



Town of Chapel Hill

Varsity Theatre Task Force Findings

To: Chapel Hill Town Council
From: Varsity Theatre Task Force
Date: June 26, 2019

INTRODUCTION

The Varsity Theatre is located in the Sorrell Building at 123 E. Franklin St., currently owned by James Rumfelt. The Varsity Theatre business comprises approximately 8,000 square feet of the building including two theaters, a lobby, upstairs restrooms and assembly areas. Other businesses in the Sorrell Building include the Blue Horn Lounge and Light Years. The building is not actively for sale by the owner.

The Varsity Theatre Task Force was convened by the Town Council in October 2018 to consider the possible use of the Varsity Theatre at 123 East Franklin Street as a community performing arts center. As part of this effort the Council charged the task force with determining the following:

1. What would be the vision for such a venue? What types of programming would be appropriate and desired by our community?
2. How would such a venue meet community needs, reflect community values, and attract a wide range of individuals to the Downtown and what would be the economic impact on the Downtown?
3. What would be the costs of this conversion for both acquisition and necessary refurbishment – and how long would it require? How would these costs be paid for and what kinds of partnership(s) might be feasible?
4. What would be the business model of the new entity in terms of ownership, ongoing management, and ability to be financially secure and self-sustaining?

The Task Force met monthly from December 2018 through April 2019. The first meeting included an opportunity to learn about the history of the Sorrell building and the Varsity Theatre business. From there, each meeting focused on different aspects of the Council's charge, so that the Task Force was in a position to finalize its findings at the conclusion of the

last meeting. Meeting minutes, and other information relevant to the Task Force's work, have been shared publicly on the Town's [Varsity Theatre Task Force web page](#)¹.

FINDINGS

Starting in December 2018, the Task Force has worked to answer these questions to serve as the basis for a recommendation going forward. The answers to those questions are presented below along with some initial conclusions derived from them.

Part 1:

Question: What would be the vision for such a venue?

Response: The vision for this venue is that it would be a vibrant, lively place where folks go to meet and engage with the arts, that reflects the community's values, and that is accessible and appealing to a broad cross-section of community members and visitors of all ages.

Question: What types of programming would be appropriate and desired by our community?

Response: Appropriate and desirable programming for our community includes all of the traditional performing arts, such as theatre, live music, comedy, film, dance and spoken word, as well as other public performance, especially those that feature local talent or educational opportunities.

Part 2:

Question: How would such a venue meet community needs?

Response: The Orange County Arts Commission and the Chapel Hill Cultural Arts Commission, among others, have shown that there is a significant gap between the number of local artists and the number of adequate performing arts spaces in our area. This venue could contribute to bridging that gap. The [Orange County Arts Commission Report \("Setting the Stage"\)](#)² and the [International Downtown Association \(IDA\) report on downtown Chapel Hill](#)³, among others, have shown that performing arts venues generate revenue such as ticket sales, concessions, rentals, grants, fundraising, and tuition and also produce an economic impact from hotel stays, food and beverage sales, and parking. By attracting visitors to Downtown, this venue would contribute to the overall economy of Downtown, Chapel Hill and Orange County.

¹ <https://www.townofchapelhill.org/town-hall/departments-services/varsity-theatre-task-force>

² <https://artsorange.org/settingthestage2019/>

³ <https://www.townofchapelhill.org/home/showdocument?id=41560>

Question: How would such a venue reflect community values?

Response: This venue would reflect and address several key community values and goals, including:

- A Place for Everyone - by developing a family-friendly, vibrantly creative environment, with a special emphasis on the arts and reaching producers and patrons that are historically underrepresented in the arts community.
- Community Prosperity and Engagement - by supporting existing and new local businesses, and generating increased economic development Downtown
- Good Places, New Spaces - by investing in Downtown and by balancing respect for the old with the prospect of the new.

Question: How would such a venue attract a wide range of individuals to Downtown?

Response: By specifically investing in and creating adequate space for local artists, this venue would tap into networks all across our community who may not otherwise have a reason to come Downtown. Ideally, with programming in spaces like this one, and others already in existence Downtown, and with the help of the Downtown Partnership and the Visitors' Bureau, we can market Downtown as a community crossroads where there is always something fun happening. Attributes of a successful space include accessibility for patrons regardless of physical ability and ability to pay, safety, and flexibility to support a range of artistic activities. While it should be principally for revenue-generating public arts and cultural performances, and other events based on availability, it is important that community groups should also be able to affordably reserve the space for homegrown performances.

Question: What would be the economic impact on the Downtown?

Response: A comprehensive analysis of this issue was not conducted though data assembled are suggestive:

- Based on information provided by Paul Shareshian, the Theatre's owner, the Varsity accounts for nearly 100 events per month, with about three quarters of these comprising showings of films. These events draw approximately 7,000-8,000 individuals to the Downtown monthly.
- As described below, if renovated, the Varsity Theatre would have no more than the current maximum capacity of between 280-300 seats.

If occupied at a level comparable to other venues in the area it is not clear that there would be a significant increase in the number of individuals drawn to the Downtown. Thus, renovating the Theatre would have unknown material effect on Downtown businesses.

