THE CITY OF ASHEVILLE

MEMORANDUM

TO: Debra Campbell, City Manager
FROM: Chris Corl, Director, Community & Regional Entertainment Facilities Department
DATE: June 16, 2023
SUBJECT: Thomas Wolfe Auditorium Partial Closure

I regret to inform you that we've officially lost operational abilities with HVAC Unit #1 in the Thomas Wolfe Auditorium's (TWA) seating chamber. This unit is responsible for about 65% of our total heating and cooling capabilities in the TWA. First discovered near the end of May, we've attempted various work-arounds to the issue in order to continue hosting events while simultaneously working towards a repair. We currently have a small operational HVAC unit in the back balcony and a larger operational HVAC unit on the stage. In order to Heat/Cool the space, we have to run each of these at full capacity and utilize fans and air movement to circulate the air to regulate temperature. Ultimately, this has resulted in very low stage temperatures in order to cool the seating chamber, which has been met with some challenges.

Key Takeaways:

- Major HVAC equipment failure in the TWA
- Total repair costs expected at close to $1.4 Million
    - Three key factors include parts/labor availability and delivery, TWA Attic's lack of OSHA standards and/or fall/arrest system, and cost of repairs
- HCCA capital improvement budget can cover if scope and scale of current arena upgrades project is reduced significantly or potentially delayed.
- A partial closure of the TWA will take place for the upcoming 6-9 months
- Expecting up to a $1.9 Million reduction in total gross revenues compared to the previous fiscal year.

With larger crowds, the additional body heat on top of the outside air temperature has resulted in us 'losing the room' in regards to the ability to control the temperature in the seating chamber. For example, we had a rock show with a little under 2,000 people in the house with an outside temperature of around 65 degrees and the indoor seating area temperature still reached 80 degrees.

With smaller crowds around 1,000 and under, we have been able to keep the room a comfortable temperature at the expense of the musicians/performers on stage. For example, at the A.C. Reynolds High School Memorial Day concert, there was a 14 degree lower temperature difference on the stage versus outside. Musicians complained about being too cold, and unfortunately the woodwinds and brass instruments were not performing properly due

to the temperature. We expect similar issues with dance and other smaller event's performers being uncomfortable in order to manage the temperatures in the seating chamber. Altogether, the impact to guests, attendees, and performers will result in an unpleasant diminished performance quality.

In addition to the HVAC issues, the condition of the TWA's attic is a big factor in the repair process. None of the companies regionally that can do the repair work are willing to work in our attic until we bring it up to OSHA standards and/or install a fall arrest system. In 2020, our heating system went down from March - November, and the cost estimate then was $325,000. We were able to find a company willing to do the work (repairs were similar, but less extensive in nature than what is needed now) without the attic upgrades, but we were at about 25% heating capacity for 8 months due to parts/lead time supply chain issues. That company is no longer willing to do the work without safety improvements to the attic.

Lead times on parts & materials is another big factor in that the HVAC units in the TWA are about 52 years old so nearly everything needs to be custom built with additional fabrication work done on site. Wall and e koi lectrical work also need to be completed in the attic in order to move this repair forward.

In order to complete the repairs we'll need to go through multiple steps.

1. Assessment & Design of the 'OSHA compliant' attic work
2. Fabrication & Installation of attic work
3. Demo & temporary movement of HVAC room wall & electrical
4. Upgrade of electrical main switch leg
5. Repair of HVAC Unit
6. Rebuild HVAC room wall & reinstall electrical

Cost estimates are beginning to come in, all verbal in nature, for everything in steps 2 - 6 as companies are unable to provide specific quotes prior to receipt of a design. We have initiated the first steps in design work and assessment of the space in order to get moving on the repairs as quickly as possible.

Lead times and current cost estimates:

Item	Current Estimates	Lead time
Assessment & Design	$ 40,000	1 - 2 mo
OSHA standards - installation	$ 400,000	3 - 4 mo
Unit Repair/Construction	$ 750,000	6 - 9 mo
Contingencies	$ 230,000	
total	$ 1,420,000	

As noted in the lead time column, it is highly likely that we will not have full operational capacity of the HVAC in the TWA for up to 9 months, effectively reducing our event capabilities for an entire fiscal year. Applicable companies and our house engineering staff feel confident that we can adequately control and manage the room for events with approximately 1,000 people and less. This 'maximum' attendance figure could flex some depending on outdoor conditions and the type of performance .

