 29, 2024

APPLICANT:
Mayo Performing Arts Center
100 South Street
Morristown, NJ 07960

CONTACT: Ms. Allison Larena, President and CEO

AMOUNT REQUESTED: \$200,000
BUDGETED AMOUNT: \$300,000

NATURE OF REQUEST: General Operating Support, and support “Build Our Future” capital campaign

GRANT HISTORY

SUPPORT: 1988-2023

OF APPROVED GRANTS: 30

TOTAL DOLLARS: \$4,186,000

LAST GRANT DATE: 05/01/2023

LAST GRANT AMOUNT: \$300,000

FYE DATE: 06/30

AFS DATE: 01/04/2024

Year Approved	Approved Amount	Approval Date	Grant Purpose
2023	\$300,000	05/01/2023	General Operating Support-\$100,000; Reserved for Future Decision Fund-\$200,000
2022	\$200,000	05/02/2022	Reserved for Future Decision Fund-\$100,000
2021	\$200,000	05/03/2021	Reserved for Future Decision Fund-\$100,000
2020	\$200,000	04/29/2020	Reserved for Future Decision Fund-\$100,000
2019	\$200,000	09/16/2019	Reserved for Future Decision Fund-\$100,000

LAST SITE VISIT DATE: N/A

ENDORSEE: Jefferson W. Kirby

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FINANCIAL ANALYSIS COMMENTS: The FY24 budget is projected to break even (\$14.8M) with 14% increases in both expenses and revenue. Notably, earned income is expected to increase by 18%, thanks to marginal increases in line items across the board and a projected 21% jump in ticket sales. In FY23, MPAC broke even (\$12.9M). Production and administrative costs continue to comprise the largest percentage of MPAC's expenses, together totaling 87%. As of FYE, MPAC had \$25.4M in total assets, \$481K of which was cash and equivalents (down from \$1.67M in cash at the end of FY22). Net assets without donor restrictions totaled \$20.2M. FY23 saw an operating deficit of \$153K, with contributions and awards decreasing by 41% (\$2.4M) over the prior year. Program services represented 80% of total expenses. MPAC has a \$2M line of credit, against which they owe \$0. The remaining balance on MPAC's mortgages on the theater and the 13 Pine Street location is \$1.5M. MPAC has \$10.7M in financial assets available for use within the next year. Investments total \$9.9M.

ORGANIZATION DESCRIPTION: The Mayo Performing Arts Center, a.k.a. MPAC, provides a wide array of performances, arts education opportunities, and community-based arts events and activities to over 200,000 patrons, students, educators, and families each year. MPAC, formerly The Community Theatre, first opened the 1,300-seat venue in 1937 as a crown jewel of the Walter Reade cinema chain. Thanks to a group of dedicated community members who saw the potential for an arts center in Morristown, South Street Theatre Company was incorporated in 1994 and began its first season with 13 performances and total revenues of approximately \$200,000. Today, MPAC operates on a budget of over \$14.7 million and is a vital cultural and economic engine for Morristown and the surrounding region, generating more than \$18 million in annual revenue for area businesses. MPAC consistently ranks in the top 50 mid-sized performing arts centers in the world by Pollstar (#40, June 2023). MPAC employs over 90 employees and provides a home for numerous NJ based arts organizations as well as work opportunities for over 6,000 artists each year. MPAC's programs keep the arts alive and vibrant within our community – enlivening, enriching, and supporting the emotional well-being of everyone we serve. In 2024, MPAC will proudly celebrate our 30th Anniversary Season.

GINA BEVIGLIA COMMENTS: In 2024, Mayo Performing Arts Center is seeking general operating support and support for Build Our Future: The Campaign for MPAC.

General Operating Support

While a quarter of MPAC's FY24 remains, they are currently on track to meet or exceed attendance numbers from FY18, their highest grossing season to date. MPAC has sold out their theater a remarkable 33 times this season, including for 13 performances of the *Nutcracker*, 3 performances of *Hairspray*, and 6 performances of *Bluey*. Over 80 Main Stage events have exceeded audiences of 1,000 people thus far, and MPAC anticipates that at least 20 more productions will reach this benchmark before the season closes on June 30th. MPAC brings the music, dances, and cultures of countries all over the world to a very local audience base; over 50% of MPAC's audience is from Morris County, while 24% is from neighboring counties of Passaic, Bergen, and Sussex. Main Stage shows cater to audiences of all ages – a feat that can be challenging for performing arts centers – with family shows like the *Nutcracker* and *Bluey* acting as important revenue streams. MPAC continues to impress on the education front, expecting to serve 40,000 students by year end through the Performing Arts School (PAS), school-time field trips, and in-school residencies. Growing interest in the PAS combined with a lack of space has been a challenge for MPAC in

