DRY SHED #4:
INDUSTRIAL ARTS ON THE MILL SITE
FEASIBILITY STUDY

October 26, 2009

Prepared by Marie Jones,
Community Development Department
City of Fort Bragg

This study was funded by the Community Development Block Grant Program
CDBG Grant # 07-PTAE-3129

Acknowledgments

Industrial Arts Steering Committee
Taimi Barty, Woodworker
Jan Bell, former CEO of Mendo Lake Credit Union
Jim Deering, Contractor
Michelle Deering, Realtor
John Hewitt, Physician and Artist
Debra Lennox, Architect and Artist
Geisce Ly, Director of College of the Redwoods Mendocino Coast Campus
Victor McCaslin, Public Artist/ Ceramicist
Jill McCaughna, Weaver, Handweavers Guild, Pacific Textile Arts
Brian Newell, Woodworker
Tom Pryor, Contractor
Patricia Pryor, Community Member
Nick Taylor, Industrial Artist
Dave Turner, Business Owner and Councilmember
David Welter, Director College of the Redwoods Fine Woodworking Program
Amy Wynn, Land Use Consultant

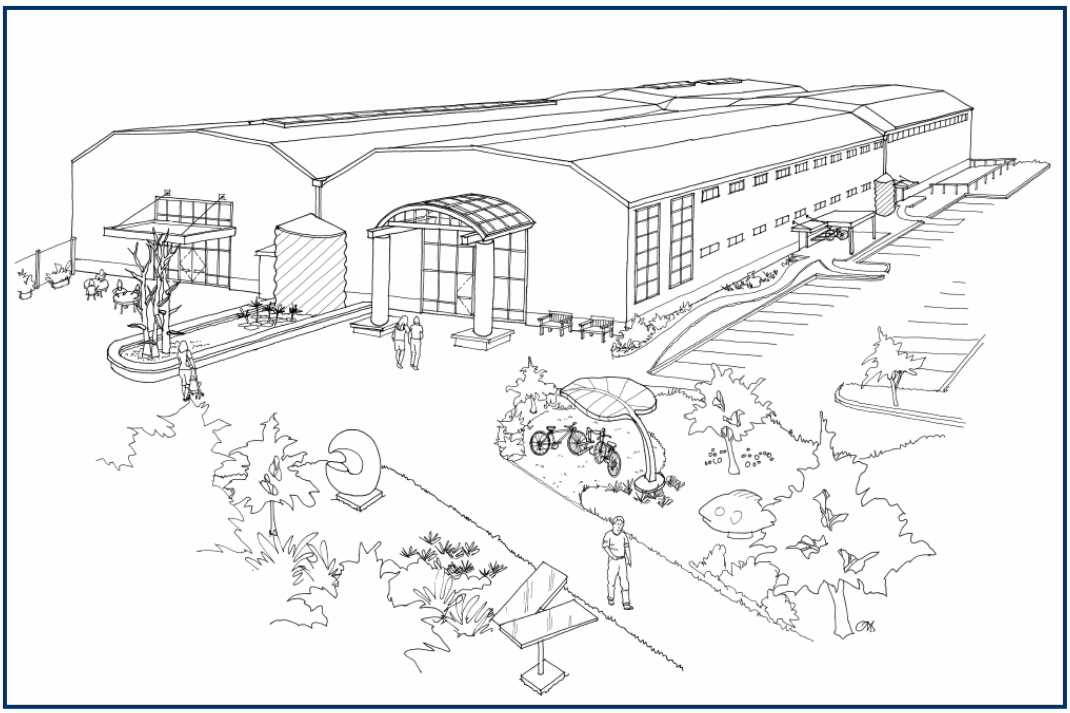
Council Members
Mayor Doug Hammerstrom
Vice Mayor Dave Turner
Councilmember Meg Courtney
Councilmember Dan Gjerde
Councilmember Jere Melo

