

FUND FOR GREATER LEXINGTON

STRATEGY FOR A NEW ARTS AND CULTURAL VENUE IN LEXINGTON, KENTUCKY

SUMMARY OF BUSINESS PLAN AND IMPACT ASSESSMENT

MAY 21, 2025



BLUE GRASS
COMMUNITY
FOUNDATION
WE'RE IN IT FOR GOOD.

WHO ARE WE?

SOUND DIPLOMACY IS THE GLOBAL EXPERT IN INCREASING THE ECONOMIC, SOCIAL AND CULTURAL VALUE OF ENTERTAINMENT IN COMMUNITIES AROUND THE WORLD

We assess the value of an entertainment ecosystem - comprising music, film and digital entertainment - identify growth areas and produce actionable strategies and implementation plans that deliver measurable economic and social benefits.



OVERVIEW OF PHASE 1

VISION WORKSHOP

Vision meeting with the Fund for Greater Lexington.

STAKEHOLDER ENGAGEMENT

Roundtables with relevant stakeholders to gather front-line insights on Lexington's cultural ecosystem.

CONSUMPTION PATTERNS

Analysis of market and survey data, consumer behavior, and industry dynamics in the arts and cultural market for Lexington and comparison regions.

COMPETITIVE ANALYSIS

Assessment of ten significant performance and visual arts venues within a 2-hour driving distance of Lexington.

SITE APPRAISAL

Review of initial potential sites for the performing and visual arts venue.

INITIAL FUNCTIONAL DESIGN

High level design brief, including the massing of target venue sizes.

CASE STUDIES

Four case studies of venues with exemplary qualities.

OVERVIEW OF PHASE 2

BUSINESS PLAN

Developed an outline business plan, including the following:

- Refining the vision
- Overview of programming and services
- Summary of market assessment and audience profile
- Governance options
- Employment
- Overview of marketing strategy
- Partnerships
- Operating budget
- Risk assessment

OPERATOR ENGAGEMENT

Conducted interviews with prospective operators of both the performing arts venue (ATG and Nederlander Organization) and visual arts space (Speed Museum).

Themes include:

- Market assessment
- Programming
- Governance
- Partnerships
- Risks

IMPACT ASSESSMENT

Developed an impact assessment consisting of the following:

- Economic impact forecast
- Social value indicators
- General benefits of the new venue in Lexington

VISION FOR A NEW ARTS AND CULTURAL VENUE IN LEXINGTON

KEY OBJECTIVES AND AMBITIONS

- Be Lexington's premier arts and cultural destination
- Reflect the full potential of Lexington's flourishing arts and culture scene
- Generate a significant economic impact
- Attract national acts, top talent, and diverse audiences and visitors
- Serve as a regional destination
- Serve as a gathering place for the local community
- Increase culture's social impact
- Foster collaboration and coordination between the local artistic community
- Foster downtown revitalization



THE VISION IN NUMBERS

Please note that the following figures are based on Year 3 (once the venue is fully operational).



PERFORMING ARTS SPACE

Size: 42,260 sqft

Seated Capacity: 2,500

Annual Number of Attendees: 250,000

Annual Ticketing Revenue: Over \$4 million

Types of Shows and Events: Theatre, non-theatre (e.g. live music, comedy), shows by external promoters, community productions, private events



VISUAL ARTS SPACE

Size: 20,000 sqft

Annual Number of Attendees: 36,000

Annual Ticketing Revenue: Over \$500,000

Types of Shows and Events: Exhibitions, private events, rentals

PROGRAMMING CONSIDERED FOR THE BUSINESS PLAN

The venue's programming will be a vibrant mix of public, private, and community-focused events tailored for diverse audiences and needs, including events such as:

PUBLIC

PUBLIC COMMERCIAL PROGRAMMING

- Live music
- Theater and Broadway (including Broadway subscriptions)
- Dance
- Photography
- Painting
- Digital art



PUBLIC COMMUNITY PROGRAMMING

- Art events, such as festivals and family art days
- Educational initiatives, such as:
 - Arts programming in community spaces
 - Professional opportunities and workshops
 - Programs targeting underserved communities in Eastern Kentucky
- Programs engaging young children and seniors
- Opportunities to volunteer at the venue



