



# Memorandum

**TO:** COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE

**SUBJECT:** HAMMER THEATRE CENTER  
UPDATE

**FROM:** Kerry Adams Hapner

**DATE:** May 7, 2018

Approved

Date

May 10, 2018

## RECOMMENDATION

Accept the update on the Hammer Theatre Center reuse effort in partnership with San José State University. The Committee will be updated on the activities and operating model for the facility including programming, theater capital maintenance, and staffing.

## BACKGROUND

Built by the San Jose Redevelopment Agency for the San Jose Repertory Theatre (the Rep), the four-story, 528-seat and 58,000 square foot Susan and Phil Hammer Theatre Center was opened in the heart of the downtown in 1997 and operated by the Rep until 2014. Following the bankruptcy of the Rep in summer 2014, the City undertook a year-long public process to identify a new operator to reactivate the City-owned Hammer Theatre Center so that the facility could continue to be a vital arts and cultural anchor in the downtown.

An 11-member body was formed to advise staff and inform the final recommendation of the long-term operating model for the Hammer Theatre Center. Comprised of representatives with experience in the performing arts and nonprofit theaters, entertainment, nonprofit management, downtown issues, and facility management, the Hammer Theatre Advisory Committee oversaw an extensive Request for Interest process that resulted in the recommendation of San Jose State University (SJSU) to be the new operator for an initial incubation period of three years.

On December 1, 2015, City Council voted unanimously to approve the three-year operations and maintenance (O&M) agreement with SJSU to develop an innovative model for operating, programming and stewarding the Hammer Theatre Center. To allow sufficient time to evaluate actual operational experience, the term extends through December 31, 2018. City Council through the Community and Economic Development Committee and Arts Commission receive semi-annual progress updates during the three-year incubation term. The incubation model

emphasizes co-creation and ongoing iterative improvement based on actual operational experience before considering a longer-term agreement.

## **ANALYSIS**

The City's partnership with SJSU is providing ongoing, high quality cultural programming in the Hammer Theatre. Now in its third year of operating the Hammer Theatre, SJSU has been laying a solid foundation for a financially sustainable operating model, which retains the Hammer Theatre Center as a vital arts and cultural anchor in the downtown and supports the educational mission of SJSU.

Comprised of individuals presenting SJSU, City, downtown and arts community interests, the Hammer Theater Advisory Committee (HTAG) has provided valuable input in the initial transition stage and continues to meet semi-annually to support the success of this City-University partnership. The City is represented by Councilmember Raul Peralez, Arts Commission Chair Richard James, and Director of Cultural Affairs Kerry Adams Hapner.

As proposed by SJSU in its plans to operate the Hammer Theatre Center, the core programmatic business model includes:

1. **SJSU programming:** cultural and other events (including concerts, plays, exhibits, lectures, etc.) created by SJSU academic programs and vetted by a campus committee to ensure that the offerings are suitable for the scale and character of the facility and are likely to appeal to diverse local and student audiences;
2. **SJSU sponsored programming:** sponsored by SJSU academic and other units for the benefit of the university and the community, including co-produced theater and other cultural programming between SJSU and outside cultural organizations; and
3. **Community rentals:** the tiered rental model encompasses rental of all performance and reception spaces at the facility, including the theater itself, the rehearsal studio/black box (Hammer 4), the rooftop terrace, the downstairs cafe and lobby, and the VIP lounge.

## **Current Programming**

Programming at the Hammer Theatre reflects a rich diversity of quality offerings by a variety of producers including SJSU, community and national touring entities. The full calendar of events for the FY2017-18 season is included as **Attachment A**, and the Spring programming brochure is included as **Attachment B**.

In early 2018, SJSU launched a dedicated website for the Hammer Theatre that features upcoming programs, online ticket sales capability and information for rentals. The website can be found at <http://hammertheatre.com/>. Also new this season, SJSU developed fresh branding of its programming so that patrons can easily locate programs of interest them. The branded programming categories include:

- **SJSU @Hammer** – premiere SJSU music, theater, dance and guest speaker events;
- **Music w/o Borders** – music from around the world, including jazz, blues, reggae, Latin, country and world music;
- **ArtTech** – innovative performances that blend arts, technology and/or multimedia;
- **Lights & Action** – Live theatre, dance and off-Broadway theatrical productions. Also includes National Theater Live screenings and other films;
- **Hammer Speaks** – National Geographic Live, Sundance Institute and other educational lectures;
- **Holidays @Hammer** – Music, dance and theatrical events related to the holiday season; and
- **Also @Hammer** – Corporate, cultural or other events that are “also at the Hammer”

The FY2017-2018 season, which started in July 2017, will be the Hammer Theatre’s first full twelve-month production season. Over 40,000 people have enjoyed an event at the Hammer in this season. Thus far, there are 100 events that are under contract, representing over 160 performances (**Attachment A**):

- 31 events are being produced or co-produced by SJSU; five of these are theater (20 performances);
- 40 events are being produced by local, regional and national arts organizations; eight of these are theater (33 performances); and
- 29 events are being presented by Hammer Theatre (i.e., National Theater Live, National Geographic Live), with one of these being theater (6 performances).