Table of Contents

1. Executive Summary 1
2. Study Methodology 6
   2.1 Methodology 6
3. Project History & Purpose 7
   3.1 Project History 7
   3.2 The Community Process 8
   3.2 Project Purpose 10
4. Project Market Analysis 13
   4.1 Artist Studio Space 13
   4.2 Local Event and Meeting Market 16
   4.3 Art Galley Market Analysis 17
   4.4 Arts Education Market Analysis 17
5. Project Development Program & Initial Design 19
   5.1 Structural Analysis 19
   5.2 Building Development Program and Layout 19
   5.3 The Preliminary Design 22
   5.4 Green Building Recommendations 22
   5.5 Conceptual Sketch of Dry Shed #4 Entrance and Landscaping 22
   5.6 Interior Rendering 23
   5.7 Site Layout 24
6 Building Valuation, Cost Estimate & Development Proforma 25
   6.1 Evaluating Feasibility 25
   6.2 Dry Shed #4 Valuation Analysis 25
   6.3 Estimated Construction and Soft Costs for 52,000 SF Project 27
   6.4 Development Feasibility Analysis for 52,000 SF Project 29
   6.4 Development Feasibility Analysis for 30,000 SF Facility 31
7. Dry Shed #4 Operation Budget & Recommendations 33
   7.1 Operations Budget Analysis 33
   7.2 Case Study Findings & Recommendations 34
   7.3 Facility Development Recommendation 34
   7.4 Organizational Structure Recommendations 35
   7.5 Staffing and Staff Development Recommendations 36
   7.6 Community Relationship Recommendations 37
   7.7 Artists Studio Operation Recommendations 37
   7.8 Art Education Program Recommendations 38
   7.9 Promotions and Marketing Recommendations 38
   7.10 Security & Safety Recommendations 39
8. Next Steps 39
Appendix A: Construction Cost Estimate 40
   Appendix A: Construction Cost Estimate 41
   Appendix B: Cost Estimate Furniture, Fixtures and Equipment 44
   Appendix C: Sources and Uses Table 46
   Appendix D: Proforma Analysis 48
   Appendix E: Operations Proforma 49
   Appendix F: USGB LEED EB Rating Analysis 50
   Appendix G: Artist Survey 52
   Appendix H: Case Study Analysis 53
   The Crucible 53
   The Torpedo Factory Art Center 56

Rockville Art Place 60
Emerson Umbrella Center for the Arts 63
The Brewery 65
Appendix I: Sources of Funding 67
Capital Campaign 67
Debt & Bond Funding 69

Conceptual Rendering of Entrance to Dry Shed #4: Industrial Arts Center



1. Executive Summary

Arts centers have led economic development and revitalization of downtowns and blighted areas in a number of cities. Perhaps the best known art center is the Torpedo Factory in Alexandria, Virginia, which is credited with revitalizing Alexandria's Potomac River waterfront by attracting approximately 700,000 visitors annually to visit 82 artists' studios and six cooperative galleries. An Industrial Arts Center could similarly benefit Fort Bragg's economy in a number of ways:

- As an economic development and visitor attraction, it could bring tourist, revenues and jobs to the community;
- As a signature project on the Mill Site, it should connect the new development to the Mill Site's history and the Central Business District;
- By providing secure permanently affordable industrial art studios, it could help artists development their small businesses;
- As a source of arts education and events for the community, it would enrich our community and culture;
- It would also help the community achieve many Coastal General Plan and Mill Site reuse goals for the Central Business District.

In Fort Bragg, an industrial art center would create/stabilize an estimated 109 full-time-equivalent permanent jobs, $2.6 million in local sales, and $82,298 in annual local tax revenues.

Over the past year, City staff and community members have researched the feasibility of establishing an Industrial Arts Center in Fort Bragg. A community-based Steering Committee met with staff on eight occasions over the past year and helped staff select a preferred location (Dry Shed #4 on the Mill Site) for the facility, complete a survey of area artists to gauge interest and need for the facility, research other Industrial Arts Centers to determine what has made them successful, and create a development program for the facility and an initial floor plan.