PRIVATE

PRIVATE COMMERCIAL PROGRAMMING

- Conferences and corporate events
- Product launches
- Private celebrations and receptions such as galas, award ceremonies, networking events, weddings, parties etc.
- Private studio hire (photoshoots, film shoots, rehearsals)



PRIVATE COMMUNITY PROGRAMMING

- Teaching residencies or after-school programs in schools
- Artists' awards and rental programs for nonprofit use



COMMERCIAL

COMMUNITY

ECONOMIC IMPACT FORECAST



CONSTRUCTION IMPACT

The construction budget of the multi-purpose venue is estimated at **\$120 million***.

Total economic impact: \$200.5 million

Gross value added to the economy: \$102.3 million

Number of jobs supported: 1,224 jobs (across direct, indirect, and induced impacts)

Labor income: \$83.3 million

Fiscal impact: \$21.3 million

*Figure estimated by architecture firm RIOS in Phase 1.

Definitions:

Output: The total economic activity generated.

Gross Value Added (GVA): The venue's net economic contribution.

Employment: The number of jobs created across various industries.

Labor Income: The wages and salaries supported by the venue's activities.

Fiscal Impact: Tax revenues generated at local, state, and federal levels.



ANNUAL OPERATIONAL IMPACT

The operational impact encompasses all economic activities associated with the multi-purpose venue's ongoing management, programming, and non-local visitor spending.*

Total economic output: \$28.0 million

Gross value added to the economy: \$13.1 million

Number of jobs supported: 220 jobs

Labor income: \$8.5 million

Fiscal impact: \$2.5 million

*Figures based on analysis conducted in the business plan.

REINVESTMENT INTO THE LOCAL ARTS COMMUNITY

The Fund aims to receive \$500,000 per year of the venue's operation.

A proportion of funds from the above sum can be used for the non-profit's operations. Another portion will be **allocated to reinvest to the local arts community**. These initiatives will generate revenue that will be invested into the local community, support the local creative sector, contribute to community wealth-building, and may generate a range of social outcomes such as job creation and neighborhood development.

Types of initiatives they can be allocated to include:

- **Facilitating the use of cultural facilities** for local artists and organizations
- **Supporting small cultural organizations or artists** who might be considered "too risky" by traditional financing institutions, for instance via charitable loans
- **Developing community programming, within the venue and in the city.** This includes arts events as well as educational programming and workshops.



SOCIAL AND COMMUNITY BENEFITS

Indicators that reflect the social impact and public value of arts and culture could include:



Employment and Skills Development



Fair Work and Staff Wellbeing



Local Business Development



Environmental Sustainability



Innovation



Increasing Visitation and Tourism



Local Artist Development and Talent Attraction



Increasing Cultural Offer and Engagement



Health, Wellbeing, and Liveability in the Community

KEY STAKEHOLDERS

CONSIDERED TO INFLUENCE THE MANAGEMENT OF THIS VENUE

STAKEHOLDERS	DESCRIPTION
Arts Center Nonprofit	A 501c3 nonprofit created by FGL to lead the project, and to distribute some of the venue's profits to the local arts community.
Venue Operating Partner	Third-party organization with expertise in venue management and performing arts programming.
Visual Arts Partner	Third-party organization with expertise in gallery/museum management and visual arts programming.
Lexington City Government	City government, who can provide support to the venue's development through licensing, funding, and/or leasing public land.
Development Entity	Experienced developer/general contractor employed to oversee the design and construction of the venue. This can be a joint venture.

GOVERNANCE FACTORS

CONSIDERED TO INFLUENCE THE MANAGEMENT OF THIS VENUE

FACTOR	DESCRIPTION
Capital Investment	Who allocates funds to acquire and develop the physical assets such as the building, equipment and infrastructure. This is the main factor towards deciding the ownership of the venue.
Ownership	Who owns the legal rights to possess, use, and transfer the land and venue.
Transfer of Funds	How the funds are transferred between key stakeholder e.g. rent or profit shares.
Design and Development	Who designs and oversees the design of the venue, and who controls the construction of the venue.
Facility Operations	Who oversees and coordinates the daily activities involved in running the venue and its spaces and services.
Programming	Who selects, plans, and implements public programming (e.g., art events, exhibitions and performances), private programming (e.g., corporate and private events and programs), and the community outreach programs.