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recent years. To temporarily combat this problem, MPAC has rented commercial space on South Street, across the street from the theatre and to the left of St. Peter's, which will allow the PAS to increase its student body by 21%. While the PAS is an important element of MPAC's arts education programming, their work in this area is wide-ranging. In this season alone:

- The Performing Arts Company, made up of 13-21-year-old artists, has performed at 16 events thus far and expects to perform at 20 more events this spring.
- MPAC's teaching artists have hosted residencies in public schools in five counties, serving over 1,265 students.
- Twenty four school-time field trips have taken place, presenting school groups with shows that meet New Jersey Core Curriculum Standards, such as *Harriet Tubman and the Underground Railroad*.

MPAC will close its season of arts education work with five performances of this year's spring musical, *Beauty and the Beast*. MPAC's spring musicals have gained a reputation for being high quality performances, bringing in local audiences beyond just the family and friends of the 50-person cast. Finally, I am happy to report that MPAC's residencies at Cornerstone Adult Day Center will be returning for a second year. This program, made possible through a NJ State Council on the Arts Creative Aging grant, is designed to engage older adults, many with Alzheimer's and dementia, in a hands-on arts curriculum that, this year, will include the creation of memory books.

The 2024-25 season will be MPAC's 30th, in which they plan to present nearly 300 events, whether on site or in the community. I want to highlight the Community Engagement, diversity, and accessibility work that MPAC has undertaken and plans to expand in the coming season. The diversity of MPAC's programming is highlighted throughout the grant request and in their annual report. This work is partially inspired by the rigorous surveying, social media outreach, and research that MPAC does to better understand its audiences and the larger community. They have found that Morristown's lower-income families, immigrants, seniors, Millennials, and Gen Z are less likely to engage with local arts experiences. The first step in combatting this is to make their arts experiences financially and physically accessible. Through the growing Community Engagement Department, MPAC offers free performances, films, workshops, and festivals in places like the Vail Mansion Plaza, Cauldwell Playground, and Pioneer Plaza, thus placing these events in already established community gathering spaces. Donations of complimentary tickets to community organizations and scholarships for PAS participation help to reduce the financial burden of enjoying or participating in the performing arts. As an active member of organizations like the Morris ADA Commission for the Arts, MPAC ensures that they exceed ADA compliance to create not just an accessible, but a welcoming facility. To increase these efforts in the coming year, MPAC plans to install a Loop System, which can connect directly to patrons' cochlear implants and hearing aid devices, enhancing the performance experience for hearing impaired individuals. As measures have been implemented to increase accessibility, MPAC has taken strides to ensure that the cultures and people being platformed on their stage reflect the diversity of the community. Scheduling a season requires collaboration between President and CEO Allison Larena and a team of two to three programming staff, who conduct research to evaluate the quality and fit of each potential act for MPAC's needs. This season features world artists like Il Divo, The Orquestra Folclorica Nacional de Mexico, and The Taiko Project. Further, 45% of Main Stage artists this season identify as BIPOC artists. There is no information indicating if these efforts have been effective in increasing the diversity (I use this word in the broad sense) of MPAC's audiences, though this data can be difficult for organizations to collect. It takes time to build trust and for an

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organization to establish itself as committed to providing “all the arts;” I am sure that MPAC’s dedicated efforts will cause a continued broadening of their reach and impact.

Build Our Future Campaign

In September, MPAC launched its capital campaign – Build Our Future: The Campaign for MPAC – after long delays due to the pandemic. To accommodate large-scale performances, increased attendance, and growing interest in the PAS and other educational programs, this campaign will enlarge the current footprint of MPAC’s space while upgrading existing facilities. The campaign cabinet is being led by Jeff Kirby and Mary Jane Robertson, with supplemental support from the Angeletti Group and Peter Hanson Philanthropic. The cost of this project is estimated to be \$32.7M, with MPAC hoping to raise \$20M of this total from the campaign. The expansion includes four main elements: 1) a larger Performing Arts School; 2) a more operationally efficient production area; 3) increased administration space; and 4) a two-level parking lot.

Performing Arts School

Currently, MPAC serves approximately 800-900 students in their PAS each year, providing them with engaging musical theater and acting instruction. While this is an impressive total, MPAC does not have the capacity to accept every student who wishes to participate – there are often over 100 students on the waitlist for any given semester – nor do they have the space to provide the breadth of classes they desire. The proposed expansion would include the addition of six studio spaces, allowing MPAC to double the amount of class offerings currently available, as well as providing them the opportunity to add new types of classes like visual arts, instrumental instruction, preschool classes, and adult classes. Two of these six studios can be converted into a large flex space, which can be used for large classes or for performances. The need for a smaller “black box” theatre has been known for some time. Currently, the only performance space is the main theatre, meaning that PAS final performances, large scale rehearsals, and Main Stage shows are all competing for this space. This flex space will accommodate 150 retractable seats, providing a more appropriate venue for end-of-semester performances. This additional performance venue will provide more opportunities for students in the PAS to showcase their work to family and friends, now that they will not be restricted by the Main Stage schedule.