As part of the feasibility study, staff completed a market analysis for the project in order to gauge if there is sufficient demand for and interest in an Industrial Arts Center. The market analysis found that the market for industrial art studio space is sufficient to support the reused of a portion (30,000 to 52,000 SF) of Dry Shed #4 as an industrial arts facility offering between 35 and 50 industrial arts studios. Industrial artists on the coast currently rent space for an average of $0.75 cents per square foot and 50 percent of surveyed artists indicated interest in locating in Dry Shed #4. Comparable art centers around the country rent studio space for between $1 and $1.25 per square foot per month, have zero vacancy, very low turnover, and a waiting list of one to ten years.

The feasibility study also found that the Industrial Arts Center would be a stronger more cohesive project if it includes a galley, an event venue, and an industrial arts education program. These additional activities would bring in additional revenues, visitors (an

important economic development goal), and increase overall eligibility for grant funding. Accordingly, the analysis found that:

- Fort Bragg is becoming an arts destination and a gallery would likely generate a modest $40 to $60/SF in sales per year and would play an important role in attracting visitors and increasing sales for tenant artists.
- The event market in Fort Bragg and Mendocino is good, especially for weddings, reunion and cultural events. The Dry Shed #4 will attract events in search of an interesting event venue. Once established, the facility should attract from one to three events per month at an estimated rental rate of $350 per event.
- The market for industrial arts courses is unknown and unproven in Fort Bragg. However based on the success of other remote rural industrial arts facilities (such as Pilchuck, Haystack, etc.) and the success of the Mendocino Art Center it appears that a well regarded industrial arts education program could offer 75 to 100 industrial art courses, serving roughly 1,000 to 2,000 students, and generating between $250,000 and $300,000 in gross revenue per year.

Based on the results of an artist survey and input from the Steering Committee, staff prepared a development program for 52,000 SF of Dry Shed #4 which includes: 50 industrial art studios, two classrooms, a large 5,000 SF art gallery, a 2,000 SF event venue, a small kitchen or cafe, two administrative offices, two bathrooms, and a loading dock. This 52,000 SF facility would require 116 parking spaces. Staff also prepared a smaller alternative development program in the event that the City and community are unable to raise sufficient revenues to complete the larger project. The smaller 30,000 SF development program would take up half of Dry Shed #4 and include: 35 studios, a smaller 2,000 SF gallery, two classrooms and one administrative building.

In order to determine if Dry Shed #4 is suitable for reuse as industrial arts studios and to identify major costs associated with reuse, Michael Butler of Dorsey Design prepared a structural analysis of Dry Shed #4. The structural analysis found that the integrity of Dry Shed #4 makes the building worth rehabilitating as an Industrial Arts Center. The design of the facility is generally of sufficient quality for reuse and the condition of the facility is better than expected primarily due to the use of rot resistant redwood for the major structural members and a foundation that is above standard. The structural analysis identified deficiencies which include the need to: replace siding, repair a portion of the roof, poor a concrete slab that ties into the foundation to counteract uplift from wind, add some additional bracing, replace and repair some structural connectors, and other items. The cost of the repairs, estimated at $682,000 by contractor Tom Pryor, has been rolled into the overall construction costs in the feasibility analysis.

In order to complete a feasibility analysis of the reuse of Dry Shed #4, staff completed a number of interrelated tasks, specifically:

1. **An estimate of the acquisition costs.** The potential acquisition cost for the Dry Shed #4 is difficult to estimate, based on incomplete market data for the value of industrial land in Fort Bragg. However, staff analyzed the value of the facility using comps and

the Capitalization Rate method, which calculates value based on current industrial rents. Utilizing these methods the structure is estimated to have a value of roughly $400,000.

2. **An estimate of development costs.** Staff utilized information from the structural analysis and the initial conceptual design to prepare a detailed construction cost estimate utilizing RS Means Square Foot Costs, a detailed estimate prepared by a professional construction cost estimator for a comparable facility, and cost estimate for required repairs prepared by Tom Pryor. The construction cost estimate is admittedly rough and can be considered accurate to plus or minus 20 percent. The total cost for development amounts to $4.9 million or $94/SF. Staff also completed a cost estimate for the smaller 30,000 SF, facility and it would cost $3.5 million in total or $118/SF.