LEASE AND CONTRACT CONSIDERATIONS

TYPES OF LEASES CONSIDERED IN THE BUSINESS PLAN



VENUE MANAGEMENT LEASE

A management lease **gives an operator responsibility for running a space on behalf of the venue owner, with limited financial risk and less control.** The venue owner retains revenue rights and handles major maintenance, while programming aligns with broader venue goals.

Case Study: Durham Performing Arts Center, North Carolina



TRADITIONAL LEASE

A standard lease **grants the operator control of a defined space in exchange for rent, regardless of performance.** They manage programming, keep all revenue, and are responsible for upkeep, therefore **assuming greater autonomy and risk.**

Case Study: Swansea Arena, UK

SPONSORSHIP OPPORTUNITIES

Sponsors are organizations that will **provide financial support or resources to the venue or its programs in exchange for brand visibility, marketing opportunities, or other promotional benefits**. They will focus primarily on financial or in-kind contributions to help fund specific aspects of the venue's operations or events.

EXAMPLE PUBLIC SPONSORS

- Kentucky Tourism, Arts & Heritage Cabinet
- Kentucky Department of Education
- Kentucky Arts Council

EXAMPLE PRIVATE SPONSORS

- Corporations
- Foundations
- Philanthropic donors
- Private organizations and donors who are funding competitive venues

TYPES OF SPONSORSHIPS

- **Naming rights** for the venue and specific areas within the venue (e.g., VIP lounges), or major events and programs
- **Tickets** for entertaining key clients and employees
- **Company recognition** in digital, print, and on-site marketing across the venue's marketing channels and social media
- **Creative on-site engagements**, (i.e. interactive and participatory activities designed to engage visitors in unique, immersive, and hands-on experiences)
- **Programming sponsorships**, e.g. sponsored exhibitions.

PARTNERSHIPS

The venue will need to develop a formal partnership strategy, and to engage with businesses or organizations to develop partnerships that are able to **support the venue’s finances, programming, and communications**. These partnerships can **enhance the venue’s resources, expand its audience and visitor reach, and enrich the overall visitor experience**, aligning with shared goals to create vibrant cultural offerings.

EXAMPLES OF COMMERCIAL PARTNERSHIPS

- Commercial partners could co-fund or co-produce programming, such as special exhibitions or performances, in collaboration with the venue.
- The venue could collaborate with partners on marketing, communications, and audience development initiatives to expand event promotion and enhance brand reach.

EXAMPLES OF COMMUNITY PARTNERSHIPS

TYPE OF PARTNERSHIP	POTENTIAL PARTNERS	EXAMPLE OF INITIATIVES
Community programming	<ul style="list-style-type: none"> • The Lexington Art League • The Carnegie Center For Literacy and Learning • Woodford Theatre • Lexington Philharmonic • Lexington Opera House • The Lexington Theatre Company 	<ul style="list-style-type: none"> • Art programming in community spaces • Grant programs for small art nonprofits • Award events • Membership programs that provide free family or individual memberships
Educational initiatives	<ul style="list-style-type: none"> • Central Kentucky Youth Orchestras • Lexington Children’s Museum • The Carnegie Center For Literacy and Learning • The University of Kentucky • The Transylvania University • Fayette County Public Schools 	<ul style="list-style-type: none"> • Teaching residencies • Summer residencies • Afterschool art programs • Public lectures and workshops • Internships
Community outreach	<ul style="list-style-type: none"> • Commerce Lexington • VisitLEX • LexArts • Arts Connect • Local ambassadors (such as well-known local artists, business leaders, or cultural influencers) 	<ul style="list-style-type: none"> • Advocacy in the local community • Building political support for the venue • Promotional efforts