MPAC also hopes to add a dedicated space for the Miracle Project, their arts education program for young people with autism and other disabilities. As the host of the only program like this in the state, MPAC will move the Miracle Project from the inaccessible King Place building to a fully ADA-compliant studio and adjacent “chill room,” allowing these students to escape to rest and recharge when necessary. The expanded PAS will also include a waiting area for students and parents. The additional parking spaces included in this design will mean that parents can park and come inside the building to wait for their children to finish class, which will improve the flow of traffic as well as increase a sense of community amongst PAS families.

Most impressive is how significantly the physical expansion of the PAS will increase the capacity for students and the need for teachers. In FY23, the PAS served 809 students and employed 14 teachers, 12 classroom assistants, and 8 support staff. By the third year following the expansion, MPAC expects to serve nearly 2,000 students and employ 40 teachers! I have included the chart below to demonstrate how remarkable the scope of the PAS expansion is.

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	FY23	Year 1	Year 2	Year 3
Students	809	1,370	1,650	1,900
Teachers	14	30	35	40
Classroom Assistants	12	20	25	30
Support Staff	8	10	12	15

A More Operationally Efficient Production Area

MPAC’s current loading bays and internal unloading areas are inadequate for accomodating large scale performances and set pieces. Often, large set pieces, like those used in Broadway musicals, have to be brought through the front doors of the theatre, creating the possibility for damage, or simply left on the truck. MPAC hopes to add an additional, larger loading bay as well as a large freight elevator to facilitate the seamless movement of set pieces from the trucks to the stage. Additionally, included are plans to expand and move the Green Room to better accommodate production equipment and to make the location more easily accessible to the stage. Finally, three dressing rooms will be added.

Increased Administrative Space

As MPAC’s constiuent base and programming continues to grow, particularly in the Community Engagement arena, so has their administative staff. The expanded building will provide additional office space for MPAC’s employees.

Parking Deck

Like many Morristown businesses, MPAC has struggled to provide easily accessible parking for their audience members. Once it became clear that the Morristown Parking Authority had abandoned, at least for the foreseeable future, their plan to build a parking garage between South and Morris Streets, MPAC had to take parking matters into their own hands. The largest footprint expansion of the proposed construction includes plans to build a two-level parking area behind the theatre. This will add 88 parking spaces that can be used for staff, patrons, and the families of PAS students. While 88 spaces is certainly not going to solve the parking crisis MPAC is facing, it will alleviate some congestion on nights when the PAS is holding classes and will mean that 88 less vehicles need to hopelessly circle downtown Morristown looking for a spot on show nights. It seems that MPAC will continue renting lots from churches and businesses downtown and providing shuttle service to the theatre from these locations.

Campaign Finances

The total cost of the proposed expansion and renovation is \$32,711,000. To reach this total, MPAC hopes to raise \$20M from the campaign, to draw \$7.7M from investments, and to secure a \$5M mortgage loan. As of April 3rd, MPAC has raised \$12,204,137, 61% of the campaign total in five months. Should MPAC exceed the \$20M campaign goal, they will be able to reduce the debt they take on. FMKF has been contributing to a Reserved For Future Decisions Fund at MPAC since 2019 in anticipation of this campaign, with a current balance in RFD of \$600K. After consultation with JWK, SDK, and the team at MPAC, we feel that it is appropriate for the Foundation to contribute an additional \$900K to the campaign, bringing our total contribution to \$1.5M. This would represent 7.5% of the expected campaign contributions.

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The Foundation's relationship with MPAC dates back to 1988 and includes \$4.18M in grants over 37 years. While a campaign gift of \$1.5M would mark our largest contribution to MPAC to date, it is in keeping with a long legacy of funding emergent capital needs as the organization has grown with the community over its 30 year of operation. In the past, we have talked about how the downtown bustles with life on any evening MPAC is hosting a performance. With the recent publishing of the Arts and Economic Prosperity Study results, MPAC is now able to assign a number to that bustle: \$18 million in economic revenue annually is generated by MPAC. Perhaps MPAC's most important contribution to Morristown, however, is something far less quantifiable. Show nights at MPAC turn downtown Morristown into a place where any person walking down South Street, regardless of if they are attending the performance, becomes a member of the vibrant community created by MPAC. Packed outdoor seating at South and Pine, families dressed in their Sunday best ready to see the *Nutcracker*, or a line out the door at the frozen yogurt shop following the spring musical are all signs of the vitality that an institution like MPAC can inject into a community. The proposed expansion, in particular, the expanded Performing Arts School, will allow more families to be pulled into the cultural life of our neighborhood and offered the experience of both witnessing and participating in the arts.