3. **Completion of proforma analysis and identification of required capital campaign**. Based upon standard assumptions, the project development proforma for the 52,000 SF demonstrates that financially feasibility of the project will require a large Community Development Block Grant (CDBG) or capital campaign of $2.25 million. The remaining costs could be financed through tax-exempt bonds from the State of California's State Infrastructure Development Bank.[1] The bond would be paid back by income generated from studio rentals. The project rents can support a bond amount of $2.6 million. Likewise an analysis of the 30,000 SF option for Dry Shed #4 would require a $1.4 million capital campaign and could support $2.1 million in debt service. If the capital campaign targets are achieved both development scenarios would operate in the black with a growing capital reserve over time.

4. **Completion of operations analysis**. Staff completed an analysis of cash flow for both projects (52,000 and 30,000 SF facilities), which includes cost and revenues from the operation of the facility (studios and event space) and all related programs (arts education & gallery). Both operations analysis show the facility breaking even by the second year of operations.

As part of the case study analysis for this study, staff interviewed executive directors of comparable art centers to collect recommendations and lessons learned from similar facilities. Among the more salient points:

- The Dry Shed #4 should own, manage, and operate all programs and the building under one non-profit organization to ensure affordable rents and a quality arts education program. However, as a non-profit, the center should be managed like a business to create profit for reinvestment in the organization. Specifically, the center should be managed by professional staff to ensure business growth and quality programming.
- A diverse board of directors should include representatives/staff from city government, the real estate/development industry, the legal sector, business owners, and the Fort Bragg arts and education communities.

[1] These low-interest non-profit bonds are available to any Californian non-profit and have been widely used to finance an array of facilities. To obtain financing through the state bonding mechanism, the new non-profit operating entity (Dry Shed #4) would require a loan guarantee from the City of Fort Bragg or other entity such as Local Initatives Support Corporation (LISC).

- Tenant artists should be selected through a juried process, and selected artists should be re-juried on a three-year cycle to make certain that studios are actively used. The Dry Shed #4 should set a minimum number of hours per week (20 hrs) for each studio to be actively in use. Active use is essential to increased tourist traffic and to the fulfillment of the project's economic development benefits.
- The Dry Shed #4 should offer quality, accessible, hands-on art classes. All art instructors should have teaching experience and compensation for instruction should be based on class enrollment (the recommendation was that 50% of course revenues go to the instructors). This ensures that excellent instructors are well compensated and encourages the improvement of classes over time and the instructors to take an active roll in course marketing.
- Facility staff should work collaboratively with neighborhood residents, merchants, and city government to ensure that the center realizes and publicizes its benefits to the community.

As part of the feasibility study, staff identified potential sources of funding for the capital campaign, and these include:

- The State Infrastructure Bank originates state-sponsored bond financing for non-profit organizations, typically at 2 percent below prime for a fifteen- to thirty-year term. Bonds can finance 20 to 100 percent of project costs of more than $2 million. There is no upper limit on the bond amount.
- Community Development Block Grant program provides "over the counter grants" for economic development projects. Typical projects are funded at around $2 million and the Dry Shed #4 project would be competitive because of the job retention and creation aspects to the project.
- Local Initiatives Support Corporation (LISC) provides debt financing and loan guarantees to non-profit facilities for one point.
- The Kresge Foundation provides grants of $150,000 to $2 million for art facility projects.
- The Ford Foundation provides grants of $100,000 to $500,000 for art related capital projects.

A number of steps must be completed in order to take this project to the next level. In the near term, staff recommends that the City and the community complete the following steps in 2010:

1. Form or select an existing 501(c)(3) to own and operate the building. Recruit a diverse board of directors to assist with the development and management of the building. For the development phase, the board should include experts in development, financing, and facilities management.
2. Complete a property appraisal.
3. Obtain site control through a purchase and sale or other agreement.
4. Complete initial architectural plans for the facility and fine tune the feasibility pro-forma with a professionally prepared cost estimate for exterior and interior improvements.

In 2011, the project team (the city and the non-profit) should undertake the following activities:

- Pursue additional funding to support pre-development and development activities,
- Close escrow to transfer property ownership,
- Obtain necessary entitlements - coastal development permit, design review, etc., and
- Complete final designs and engineering for project.