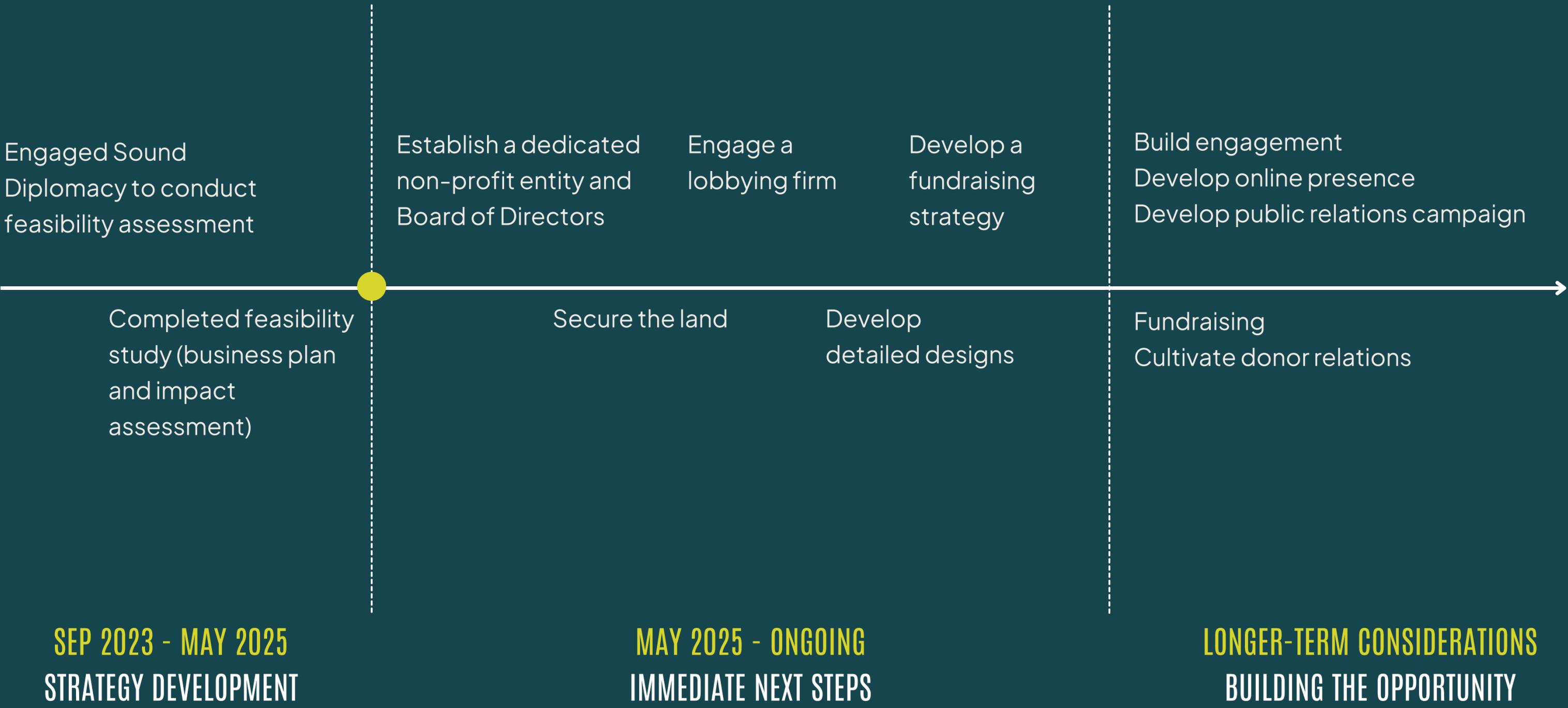
RISK ASSESSMENT

The following risk assessment is not comprehensive and focuses only on the business plan. It details the potential risks considered over the course of the project, with the likelihood and impacts measured out of 10, contributing to an overall risk score out of 100. Risk categories included **operational and programming; financial; design and development; facility; regulatory and political; reputation.**

The top 5 highest-scoring risks this business plan highlights include:

RISK	LIKELIHOOD	IMPACT	RISK SCORE (L x I)	MITIGATION ACTION	OWNER
Inability to identify and secure suitable land for the venue.	8	10	80	Reduce – by conducting early feasibility studies, and engagement with city planning authorities.	ACN
Risk of insufficient project planning leading to cost overruns and late delivery.	8	8	64	Avoid – by engaging a Project Manager early on to allow detailed planning of work packages and trade interfaces.	ACN
Failure to find suitable operators for the venue.	6	10	60	Avoid – by developing a full operator procurement strategy.	ACN
Facility conditions or deterioration threatening equipment and artwork	6	8	48	Avoid – by ensuring well-considered design, regular maintenance, climate control monitoring, regular inspections, conservation measures, and infrastructure upgrades.	ACN and Operators
Project fails to comply with external funding requirements.	5	8	40	Avoid – by closely following funder requirements from the early stages of development, with a schedule of activities and contractual requirements to be agreed at the outset of delivery. Any issues should be discussed with the funder and appropriate action taken so they can be overcome.	ACN

PROJECT TIMELINE & NEXT STEPS



IMMEDIATE NEXT STEPS



TASK	ACTIONS
Establish a dedicated non-profit entity	<ul style="list-style-type: none"> • Define the mission, vision, and core objectives of the organization. • Determine legal structure and file incorporation documents. • Form a founding board of directors with relevant expertise and community ties.
Secure the land	<ul style="list-style-type: none"> • Confirm zoning compliance and permitted uses for intended site. • Conduct feasibility studies including environmental assessments and site surveys. • Negotiate purchase or lease agreement with landowner.
Engage a lobbying firm	<ul style="list-style-type: none"> • Identify and vet lobbying firms with experience in arts, cultural, or municipal development. • Define specific advocacy goals (e.g., zoning approvals, public funding, tax incentives). • Negotiate contract terms and timeline for engagement. • Coordinate messaging and collateral materials for policymakers.
Develop detailed designs	<ul style="list-style-type: none"> • Develop detailed designs and site plans. • Refine plans through iterative design development and stakeholder feedback. • Prepare final construction drawings and submit for permitting.
Develop a fundraising strategy	<ul style="list-style-type: none"> • Set clear fundraising goals aligned with project phases (e.g., capital campaign, operations). • Identify potential funding sources, including grants, donors, sponsorships, and public funding. • Develop donor tiers, recognition plans, and case-for-support materials. • Assemble a fundraising committee or board task force. • Establish campaign timeline, budget, and key performance indicators.

BUILDING THE OPPORTUNITY

FGL/the ACN will need to adopt a marketing strategy to secure the funding necessary to launch the venue. This will aim to **build excitement around the project, engage the community and attract key investors and funders** by positioning the new arts and cultural venue as a transformative arts asset and destination. Key factors include:



BUILDING ENGAGEMENT

- Define the venue's identity, mission, and values to establish credibility, build trust with funders, and attract investment.
- Promote unique offerings with consistent branding and tone of voice across all communications.



ONLINE PRESENCE

- Launch a website and active social media presence to share project updates, visuals, and funding opportunities.
- Use digital marketing tools (ads, email, influencers) to drive engagement and attract broader investment.



PUBLIC RELATIONS

- Implement a PR strategy to secure local and national media coverage and position the venue as a vital cultural initiative.
- Engage artists, stakeholders, and leaders to endorse and promote the project, expanding reach and credibility.

BUILDING THE OPPORTUNITY (CONT'D)

FGL/the ACN will need to adopt a marketing strategy to secure the funding necessary to launch the venue. This will aim to **build excitement around the project, engage the community and attract key investors and funders** by positioning the new arts and cultural venue as a transformative arts asset and destination. Key factors include:



FUNDRAISING

- Run a capital campaign targeting major donors, corporations, and grants, supplemented by crowdfunding and benefit events.
- Offer tailored sponsorship packages and co-hosted events with community groups to encourage broad-based support.



DONOR CULTIVATION

- Host events (e.g., town halls, open houses) to build relationships, answer questions, and generate community enthusiasm.
- Establish a tiered donor program with exclusive benefits and focus on nurturing long-term partnerships with key funders.

THANK YOU

Questions & Discussion

Jett Glozier

Global Head of Cultural Infrastructure
jett@sounddiplomacy.com

Cheryl Kwok

Project Manager
cheryl@sounddiplomacy.com

SOUND
DIPLOMACY

[Website](#) | [LinkedIn](#) | [Instagram](#)