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distractions

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Hult Center Redux



Financial reality hits center hard

By Doug Nash
Of the Emerald

The party's over.

Nine months after the Hult Center for the Performing Arts' glorious, star-studded opening, Eugene is experiencing the harsh financial realities that arise when a city of 100,000 takes on a world-class project.

City officials project a \$563,000 deficit for the center by the end of fiscal year 1984, with no obvious remedy. Things look even worse in the long range. Executive Director Dick Reynolds estimates the center will always need an extra half million dollars above and beyond the \$110,000 it currently receives from the city's room taxes and the \$350,000 it gets from the Eugene Arts Foundation.

What's more, there is no certainty the Arts Foundation subsidy will continue at its present level, Reynolds says.

"We'll always have a deficit," he says. "There's not a performing arts center in the country that's not operating without one."

All this seems a far cry from the center's June 1980 mission statement, which states, "The Center shall strive toward eventual financial independence by maximizing departmental revenue sources, seeking special grant support, using available room-tax revenues and pursuing a prudent fiscal plan for expenditure of available funds."

City council members, who still say

the center has a chance of breaking even within five or six years, were nevertheless surprised by the deficit's size.

"We never said we'd be financially independent," Reynolds says. "We said we'd strive for it. We'll never make it."

The center needs a general tax base in order for it to survive, he asserts. But when asked why such public funding wasn't worked out when citizens approved \$18.5 million to build the place in 1978, Reynolds answers honestly.

"The voters never would have gone for it."

Eugeneans Rachele Raia and Tom Heusel feel betrayed.

"In 1978, they promised they would not be coming back for more money. Now, the taxpayers are forced to step in again. Here we are, the anonymous donors, asked to sign a blank check for nothing," Raia says.

Raia and Heusel are members of Citizens For Open Government, originally organized to oppose the city council's renaming of the center after a local millionaire who donated \$3 million to the Eugene Arts Foundation. The group is presently trying to make people aware of what Heusel calls "the incredible Hult hoax."

In its planning stages, Raia and Heusel allege, officials knew there would be a deficit but were afraid to inform the public.

"Their estimates were way off from the beginning," Raia says. "Basically,

they started a huge business without enough money to run it."

Reynolds agrees. The center opened with \$100,000 in its till, nowhere near the amount necessary for a \$3 million operation.

"Nobody starts a business of this magnitude without some sort of operating reserve," he says. "We did."

Reynolds gives no single reason for the deficit. Rather, he says, it is due to higher costs that arise from a first-year operation, a wide variety of acts, and the price level they must stick to.

"We try to assure there's a balanced menu of performances available," he says. "At the same time, you can't charge enough rent on the facility to cover the overhead. No one would buy the tickets."

Raia and Heusel blame the shortfall on a plethora of problems, ranging from expensive, plastic coffee cups used for concessions to "exotic acts" that attract little public interest and lose money.

"They're talking about running a world class center in Eugene. It's got to be scaled down to where it meets the checkbook of the city," Raia says.

Officials had hoped a good portion of the Hult Center tab would be picked up by the Eugene Arts Foundation, which is given \$90,000 by the city to collect donations and subsidize local arts. Although it has received some \$8 million in pledges, much of it is tied up in property, stocks and other forms of long term capital.

Some large donations, including the Hult gift, will not provide any financial support until after 1986-87.

Indeed, in the last fiscal year the foundation provided only \$350,000 to the center and \$150,000 to seven local arts groups.

"The big donors are just looking for tax write-offs," Heusel says. "The whole foundation has turned into a tax-deductible dump site."

Gary Williams, assistant director of the foundation, says long-term pledges are normal practice in the endowment process.

"The principal of the fund is held, while the earnings are available to use," he said.

Williams is unable to make projections on a yearly basis, but says the foundation plans to pay out \$2.7 million through the 1986-87 fiscal year.

James Reeves, general manager of the Eugene Symphony Orchestra, says the foundation should be more specific in its predictions.

"If you're going to do good financial planning, you can't go from one year to the next. We cannot count on the arts foundation for survival," he says.

Reeves, whose organization has sold over 90 percent of its tickets this year, says the community should pull together to support the center, much like other public institutions are funded.

"We better get it straight in our

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