Part 3:

Question: What would be the costs of this conversion for both acquisition and necessary refurbishment – and how long would it require?

Response: The assessed value of the Sorrell building housing the Varsity Theatre is close to \$2,000,000. It is assumed that purchasing the theater from its current owner would be in this price range.

An initial assessment of the facility suggests that its limitations – it is long and narrow, it has a sloping floor, it has a relatively low ceiling height, it lacks obvious spaces for storage, dressing rooms, and the like, and many of its systems would need to be updated to comply with current building codes – make it difficult, if not impossible, for it to accommodate the range of programming described above.

In terms of costs, while cosmetic renovations are possible (e.g., improving the exterior of the building, including updating the marquee, and upgrading the lobby might cost about \$150,000), a renovation that would make it into a modern space would be expensive – ranging from \$1,500,000 to \$3,500,000– due to the limitations mentioned above and the need to make older systems code compliant.

Question: How would these costs be paid for and what kinds of partnership(s) might be feasible?

Response: Although the Task Force has not investigated this question specifically, the likely options would include local government funding, fund-raising through a new or existing not-for-profit, and various grants (governmental and private).

Part 4:

Question: What would be the business model of the new entity in terms of ownership, ongoing management, and ability to be financially secure and self-sustaining?

Response: The Task Force did not thoroughly investigate this for the reasons mentioned in the preliminary conclusions below. However, based on information presented in the [“Setting the Stage” report](https://artsorange.org/settingthestage2019/)⁴, generically the business models could include:

1. Local government ownership and operation (with or without an operating subsidy)
2. Local government ownership of the facility and operation by a separate entity (either for or not-for-profit) with or without Town subsidy
3. Completely independent ownership (with or without Town subsidy)

⁴ <https://artsorange.org/settingthestage2019/>

CONCLUSIONS AND RECOMMENDATIONS

Based on its work conducted to date, the Task Force has reached the following conclusions:

- There is a clear desire and need for a community arts performance space that would meet the needs of a variety of local arts groups.
- The physical limitations of the building and existing theaters are such that achieving the goals expressed would be difficult as well as prohibitively expensive.
- While a performance space such as has been described might provide a boost to Downtown businesses, it is unclear that, given the current utilization of the Varsity space and its capacity, converting it to a new use would have a meaningful impact on Downtown businesses. Further research would be needed to determine potential impact.
- It is possible that a more cosmetic approach to the Varsity (i.e., working with the current building and theater owners to upgrade the exterior of the building) might help the Downtown by providing an interesting visual focal point and improve utilization, thereby assisting Downtown businesses.

Task Force members discussed other barriers to Downtown attendance including visitors not feeling safe, comfortable, and welcomed (for example, due to aggressive panhandling, smoking, public urination, harassing behavior on the streets and sidewalks, etc.). The cost and perceived availability of parking is an additional barrier. Another issue to be addressed is improving communication and collaboration among existing Downtown businesses who desire arts programming in their spaces. These issues also need to be addressed as part of the larger conversation around Downtown vibrancy.

It is clear that the Varsity Theatre is not the appropriate location for a performing arts center as identified by this Task Force. However, there are other possible spaces for such a venue in Downtown Chapel Hill and the Task Force recommends that the Council and Town staff continue to engage and explore this issue.

Appendix A – Task Force Membership

On October 24, 2018 the Town of Chapel Hill Town Council established the Varsity Theatre Task Force to consider the possible use of the Varsity Theatre at 123 East Franklin Street as a community performing arts center. When the Task Force first convened in December 2018, it was comprised of the following seats, including Council Members Rachel Schaevitz and Michael Parker, appointed by the Council as Task Force Co-Chairs:

- Michael Parker, Council Member
- Rachel Schaevitz, Council Member
- Gerald Bolas, arts consultant and former Director of the Ackland Art Museum
- Mandey Brown, Downtown business owner
- Hardy Butler, Downtown entrepreneur
- Dan Cefalo, artist and former chair of the Chapel Hill Cultural Arts Commission
- Justin Haslett, Managing Director of Playmakers Theater and chair of the Chapel Hill Cultural Arts Commission
- Emily Kass, General Manager of the Chelsea Theater and former Director of the Ackland Art Museum
- Greg Overbeck, Downtown business owner
- Sharon Rothwell, UNC Carolina Performing Arts Advisory Board member
- Paul Sharesian, current leaseholder and operator of Varsity Theatre
- Justin Simmons, Chamber of Commerce representative and Varsity Theatre user
- Kameron Southerland, youth representative
- Kaze Thomas, Downtown business owner and artist
- Don Tise, Architect and Downtown business owner
- Marlon Torres, NC Arts in Action and Downtown resident
- Brenda Womble, local arts community member
- *Downtown Partnership representative**

On January 16, 2019 the Council expanded the membership of the Task Force to include:

- Kathy Atwater, artist and Northside Neighborhood resident
- Xilong Zhao, Chapel Hill Cultural Arts Commission member

*Matthew Gladdek filled the seat held for a Downtown Partnership representative, beginning with the January 28, 2019 Task Force meeting.