In 2012, the team should bid the construction project, and undertake construction of internal improvements and structural and external repairs. In 2013, the building could be completed, the studios should be leased out, and the facility programs could be initiated.

In conclusion, the reuse of the Dry Shed #4 for an industrial arts facility offers a unique opportunity to stimulate economic activity on the Mill Site and improve connections between the Mill Site and downtown Fort Bragg. To the extent that Shed #4 attracts daily visitors, it will also benefit revitalization of the surrounding blocks within Mill Site. The Dry Shed #4 also offers a unique opportunity to create a focal point for Fort Bragg's cultural and artistic strengths. Current market conditions are sufficient to support a 52,000 SF facility at the proposed location if a capital campaign can raise $2.5 million, and a 30,000 SF facility with a $1.85 million capital campaign. Creative use of low-interest bonds and other forms of financing will help to ensure a financially self-supporting facility.

2. Study Methodology

2.1 METHODOLOGY

Evaluate Market Demand for the Dry Shed #4

City staff assessed current market support for the proposed art studios, gallery, gift shop, and event uses.

- To gauge studio demand, staff surveyed the Fort Bragg and Mendocino Coast artist community regarding current studio use and future studio requirements.
- To measure market demand for additional event space, staff spoke with event space operators about existing utilization and rents for their event space.
- To quantify the existing arts education market staff gathered data about art classes, course fees, and topics at the Mendocino Art Center (MAC) and the Crucible, the closest industrial arts facility, located in Oakland.

Development Program, Conceptual Plans, Floor Plans, Renderings

Based on the above analysis, staff identified market-support for square footage of various uses. Staff prepared conceptual plans based on the refined development program and the market analysis. In addition, staff identified unique construction requirements for industrial arts studio space and specified green building materials and techniques that could be incorporated into the Dry Shed #4 facility to help it achieve LEED EB certification in accordance with the goals of the City's Green Building Policy.[2] Architect Debra Lennox and designer Martha Hill developed a floor plan, site plan, building elevations, and external and interior renderings of the project.

Develop Operations Proforma for the Dry Shed #4

Staff prepared and analyzed a development and operating proforma for the Dry Shed #4 facility. The proforma analysis is based on the market analysis, case study findings, development program, and detailed cost estimates.

Dry Shed #4 Operations

Based on the market analysis and a detailed set of five case studies, staff developed best-practice ownership and management strategies for Dry Shed #4.

- Staff interviewed the directors of five model arts facilities: the Crucible, the Torpedo Factory, the Umbrella Center for the Arts, and the Rockville Arts Project. The case studies identify key lessons learned and operational strategies for successful public fine art facilities.
- Staff developed an operating budget for the Dry Shed #4 development scenario.
- Staff prepared operation recommendations for the facility, which cover facility development, management, staffing, artist roles and responsibilities, arts education programs, and event management.

Financing & Funding Sources

Staff profiled potential financing sources for the development of the Dry Shed #4 project, including foundation, State, Federal, and local sources.

Final Report & Presentation

Staff prepared a draft report for review and comment by the Industrial Arts Steering Committee and the Community Development Committee. The draft report was revised based on comments and presented to the City Council for its consideration.

---

[2] LEED (Leadership in Energy and Environmental Design) is the national green building standard of the US Green Building Council.

3. Project History & Purpose

3.1 Project History

Since the Georgia-Pacific timber mill ceased operations in 2002, the City and Georgia-Pacific have undertaken a considerable effort to envision and plan for the future redevelopment of the site. The City initiated a community planning process in 2003 that identified the need for an Industrial and Fine Arts Center as a major economic development and reuse goal for the Mill Site. Based on public input and preliminary economic analysis, an Industrial & Fine Arts Center was identified as a project deserving further study due to:

1) The potential to leverage the high quality and world-renowned College of the Redwoods Fine Woodworking Program;
2) The economic benefit generated from concentrating the area's high quantity artists in a central location; and,
3) The potential to attract, retain and grow jobs and increase local tourism through the development of a high-quality Industrial Arts Center.