We have alerted the promoters/producers of our immediate upcoming events for June & early July to our issues. All have determined that they would like to push forward with their events, which we intend to try and manage as best we can. We have two immediate concerns:

1. I.C. Imagine Charter School Graduation Ceremony - expected attendance of 2,000
    - This event is scheduled for 11:00 am June 17. Forecast is predicting an outside temperature of 80 degrees with a real feel of 84 and 7% humidity. We're staffing additional medical resources just in case and ensuring that there is ample free water available. Additionally we are pre-cooling the space with the stage HVAC unit and the school is aware that the stage area may be very cold. Due to the passive nature of the crowd (sitting, no dancing etc) and the short event period (1.5 hours) we feel comfortable moving forward with this event.

2. The Smile - Expected attendance of 2,200
    - This event is scheduled for 8:00 pm on July 3. Forecast is predicting an outside temperature of 83 degrees with a real feel of 85 and 56% humidity. We're staffing additional medical resources and ensuring that there is ample free water available throughout the venue. We're also going to hand out free hand fans via the ushers to everyone. The show is more of a ambient nature and we don't expect much dancing, think more of melodic, low-fi music. The band's tour kicks off June 21 in Mexico City, and there are 5 U.S. dates prior to our show. We have contacts at each tour date venue to get a security & crowd evaluation after their dates (standard procedure for all shows) to get a better understanding of how the crowd will behave at our show to make any last minute adjustments. We're trying really hard to keep this show as the band does not want to play in the arena due to the type of music they play and for us and our co-promoter this event has grossed over $240,000 in ticket sales and is actually the highest grossing event ever in the Thomas Wolfe.

An additional immediate concern is the upcoming season of the Asheville Symphony Orchestra (ASO), which will become our most affected client. We have worked with the ASO over the last couple of weeks to try and find solutions to allow their planned season to move forward. Unfortunately, this is not going to be possible this season. The ASO typically draws around 2,000 guests per performance. Additionally, musician's agreements require that the performance area must be within a specific temperature range for instrument performance and comfort. We are unable to maintain this temperature range on the stage while also properly conditioning the seating chamber. It doesn't make financial sense for the ASO to perform two half capacity shows in the TWA while the stage temperature remains a significant concern. Due

to these factors,ASO has elected to move their planned 28 rental dates out of the TWA except for one potential date to be announced soon.

The ASO is hosting an annual member/donor event on the evening of June 22nd to notify their supporters of the venue change in the upcoming season's programming. Their ticket subscriber base will be told on June 23 with email and social media posts.

We are moving forward with a plan to continue hosting events expecting ~1,000 attendees or less in the TWA. But, we are also actively looking for alternative plans for the larger concerts this upcoming season. These occupancy and venue concerns will result in little to no concerts or other ticketed events in the TWA this fiscal year. Using data from the '22-23 Fiscal year, we evaluated multiple continuity of operations plans to assess the budgetary impact on the HCCA as well as the reduction of annual economic impact to Asheville & Buncombe County. Our current plan, which allows us to continue hosting the most programming possible and transitions some events into the arena when available, results in a gross loss of revenue of approximately $1.9 Million in FY 23-24 to the HCCA's budget as compared toFY '22-23. This would be a loss of 86 usage dates.

I have concerns related to the public perception of this 'partial closure' within the community of Asheville and Buncombe County guests as well as the national/regional event promoter industry. Although the room is certainly still safely able to host events with smaller numbers of attendees, I fear that the closure to large events may result in people determining that they should not attend any events when we book events expecting ~1,000 attendees. I fear that a negative perception could quickly be drawn that the TWA is unsafe when we allow some events to move forward, but not with others. We are attempting to address this in updated temporary booking policies that we will be posting in the immediate future.

I'm hopeful that this prolonged partial closure will reignite the conversation surrounding a larger more transformative update to the TWA. Although we have the ~$1.4 Million in repair costs in the HCCA capital improvement accounts, we recently submitted a ~$4.4 Million grant request to the Tourism Development Authority for a matching Product Development Funds project within the arena, utilizing a little over $2.3 Million in matching funds from our capital accounts. In order for HCCA to cover the repairs to the TWA, we'll need to significantly reduce the scope of the arena project as proposed and possibly delay the project in its entirety for a year or two.

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