In keeping with the Hammer’s historical roots as a venue where the public can experience quality theater, SJSU has been successful in attracting producers of live theater to the Hammer Theatre. Emery Entertainment, a national theater presenting company, selected San Jose as the new west coast location to test its popular touring productions. Emery Entertainment’s productions at the Hammer Theatre in FY2017-18 include *Menopause the Musical*, *Book of Moron* and *Late Night Catechism*. The Hammer is also attracting other independent theater organizations, both regional, national and international, to produce in San Jose for appreciative theater audiences.

SJSU is also pursuing creative ways to improve revenue by presenting self-produced programming including regular film offerings such as *National Theatre Live* and *National Geographic Live*, which earn ticket sales revenue on nights when no other performing arts or other events are scheduled. *National Theatre Live* broadcasts the best of British theater performed live on stage, and *National Geographic Live* provides insider commentary on the compelling photography and videography produced for National Geographic.

Capitalizing on San Jose as the epicenter of technology, SJSU has inaugurated *ArtTech*, a presenting series that features innovative live performances that link arts, technology and/or multimedia. The FY2017-18 presented three such performances. The most recent of which was

*Bella Gaia* (May 11), a production that uses NASA satellite imagery of Earth, combining time lapse nature photography and cultural heritage footage with music to explore the relationship between humans and nature. Due to growing popularity, more presenting plans are being considered for future seasons.

Programming highlights that have occurred since January 2018 include (live theater presentations are noted with an asterisk):

- Off-Broadway touring productions of *Menopause The Musical*, *Book of Moron* and *Late Night Catechism* \*\*
- **National Theatre Live** screenings of *Salomé*, Stephen Sondheim's *Follies*, *Yerma*, and *Julius Caesar*
- **ArtTech** series featuring *EvenPlay* (Japanese Multimedia Dancers), *Journey (The Video Game) LIVE* (interactive performance of Grammy-nominated score) and *Bella Gaia* (audiovisual multisensory experience featuring NASA imagery)
- Brian Copelands's *Not a Genuine Black Man* \*\*
- Bated Breath's *Shakespeare, His Wife and the Dog* \*\*
- San Jose Jazz's **Winterfest**
- **National Geographic Live** presentations featuring noted explorers and photographers Steve Winter, Brian Skerry and Ami Vitale
- **Cuarteto Latinamericano**, Grammy-winning quartet
- **Catalyst Quartet**, acclaimed multicultural string quartet
- **Cinequest Film Festival** (53 screenings over 12 days)
- SJSU's Town Hall Meeting **Words to Action: Gender Sport and Society**, featuring top female athletes, trailblazers and sports executives in this pivotal time for gender equity and women's rights
- **Legacy of Poetry Day**
- **An Evening of Illusions** sponsored by San Jose Elks
- SJSU's production of Lin-Manuel Miranda's *In the Heights* \*\*
- Carla Dirlikov's Canales Project's *Hear Her Song* (May 19, 7pm)

In addition to programming inside the Hammer Theatre, SJSU has been successful with activation activities on Theatre Plaza, the public area immediately outside the theater. Events such as the Paseo Prototyping Festival, International Jazz Day and Legacy of Poetry Day are providing expanded opportunities for the public to enjoy the downtown. The public is also welcomed into the Hammer during South First Fridays Art Walk, a popular self-guided, nighttime tour through cultural spaces and independent creative businesses on the first Friday of every month. The Hammer's new First Friday programming showcases emerging student talent in various disciplines.

### **Staffing**

The Hammer Theatre is fully staffed for effective operations. Led by Christopher Burrill, a seasoned arts administrator with over 20 years of experience, the Hammer Theatre staff consists of four experienced technical, production and front-of-house staff that provide high quality service to clients and patrons. In addition, Hammer Theatre enjoys the support of a marketing director who works with student interns on promotions for all programs within the College of Humanities and the Arts.