RECOMMENDATION: I happily recommend \$1,000,000: \$100,000 in general operating support and \$900,000 in support of Build Our Future: The Campaign for MPAC, payable as outlined below.

2024: General Operating Support - \$100,000

Support for the Build Our Future Campaign - \$300,000

2025: Support for the Build Our Future Campaign - \$300,000

2026: Support for the Build Our Future Campaign - \$300,000

JUSTIN J. KICZEK COMMENTS: How impressive it is to read that MPAC is on the road to this being their highest grossing season to date. Only two years ago, we were skeptical, with good reason at the time, of performing arts theaters' ability to win back audiences. Sadly, many are still struggling. But, with a steel backbone and steady programming, MPAC did a commendable job of keeping audiences engaged through outdoor performances during the worst of the pandemic, and they are now working to win over new audience members, as GEB notes, by offering their most diverse programming to date. As we learned from Jon Schreiber of NJPAC, diversity in programming is not just good for mission; it can be good for the "bottom line" when done thoughtfully.

The proposed expansion will give MPAC more space to build on this success. As of now, Broadway-type shows— like this year's *Nutcracker*, *Hairspray*, last year's *STOMP* – sell out, but the request notes that MPAC has to turn many shows down due to logistical complications of bringing in sets. New loading and freight capabilities will open up Mayo and its audiences to all new performances. Moreover, having Performing Arts School shows in the new rehearsal space frees up the Main Stage for more ticketed events. As GEB notes, the increased capacity, too, of the Performing Arts School – and all the opportunities for family engagement this represents – builds up a pipeline of potential future performers, technicians, volunteers, and attendees.

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The parking deck plan could use a little more refinement, I believe, as I am not clear on how MPAC will balance the precious parking space between patrons, staff, and education school families. That said, at this early stage, those details can come later.

MPAC is indeed a crown jewel of Morristown. While the Green might always be Morristown's iconic town center, the argument could be made that Mayo itself has made a case for it being the center of the town's life. We are lucky to have more businesses and corporations coming in to town, and all that their employees bring on a day to day basis. But MPAC encourages many of those employees and residents to stay in town at night too, driving economic activity at all of the restaurants, shops, cafes, and bars (not to mention parking fees).

We originally budgeted for a \$1M donation, though after further consultation with JWK, we explored adding more to the budgets of years 2024-2026 to arrive at a recommendation of \$1.5M. In concurrence with GEB's recommendation, I recommend we release the \$600,000 in RFD funds for the "Build Our Future" campaign. I further recommend a three-year grant in the amount of \$900,000, with \$300,000 in years 2024, 2025, and 2026, respectively.

After further consultation with JWK and GEB, I also recommend that FMKF give consideration to a tail-end gift, possibly in 2026 or 2027, to help with debt financing, late-stage construction needs, or potentially a building endowment. GEB and I can give consideration to this as we budget in 2025-2027, potentially utilizing RFD again for such a gift. My hope is that this hybrid strategy will allow the MPAC campaign cabinet to use this public pledge of \$1.5M to attract more donors and significantly move the needle right now, while also giving FMKF more optionality down the road in assisting MPAC, potentially at a critical juncture or for a critical need.

RECOMMENDATION: I happily recommend \$1,000,000: \$100,000 in general operating support and \$900,000 in support of "Build Our Future: The Campaign for MPAC," payable as outlined below.

2024: General Operating Support - \$100,000

Support for the Build Our Future Campaign - \$300,000

2025: Support for the Build Our Future Campaign - \$300,000

2026: Support for the Build Our Future Campaign - \$300,000

I also recommend release of \$600,000 in Reserved for Future Decision funds for the Build Our Future campaign.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$1,000,000**
- Recommended Grant Payment(s):
 - 2024: \$400,000**
 - \$100,000 – General Operating Support**
 - \$300,000 – Support of the Build Our Future: The Campaign for MPAC**
 - 2025: \$300,000 – Support of the Build Our Future: The Campaign for MPAC**
 - 2026: \$300,000 – Support of the Build Our Future: The Campaign for MPAC**
- Hold for Board Review: **April 26, 2024**
- Payee Other Than Addressee: **South Street Theater Co Inc**
- Insert Information:
- Other:
 - Include multi-year grant letter that includes language authorizing the release of \$600,000 in RFD funds for the Build Our Future campaign.**

Initials: JK

Date: 04/16/2024

Check #

Date: