

# building TRUST

PITTSBURGH'S CULTURAL TRUST, MANAGER OF A DOWNTOWN DISTRICT THAT HOUSES \$200 MILLION WORTH OF PHILANTHROPIC DREAMS, HAS HAD IMMEASURABLE SUCCESS AS AN ARTISTIC PRESENTER. NOW, AS IT BLOWS OUT THE CANDLES ON ITS 25TH BIRTHDAY, THERE IS A RECOUNTING OF ITS HISTORY AS AN ECONOMIC DEVELOPER AND ONE INEVITABLE QUESTION: WHAT NOW? BY CHRISTINE H. O'TOOLE PHOTOGRAPHY BY JOSHUA FRANZOS

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ramed by a sleek glass elevator descending from Pittsburgh's Theater Square parking tower, the scene below exudes artsy sophistication. The linden trees on Katz Plaza have leafed out, shading the audience at a late-afternoon jazz concert. A calming gurgle of water trickles down a looming Louise Bourgeois sculpture. An electronic signboard teases for the Broadway-birthered "Legally Blonde," playing at the Benedum Center, a landmark grand theater. A block past Heinz Hall, the home of the Pittsburgh Symphony Orchestra, aproned waiters sweep the sidewalks in front of storefront bistros.

H.J. "Jack" Heinz II, described as a man of "stratospheric elegance" by Tony O'Reilly, his successor in heading the legendary H.J. Heinz Co., would relish every aspect of the neighborhood now known as the Cultural District. He would love its Euro-style panache, but he also would appreciate it as the worthy product of a vision he conceived in the late 1960s and turned into reality through his philanthropic leadership at The Heinz Endowments.

# KATZ PLAZA

A drab outdoor parking lot was reborn in 1999 as Agnes R. Katz Plaza in Pittsburgh's downtown Cultural District. Katz was the matriarch of the family that had majority ownership in Papercraft Corp. The plaza was renamed following a generous gift for the project from her children, Marshall Katz, a Pittsburgh Cultural Trust board member, and Andrea Katz McCutcheon. The 23,000-square-foot public space is a popular venue for concerts such as the JazzLive summer series that attracts listeners—and a few dancers—on Tuesday evenings. Adding to the plaza's appeal are 32 linden trees; a 25-foot bronze fountain, designed by sculptor Louise Bourgeois; and three large granite benches resembling human eyes, also designed by Bourgeois.



After sitting vacant for five years in the 1960s, the Loew's Penn Theater, once known as Pittsburgh's ornate "Temple of the Cinema," was slated for demolition to make way for a parking lot. Then Henry J. "Jack" Heinz II and Charles Denby, president of the Pittsburgh Symphony Society, saw the potential to transform the rundown movie palace into a stunning cultural center. Today Heinz Hall for the Performing Arts is the cornerstone of the city's Cultural District, as well as home to the Pittsburgh Symphony Orchestra, where the opening events for this season were the aptly titled "Enchanted Evening" gala and concert, featuring renowned violinist Itzhak Perlman.



Four decades later, Jack Heinz likely would be dismayed that downtown Pittsburgh has yet to regain its top-five ranking among cities with Fortune 500 company headquarters. But he would be pleased to know that the region's population decline appears to be slowing, and he would be elated to learn that the city's downtown is flush with new residents and buzzing with activity. There are more restaurant, recreation and entertainment offerings, more residency choices, more construction cranes than at any point in the past 40 years.

Much of it can be traced to the Cultural District, the product of patient investment and remarkable cooperation among business leaders, arts organization managers, politicians and funders. Even as the holder of the vision, Mr. Heinz would likely be shocked to discover that the downtown arts scene now attracts two million patrons a year to performances and events at 14 cultural facilities.

"It is the single most important strategic investment in our region, and it has fostered everything else," says Jim Rohr, president and CEO of PNC Financial Services and just-retired chair, after an eight-year term, of the Cultural Trust, the institution charged with managing and growing the district.

In implementing that vision on the ground, the Trust has had enviable success in building beautiful performance venues, parks and streetscapes. It has navigated complex real estate deals, chased away X-rated video stores and nuisance bars, introduced business efficiencies to struggling arts organizations and landed world-class artistic performances that bypass similarly sized cities.

But there have been growing pains, too. Some of the Trust's most ambitious projects have been subject to the same woes that befall institutions with remarkably dissimilar agendas—real estate development and performing arts management. Union relations often have been tense; subsidies

that have fueled many of the district's moving parts are still needed; and the \$460 million RiverParc project, one of the most ambitious development plans in the Trust's history, had to be suspended over questions about the ultimate cost of the project, including the recession's effect on credit availability.

Despite those problems, the Trust stands as a shining beacon—internationally admired—for how a nonprofit performing arts platform can drive economic development and neighborhood revitalization. "More than any other performing arts center, the Pittsburgh Trust encompasses this idea that the arts be engaged in changing the city," says Mark Nerenhausen, president and CEO of the AT&T Performing Arts Center in Dallas.

With several chapters completed and others yet to be written about the future of downtown, the Trust stands at a juncture and plots its next course. Does it contribute best by staying true to the same mission as the one bestowed at its birth 25 years ago, or must it take on a new mantle for more demanding times?

In 1984, the notion of a Cultural District was an audacious one with bad timing: to reclaim the seediest district in a town decimated by the collapse of the steel industry. The resurrection of the 14-block red-light district along the Allegheny River would eventually require more than \$200 million in foundation support, including more than \$100 million from the Endowments, for new theaters, façade restoration and streetscapes. There would be parks and art projects, programming and operating support—even residential development.

As the shrewd chief executive of an international company, Mr. Heinz knew that an entity that could control real estate as well as arts presentations had the potential to sustain itself over the long term. It would be easier to attract new audiences and make Pittsburgh more attractive to private investment.



Clyde Hare

Pittsburgh's Cultural District was created by the "band of dreamers" gathered by Jack Heinz to bring his vision to life. Shown here during a 1979 planning meeting in Mr. Heinz's New York City apartment are some members of the group that included, from left, Sen. H. John Heinz, left foreground; Jack Heinz's wife, Drue; Jack Heinz, standing left center; and real estate magnate William Rea, right foreground.

campus with a vast symphony hall and apartments was going to be built in the lower Hill District next to the just-completed Civic Arena with its retractable dome roof. Despite an \$8 million pledge from the Howard Heinz Endowment, the project couldn't attract additional public and private investors. Mr. Heinz held on to his dream, though, even into retirement from the H.J. Heinz Co. in 1967. He found a new staging ground to market as the symphony's new home: a derelict movie palace at the corner of Sixth and Penn.

The \$7 million the Endowments contributed during the four-year restoration afforded a Midas touch. Each opulent detail was personally selected by Mr. Heinz, who proudly escorted his wife, Drue, to the 1971 opening. A significant supporter of the arts on her own, she led the design of the hall's plaza area. In its first four years of operation, Heinz Hall audiences doubled from 322,888 in 1971 to 624,260 in 1975.

Like most achievements that are widely celebrated, the hall had to endure the inevitable contrarian criticisms. Arts organizations clamored for more dates on the single stage. Patrons loved the innards but hated its dangerous outside surroundings—"a peacock on a pile of ashes," was author Mary Brignano's tart description in a 92-page history she wrote for the Trust.

"It was clearly a locus for drug dealing and prostitution," recalls Carol Brown, the Trust's first president. As the 1980s began, Mr. Heinz and a group of trusted real estate experts quietly bought up porn-shop-loaded properties near the hall to expand the cultural reach. An exhaustive study conducted by London-based planners Llewelyn-Davies Associates validated the land purchasing as a sound economic development strategy.

The study team noted that the Penn-Liberty block had good bones. A handsome crop of 19th-century loft buildings could qualify for historic preservation status. One 1928 theater, the Stanley, offered a great venue for a second major stage just a block from Heinz Hall. Derelict buildings could be replaced with parks and public art.

"Instead of standing on three legs—ticket sales, traditional philanthropy and a draw from an endowment—the Trust had a fourth in the real estate component," says Kevin McMahon, Trust president since 2001.

The Trust also provided arts groups with more downtown stages—and competition. The new entity would present out-of-town productions that would take up stage time that was once the exclusive turf of the seven major in-town arts organizations.

"The Trust plays the dual roles of programmer and landlord," says Janet Sarbaugh, senior director of the Endowments' Arts & Culture Program. The result, appropriate for an arts community, might be called creative tension. But for a quarter-century, that tension has stimulated Pittsburghers to embrace Mr. Heinz's vision with brio.

This doesn't mean that the idea of a Cultural District was always accepted, especially in its current form. Grand civic plans often vanish with a change in political tides. Fifty years ago, Pittsburgh's performing arts idea du jour was the "Pittsburgh Acropolis." The contemporary Lincoln Center-style

The plan and the projects it identified called for the creation of a nonprofit organization that could build public and private support for a district that was the antithesis of the Pittsburgh Acropolis: a walkable riverfront neighborhood with elegant entertainment, proudly preserved architecture and housing.

But even as Mr. Heinz and his group of planners were developing the concept of a Cultural Trust, they also were nurturing the next phase of district development. They wanted to win one of the last Urban Development Action Grants given to major economic development projects. With \$17 million at stake, the planners had to act fast and acquire the Stanley in order to meet the federal requirements and the deadline. In the summer of 1983, Jack Heinz reached out to Paul Jenkins, the longtime head of the Benedum Foundation.

“Not that Jack needed the dollars, but he was looking for some partners,” recalls Jenkins. “He foresaw the fact that ultimately the Cultural District was going to have to be a joint effort, and he asked us to make a naming grant.”

The two men shook hands. Five days later, the Benedum Foundation stepped up with \$5 million, five times the size of any grant in its history. Then-mayor Richard Caliguiri and the Allegheny County Commissioners threw political heft behind Mr. Heinz’s plans for a \$150 million project that would leverage the federal grant—actually a form of a soft loan—with private philanthropy and for-profit investment. The plan called for reviving the Stanley Theater, then erecting two office towers between it and Heinz Hall. The towers would recapture part of the public-private investment in the form of annual lease payments by the developer for the next 25 years. The market, at the time, allowed for only one tower to be built, but that funding stream, along with the federal grant secured by Sen. John Heinz, provided operating support for a Cultural Trust that would continue to expand the district.

In a few elegant strokes, the plan had wedded the arts to economic development.

With funding and mission for a new Cultural Trust in place, the search began for a capable founding leader. Jack Heinz had admired Carol Brown for her deft management of cultural and arts programs for Allegheny County and recruited her to the search committee. In the end, she applied, and he hired her. The decision was validated quickly by her strong management of the \$43 million conversion of the Stanley into the Benedum Center. “I honestly believed that the more people we engaged on every project, the stronger the theaters and the Trust would be as a whole,” remembers Brown. “We opened the Benedum on time, without a deficit, and Mr. Heinz enjoyed hearing about who was contributing.”

Jack Heinz had again given the world-class restoration of the 2,800-seat theater his enthusiastic scrutiny. But when it opened on Sept. 25, 1987, his seat was empty. He had died eight months before, at his home in Florida. The new Endowments president, Sen. John Heinz, represented his father at the packed performance center with his wife, Teresa, at his side.

“My father and his band of dreamers have unleashed a great idea,” he told the emotional audience. “What we need to do is have the wisdom to understand it and the courage to see it through.”

Brown took that as a personal guide for her leadership of the district’s next phase: “It had to be as good in public art and architecture as in performance,” she remembers. The Trust would not have been able to expand the vision without support from other elements of Pittsburgh’s foundation community, including the Richard King Mellon, Pittsburgh and Buhl foundations.

“The restoration of the façades, the street-scapes, these were part of a holistic plan. It’s part of what gives it its great character today,” says Brown. “It’s not a great big glass building with four theaters of various sizes, which is what a lot of cities build. There’s texture and street life in the district.”

The Trust also restored two smaller theaters. The 1,200-seat Byham and the 200-seat Harris, a porn-palace-turned-art-cinema, brought more patrons downtown. By 1999, the Trust lured Pittsburgh Public Theater to a new Penn Avenue home in the Michael Graves–designed O’Reilly. The new performing space opened with the world premiere of August Wilson’s “King Hedley II” in December 1999.

The development of the Penn Avenue site included two important amenities: parking and a park. The latter gave Brown the opportunity to bring three world-famous practitioners—Graves, the architect; Dan Kiley, the landscape architect; and Louise Bourgeois, the sculptor to collaborate for the first time on a corner lot that would become Katz Plaza.

Parking had been a long-sought amenity in the district, and the Theater Square Garage that was built has tapped into a demand that projects annual revenues to the Trust to run at the \$1 million mark. But instead of building a utilitarian garage, designers extended the architectural elements of the O’Reilly into the structure and outfitted it for multiple uses. The vast ground-floor space was the stage for two sold-out visits by London’s Globe Theater Company before being adapted as a late-night cabaret and bar. There also was room for an elegant restaurant, Café Zao, partly supported by the Trust to encourage more exciting dining choices. Within five years of that restaurant’s opening, a half-dozen other upscale eateries mushroomed along Penn Avenue.

The Trust continued to acquire local properties along the riverfront, primarily with grants from the Richard King Mellon Foundation. Two Marriott hotels were launched; the new Pittsburgh High School for the Creative and Performing Arts opened in 2003; and the district’s historic designation allowed tax credits for residential building projects.

With Trust presentations and more performances by smaller arts groups, the district was

now programming more than 200 nights a year. And after 17 years, Brown was ready to move on.

“Carol was truly a wonderful leader, a unique person for the time,” recalls Rohr. “She had a difficult challenge—working with real estate developers, politicians, foundations, fundraisers and corporate people as well as arts groups. Each had a different agenda. She was able to bring people together and totally remake the worst area in town.”

When Kevin McMahon moved from executive vice president of Washington’s Kennedy Center for the Performing Arts to succeed Brown, he acknowledged that “most of the heavy lifting had been done—the big theaters had been built.” But he faced challenges beyond brick and mortar. There was pressure to wean the organization from the deep philanthropic support that had sustained its first phase.

As McMahon took over, local groups shared a national concern. Season subscriptions, the lifeblood of their organizations, were declining. Office costs for information technology and health care were growing.

With six groups presenting in the district, the fact that there were separate ticketing booths and separate health care programs for relatively small staffs didn’t make a lot of sense to board members with a business bent, like Rohr, and foundation officers, like Sarbaugh. The Endowments led an effort to form a Shared Services committee that was charged with showing fiercely independent groups how they could combine sales data, marketing efforts and other backroom functions and still maintain separate identities.

Rohr remembers it as a “frustratingly slow” start. “They didn’t want to lose their independence. But the service level to the customer was critically important.” As Web-based marketing and ticketing becomes the norm, the Trust is expanding its online functions to offer seamless one-stop shopping. “There’s one underlying shared-operations system,” explains Rona Nesbit, the



Vaudeville stars such as Ethel Barrymore and Helen Hayes graced the Gayety Theater's stage after it opened on Halloween in 1904. The building became a full-time movie theater and was renamed The Fulton in the 1930s. The Pittsburgh Cultural Trust purchased it in 1990 and began what would be a four-phase renovation and eventual conversion of the building into a multipurpose arts venue. It was dubbed Byham Theater, in recognition of a generous naming gift from the Byham family. Today, the theater hosts speakers, dance and theatrical performances, and concerts in a space more intimate than the city's larger halls.

# BYHAM THEATER







The Art Cinema was Pittsburgh's first art film house until competition from other movie theaters led to its screen showing only pornographic movies for nearly three decades. In 1995, it returned to its roots and began showing art films as the renovated and rechristened Harris Theater, named for John P. Harris, a Pennsylvania state senator and co-founder of the early motion-picture theater known as the "nickelodeon." The Harris also hosts live performances and exhibits, and is a popular stop on the Cultural Trust's summer Gallery Crawl.

# HARRIS THEATER

Trust's senior vice president for finance and administration. "No one else in the world has this model on this scale."

Now, with nearly two decades of data, the Trust has a sophisticated handle on customer preferences, including what lures first-time buyers downtown.

"The area that grows is the large-scale productions," says McMahon. Of the 325,000 who purchased tickets to the Rockettes and "The Lion King," 50 percent were first-time buyers in the district and 40 percent returned for other shows. In the last five years, blockbusters have been the catalysts in selling \$1.3 million worth of tickets to resident company productions. "It does work," says McMahon. "One of our biggest success stories is that we have achieved substantial growth in a market that's stable."

The Trust also has been effective in crisis mode, saving smaller but distinguished presenters such as the Pittsburgh Dance Council, the Three Rivers Arts Festival and the International Children's Festival. "We are quite unusual in having programming that does not pay for itself," McMahon notes. "A lot of my colleagues elsewhere think we're out of our minds—a dance series? Doesn't that lose money?"

The balance between Trust-presented events and resident company productions is constantly recalibrated. To protect the ballet's popular holiday "Nutcracker," the Trust negotiated November dates for the company's 50-night, \$8 million run. "It wouldn't be honest to say there wasn't concern," says Pittsburgh Ballet Theatre director Harris Ferris. "But we're all cognizant of the bigger picture. There's no room to be provincial."

Smaller arts groups have gained a toehold in the district. Pittsburgh Musical Theater has performed subsidized work at the Byham since 1992, luring audiences with \$10 tickets.

"Close to 50 percent of our audience comes to our matinees at student rates, a demographic that's mainly young working class," says director Ken Gargaro. "We make them feel part of the city's

culture. And when the Trust is booking 'Wicked' or 'Lion King,' I love to be downtown. When they sell out, our numbers go up."

This masterful orchestration of both economic activity and quality performing arts presentations at all corners of the district followed Sen. Heinz's "be wise and courageous" dictate. But the dual mission easily could have stalled after his tragic death in an airplane crash in 1991 if Teresa Heinz had not stepped in immediately to lead the Endowments with the Trust as one of her highest priorities.

"Mrs. Heinz lived much of the history of the Cultural District project. It became part of her DNA," says the Endowments' Sarbaugh. "In continuing to grow the district, she has remained true to the original vision but also put a unique stamp on it."

As the foundation leader charged with ensuring the district's vitality for future generations, Mrs. Heinz sees the Cultural District as the prime example to counter critics of sustained philanthropic investment in the arts. "This milestone anniversary should effectively bury the shallow notion that arts activities are frills or decorative luxuries," she said in a Pittsburgh Post-Gazette interview. "They are powerful enough to transform seedy and unsafe spaces into vibrant and welcoming spaces. They do this in an economic sense for places as much as they do it in an inspirational sense for people."

In response to such strong support and its own success, the Trust has expanded its reach—and added staff to accommodate it. That has led some to question whether the organization has become top-heavy with management. The University of Pittsburgh's John Camillus, who helped the Trust refine its strategic plan in 2006–07, says it's difficult to compare its activities to other cities. "Given the range of activities... it's really a multi-business organization, which most arts groups are not," he says. What is comparable, says Trust CEO McMahon, are the staffing numbers between the Trust and

similarly sized presenting arts centers. The Trust is in the middle of the pack.

On July 10, 2006, the Trust called a news conference at a tented empty lot at the corner of Eighth Street and Fort Duquesne Boulevard. The bright sun spotlighted a riverfront that had been transformed over the past decade.

A block away, the city's first downtown residential tower in 30 years had opened its doors, with the Trust as an investor. The 18-story Encore on Seventh apartments overlooked the city's North Shore, where that evening the city would do itself proud as host of baseball's All-Star Game at the new PNC Park. The largest "green" convention center in the world anchored the downtown riverfront, and a massive trompe l'oeil mural by Richard Haas paid homage to the city's steelmaking past, incorporating the windows of the Byham.

The news conference unveiled the long-anticipated project that would be the largest in the city's history. The \$460 million RiverParc was to include 700 housing units, retail and public spaces on waterfront properties the Trust had assembled. The LEED-certified project would cement Pittsburgh's reputation as having hopped the green train out of the Rust Belt. "There's no reason why downtown Pittsburgh shouldn't be the biggest neighborhood in Allegheny County," Chief Executive Dan Onorato confidently told the crowd.

Three years later, optimism persists, but the signature project has stalled. Trust officials blame the credit constriction that began last summer and led to the worst financial crisis since the Great Depression. The developer, Washington, D.C.-based Concord Eastridge, claims otherwise in a breach-of-contract lawsuit.

Using that setback and a milestone birthday to take stock, McMahon is unflinching in his belief that the Trust's future is still tied to real estate development for growth, but it will be closely coordinated with robust fundraising to bring fresh energy and new supporters to the existing district.

"It's still going to be a great place to put housing, but what we know now is that without substantial public subsidy for infrastructure, parking and low-rate financing, it's not gonna happen," says McMahon. "We're not abandoning the belief that real estate can be used to help support the district, but it can't pay all the bills. Even Carnegie Hall, which built condos that would theoretically pay the bills for the rest of its life—they still go out for fundraising. Over time, the patient money the Trust has invested will be returned."

Fundraising will continue to be a priority, says McMahon. As the Trust weans itself from local foundations' operating support, he will target individual donations.

"I would hope that, in 10 or 15 years, we'll be coming much closer to completing the overall vision for the district, which is even more rounded, more comprehensive than just arts and culture," he says. "That will take continued investment by our community. We want to make sure that all arts groups are sustainable."

Current Trust board chairman Dr. Kenneth Melani, president and CEO of Highmark Inc., shares that viewpoint. "Ten years from now," he says, "the Trust will be well into finalizing its vision for the Cultural District—as the hub for arts and entertainment, as a vibrant residential neighborhood and as a thriving commercial center."

As international media converged on Pittsburgh's downtown for the G-20 economic summit in September, it seemed as if the city had spent a quarter-century preparing for its moment in the spotlight. "It's a great example of a reinvented town," McMahon says. "What would the city be like without the Cultural District?"

Realizing that some might interpret such a rhetorical question as a concluding point on the grand scheme of Jack Heinz and his "band of dreamers," McMahon quickly adds: "But we're not finished yet." *h*

# ALLEGHENY RIVERFRONT PARK

In 1911, Olmsted Brothers, a landscape-design firm run by the son and nephew of Frederick Law Olmsted, co-creator of New York City's Central Park, suggested the placement of a public park along Pittsburgh's Allegheny River bank. The idea lay dormant until the 1990s when the Cultural Trust floated a plan that called for a riverfront park that would border the northern boundary of the city's Cultural District. Artist Ann Hamilton and landscape architect Michael Van Valkenburgh were commissioned to transform a concrete strip into Allegheny Riverfront Park, which today boasts flood plain trees, decorative groundcover, Virginia Creeper vines and large indigenous boulders, along with a pedestrian walkway.