Production staff at the Hammer Theatre are supported by a cadre of trained student volunteers who are gaining valuable exposure to a professionally-equipped theater as interns and volunteers. SJSU continues its mutually beneficial arrangement with the International Alliance of Technical Stage Employees (IATSE) that provides students with the opportunity to earn credit towards their journeyman card while working with IATSE professionals. This arrangement helps reduce technical costs for theater users while providing a new pipeline for emerging technical professionals.

### **Theatre Capital Maintenance and Improvements**

Since the beginning of the contract term, both the City and SJSU have provided significant capital investment to bring the facility and its technical equipment to competitive standards. City Council approved \$900,000 in the first eighteen months of the agreement for capital investments to repair critical building systems infrastructure and upgrade aging technical control systems to modern standards. In addition, SJSU invested \$1.5 million for the purchase of upgraded technical equipment, office furniture and fixtures which will be the property of SJSU. SJSU has also invested in repairs and upgrades that will make the facility more attractive to potential nonprofit and commercial renters, including a state-of-the-art sound system and electro-acoustic orchestra shell system, new lobby and bathroom fixtures, automated ticketing system, water treatment, café and concession improvements, and upgraded wifi access for clients and patrons. The City and SJSU also shared the costs to replace two prominent electric signs with enhanced digital displays which has significantly improved marketing potential for events at the Hammer. In FY2017-18, City capital funds are focused on elevator modernization upgrades, evaluation of interior lighting and back up power supply, evaluation of HVAC controls and carpet replacement in the auditorium.

Similar to the City's other cultural facility operating agreements with nonprofit partners, SJSU is responsible for performing routine maintenance on the interior of the facility, preventive maintenance of the building systems and capital repairs. The City is responsible for routine exterior facility maintenance and full replacement of building system assets or its components that have reached the end of their usual life. The City and SJSU jointly address facility issues that require coordination, and SJSU provides input in the City's multi-year Capital Improvement Plan (CIP) for the Hammer so that critical building systems such as the HVAC system are dealt with in a timely way according to life-cycle needs. This input is balanced with the needs of the City's other cultural facilities which also have CIPs in place.

### **Progress on a Fiscally Sustainable Model**

Operating the Hammer Theatre as a performing arts facility is an expensive undertaking with significant fixed costs. As with the other City-owned cultural facilities that are managed by nonprofit partners, the City provides an operations and maintenance subsidy that is intended to partially offset the costs, but operators understand that they have the primary financial responsibility for facility operations as a benefit for utilizing the property without rent and with maximum flexibility. The operator agreement includes an annual City subsidy of \$285,000, which is about 15% of the cost to operate the facility and the same level of operations and maintenance subsidy provided to the previous facility operator.

The FY2017-18 budget for the Hammer is \$1.95 million. SJSU tracks the Hammer Theatre as its own cost center according to a fiscal year that is aligned with the City. All expenses including personnel, benefits and other operating costs are captured against revenues. During FY2016-17, SJSU reported that expenses for Hammer operations were supported by the revenues received. SJSU has raised questions about the future adequacy of City O&M subsidy given the high cost of facility operations and its own financial commitment to the partnership. To increase the growth of revenues from new renters, especially those with broad audience appeal and a potential for multi-year commitments, the Office of Cultural Affairs has set aside up to \$75,000 from Transient Occupancy Tax funds. These incentives reduce the initial risk of renting a venue in a new market and have helped bring high quality productions with broad appeal to the Hammer Theatre.

### **Next Steps**

The City's three-year agreement with SJSU to operate and maintain the Hammer Theatre will expire on December 31, 2018 and allows for an extension for up to fifteen years. This shorter initial term was intended to cover an incubation period for this new operating model for the Hammer Theatre which follows previous successful City-SJSU partnerships such as the development and operations of the Martin Luther King Jr. Library.

Based on the positive momentum and results of the programming model to date, SJSU leadership have expressed their interest to continue the partnership beyond the current three-year agreement. City and SJSU leadership have begun preliminary discussions on mutually beneficial options for a longer-term agreement. A recommendation will come forward to the CEDC in late fall, prior to the December 31, 2018 expiration date. The recommendation currently under discussion is that City Council extend the agreement with SJSU for 18 months, through June 30, 2020 to provide adequate time to fully vet future SJSU-City partnership scenarios. SJSU has requested that terms during the 18-month extension be modified to allow for limited classes to be held in the Hammer during non-performance times. For example, classes could be held in the Costume Shop or in the theater during the mornings when rehearsals or performances are not likely to be scheduled. This issue will be explored and brought to Council when the recommendation for extension is presented.

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/s/

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For questions, please contact Kerry Adams Hapner, Director of Cultural Affairs  
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Attachment A: Full Programming Calendar – FY 2017-18

Attachment B: Spring 2018 Programming Brochure