

## Downtown Miami

### Critics: Gusman landmark victim of mismanagement

By: Paola Iuspa-Abbott

The possible demise of a downtown Miami landmark has been in the making for nearly two decades, but the operator of the Gusman Center for the Performing Arts did little to change the cultural venue's path to failure, critics say.

Facing a budget crisis, the city of Miami plans to cut its \$478,036 contribution to the Gusman Center's \$1.4 million budget for 2010-11 fiscal year, which begins on Oct. 1.

Without replacement funding, Gusman's doors will close permanently next spring, according to the theater's Web site.

The 1,567-seat theater at 174 E. Flagler St. is run by the Miami Parking Authority, a city agency that manages and develops on- and off-street parking in Miami.

In the past two months, Miami City Commissioner Marc Sarnoff has scurried to cut deals with nonprofits able to replace the venue's current management.

Sarnoff, whose district includes downtown Miami, said he is negotiating a deal between the Adrienne Arsht Center for the Performing Arts and another entity to manage the venue. Sarnoff declined to name the other group.

"It can't go dark, but the funding can't come from the general fund," he said.

M. John Richard, president and chief executive officer of the Adrienne Arsht Center, said the center cannot help manage the Gusman facility.

Adrienne Arsht Center management "cannot take on the additional responsibility of fundraising for the Gusman," Richard said. "Managing a successful Gusman theater will require public and private resources to effectively program the facility and sustain its mission over short and long term."

Critics say the parking authority has done a poor job of creating programming and generating revenue.

"The parking authority has a pretty hands-off approach," said Brian Alonso, whose family owns La Epoca department store across the street from the theater. He is on the board of the Friends of Gusman, a group that supports the theater.

"It is almost like a burden to them. Essentially, what it comes down to is the parking authority has been operating the theater as a rental facility," he said.

When South Florida business tycoon and philanthropist Maurice Gusman saved the aging theater and the former Olympia office building from demolition and donated them to the city in 1975, he mandated that the parking authority run the theater.

That hasn't turned out to be a good move.

The theater has events about 75 nights a year and is dark the rest of the time.

Miami Parking Authority executive director Art Noriega said he can't run the venue as anything more than a rental facility because of lack of funding.

# DAILY BUSINESS REVIEW

July 8, 2010

Circulation: 34,000

"To operate that facility as anything more than a rental house requires investment," he said.

"But the city has never been willing to do that. The city always had a different set of priorities and never looked at the Gusman as a business."

He said he is doing "whatever" he needs to do to keep the building open and operating.

"I am in the parking business," he said. "The reason why we oversee the theater is because there's never been a better option, to be honest with you."

Noriega said he reached out to other groups over the years to take over the management but found no takers.

Last year, the Friends of Gusman hired consulting firm North Group to evaluate the operation of the theater and come up with a plan for a fundraising campaign.

The findings of the report issued in December were not pretty.

North Group said the theater's "budget erosion over the years has forced the Gusman Center to become primarily a rental house" rather than a presenter, collaborator and partner to the community.

The lack of a "dependable season" has made marketing and fundraising nearly impossible, the report said.

The operation of the theater has been on the decline since its management was last evaluated in 1992. At that time, "the business operation of the Gusman Center was unsupportable in its then-configuration as just a rental house. [Since then,] the staff has dropped from 12 to six, further reducing the Gusman's community viability and visibility," according to the report.

North Group said the theater hasn't been operating "efficiently and effectively" under the parking authority, which needed to improve its budgeting, staffing, fundraising and accounting for the center.

## In Need of Positions

The theater is in need of a director's assistant, volunteer coordinator, a house manager and a tech coordinator, according to the report.

"These four positions are a necessary part of best practices of successful nonprofit theaters," according to the consultant.

North Group said the Gusman Center should be open at least 125 nights a year.

The consultant said the increased theater activity would have a "major impact" on the economic vitality of downtown, where trendy restaurants and shops are beginning to open to serve the residents moving into the new condo high-rises.

Besides ticket sales, the Gusman Center is supposed to have a second source of revenue: a portion of the rent generated by 80 city-owned apartments above the theater. That isn't happening.

A subsidiary of developer Cornerstone Group is running the rental units on behalf of the city and the parking authority. But the city, the authority and Cornerstone are tied up in litigation over claims that Cornerstone owes the city more than \$500,000 in rent under a 1994 lease. The lawsuit, filed in 2003, is pending.

"I would like to know when the last payment was made and where the [rental] income is going," said Alonso, who joined the Friends of Gusman three years ago.

# DAILY BUSINESS REVIEW

July 8, 2010

Circulation: 34,000

Since then, the entire board has been recycled. The board hasn't been active in reaching out to the private sector for donations or increasing the venue's visibility, several sources said.

## Lack of Public Funds

For the board to become effective, it needs to find money to compensate for the lack of public funds.

One option would be obtaining a short-term loan from the Downtown Development Authority, which is responsible for promoting Miami's central business district to business owners and investors.

"They should go to the DDA for a loan because it is in the DDA's best interest that the Gusman Center remains open," said Miami City Mayor Tomas Regalado.

Alyce Robertson, the DDA's executive director, said the agency may be able to help, but theater supporters need to make requests for money now because her group is in the process of planning next year's budget.

"We haven't been approached about an operating subsidy," she said. "Now would be the time for them to come before the board."

Regalado is proposing to cut the funding for the theater to help narrow next year's projected \$100 million city deficit.

Since 2005, the city has invested nearly \$2 million in restoring the theater and buying equipment.

The Miami Sports and Exhibition Authority last month gave the authority a \$300,000 grant to repair the exterior of the building, Regalado said.

"I don't want to see the theater close," he said. "Downtown needs the theater."

Regalado, who revealed the budget cutback to the parking authority in March, said he is pressing business leaders to step up with contributions.

"But the private sector wants guarantees that the Gusman Center will be able to be self-sustaining," he said.

Longtime downtown property owner Rafael Kapustin hopes someone can find a solution, because once the theater closes, he fears it will never open again.

"Closing the theater down is not an option," Kapustin said.

"It sends a signal to the world that the city is in deep trouble and that the area that they care the least is downtown Miami. That could be very dangerous."

## CLARIFICATION

M. John Richard, president and chief executive of Miami's Adrienne Arsht Center, did not rule out the possibility that the center's management could run the Gusman Center for the Performing Arts. A story in the July 8 editions of the Daily Business Review wrongly said the Arsht Center would not be able to help manage Gusman. Richard said the trust that raises funds for the Arsht Center can't "take on the additional responsibility" of raising money for Gusman.