



## City Council

### Approval of Amendments to the Operating Agreement with the Washington Center for the Performing Arts, Incorporated (WCPA)

**Agenda Date:** 6/21/2016  
**Agenda Item Number:** 4.G  
**File Number:** 16-0776

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**Type:** contract   **Version:** 1   **Status:** Passed

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#### **Title**

Approval of Amendments to the Operating Agreement with the Washington Center for the Performing Arts, Incorporated (WCPA)

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve recommended changes to the Operating Agreement between the City of Olympia and the WCPA. City staff and Councilmember liaison to the Washington Center Jeannine Roe, have met with WCPA staff and Board members concerning these changes. All recommend the changes as proposed.

#### **Report**

##### **Issue:**

Whether to approve the recommended changes to the Operating Agreement between for the WCPA.

##### **Staff Contact:**

Steve Hall, City Manager (360) 753-8730

Jane Kirkemo, Administrative Services Manager (360) 753-8499

##### **Presenter(s):**

Steve Hall, City Manager

##### **Background and Analysis:**

The City of Olympia owns the Washington Center for the Performing Arts. The City has had an agreement for the past 30 years with the (WCPA), a nonprofit organization to operate and market the facility.

The current operating agreement expires in December 2017. Staff had intended to make minor modifications and amendments in 2016 to clarify the relationship of the parties. Those relate to items

of housekeeping, clarity of maintenance responsibilities and the list of hotels for which WCPA receives lodging proceeds.

However, recently WCPA and City staff learning that in order to qualify for State Building for the Arts (BFA) grants, the State is requiring that WCPA have at least a fifteen year lease with the City to operate the Center. This is different than the information we received from the State Department of Commerce in January of this year related to grant eligibility.

The WCPA is currently in the process of applying for BFA grants in 2016 and 2018 to enhance the Center. Without an extended lease with the City, we are told that the WCPA would be ineligible for BFA grants.

Therefore City staff and Liaison Roe, as well as the WCPA staff and Board recommend extending the lease now to allow the grant applications to proceed.

1) Operating Agreement Extension (Section C(1) Term)

The WCPA intends to apply for grants in 2016, (\$649,000) and 2018 (\$635,400). Planned projects include stage rigging, lighting and controls, projector, assisted listening systems and devices, audio enhancements, etc. In addition, the Center needs floor resurfacing, carpets, new theatre seats, painting, restroom upgrades and Wurlitzer control upgrades.

Some of these items are 30 years old. Many are project safety upgrades, operating efficiencies, energy savings and performance enhancements.

WCPA is ineligible for State grants unless the operating agreement extends at least 15 years beyond the expenditure of BFA grant funds.

Proposal: Extend the WCPA Operating Agreement through the year 2034. Include periodic 5 year reviews. The City still has substantial leverage to cancel or terminate the contract earlier for lack of performance per the agreement, if needed.

2) Funding of the WCPA from Hotel Tax Proceeds (Section C(4) Compensation)

The WCPA receives funding from ticket sales, sponsors, special events, other governmental agencies, grants and benefactors.

In addition, the WCPA receives one half of the lodging tax revenues received by the City. Lodging taxes can be used for activities that support tourism like the WCPA, but not for general fund purposes.

Proposal: The current operating agreement contains an outdated list of hotels which WCPA receives ½ of City lodging tax (Exhibit B). Some have changed names, some have been demolished and some new ones are being built.

Remove Exhibit B and modify the section so that WCPA gets ½ the lodging tax proceeds from all

hotels within the Olympia City limits.

3) Maintenance Responsibilities (Section B(2) Maintenance and Repair)

The current operating agreement contains confusing arrangements and responsibility for maintenance and repairs at the Center. Some edits have been made to clarify language and bring the agreement into line with current practice.

Proposal: More work is needed to clarify process and responsibilities. Language in Section B (2) outlines the partner's intent to further clarify the agreement prior to the end of 2017.

4) Housekeeping Changes

A(2) Change notice to terminate from 30 to 90 days

A(2)(b) List of equipment-change to equipment over \$5,000 value

A(7) Change in address of notice to City of Olympia

A(12) Elimination of Nuclear Free Zone requirement

As noted in the agreement.

**Neighborhood/Community Interests (if known):**

Proposed changes to the contract will allow grant funds and provide clarification which will benefit the Center and its community performance partners as well.

**Options:**

1. Approve the amendments as proposed.
2. Make additional amendments.
3. Reject the amendments.

**Financial Impact:**

These amendments will allow WCPA to receive lodging tax funds from all hotels operating within City limits. Clarification of maintenance responsibility will improve efficiency of repair work at the center.

**Attachments:**

Revised Operating Agreement  
Original Operating Agreement