In March 2005, the Fort Bragg City Council and the Fort Bragg Redevelopment Agency adopted a "Statement of Position" that summarizes the City's objectives for reuse of the Mill Site as defined through the community planning process. The Statement of Position includes a planning framework with the following goal (underline added for emphasis):

> "The City Council/Redevelopment Agency and the community have expressed a strong desire for future Mill Site development to include facilities that take advantage of the unique cultural heritage of Fort Bragg. Concepts include uses <u>that showcase the fine woodworkers of Fort Bragg</u>, <u>our timber history,</u> the Pomo cultural heritage, the North Coast fishing industry, and <u>the performing and visual arts</u>."

3.2 THE COMMUNITY PROCESS

In 2007, City Council directed staff to apply for CDBG funding to complete a feasibility study for an industrial arts facility in Fort Bragg. In late 2008 the City of Fort Bragg was awarded a CDBG grant to complete a feasibility analysis for the Industrial Arts Center.

On October 29, 2008, 80 artists and community residents, City Councilmembers Dave Turner and Meg Courtney and City staff met for a two-hour community workshop to kick off the project and brainstorm initial ideas for the facility. The workshop format provided an opportunity for small groups to discuss and identify:

- Needs in the community that could be met by an Industrial and Fine Arts Center,
- Required specific facility amenities,
- Preferred locations,
- Ideas about operation of a facility,
- Specific art foci of a center in Fort Bragg,
- Potential barriers to success, and
- Keys to success.

At the community meeting, staff called for volunteers to form a Steering Committee to provide direction to staff for the feasibility study. City staff and the project Steering Committee met eight times over the course of the study. The Steering Committee provided project direction on a wide variety of topics including; survey development and implementation, identification and evaluation of a variety of potential sites for the Industrial Arts Center, completing interviews and site visits of other industrial arts facilities and reporting back to the group, discussions of non-profit formation, review of structural analysis of the building, review and input into the development program for the project and numerous other tasks.

The Steering Committee considered a variety of locations for the Industrial Arts Center, including: the Dry Kilns, Shed #5 and Shed #4 on the Mill Site; the Grey Whale Inn, and the area around the College of the Redwoods Wood-working Studio.

Dry Kilns

Dry Shed #4

The Steering Committee selected Dry Shed #4 because of:

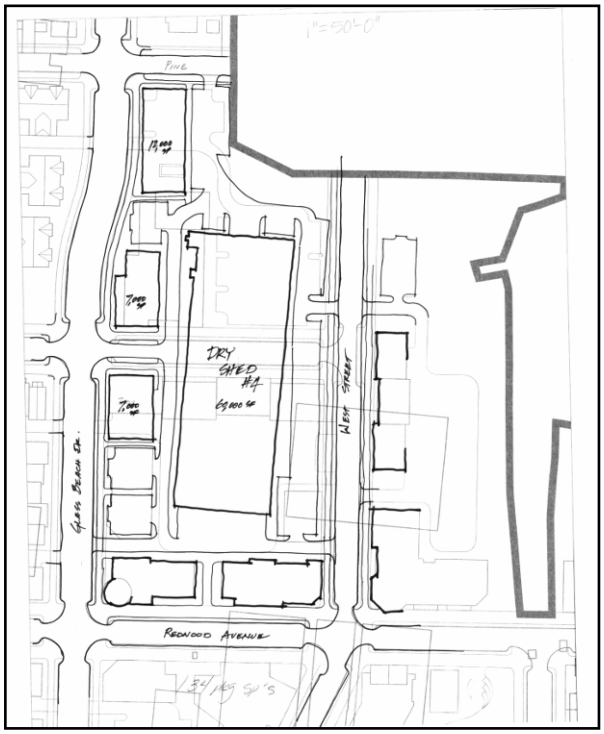
- The building's overall layout and design (high ceilings, wide bays, size), which make it an excellent potential building for industrial art studios;
- The ability to reuse an existing building in relatively good condition;
- The consistency of reuse of the facility with the community's vision for the Mill Site;
- The consistency of industrial use with the proposed zoning for the site; and
- The building's high visibility and ability to connect the existing downtown with a new downtown on the Mill Site by creating a significant tourism draw.

Consistency with the Specific Plan

Over the past three years, the City and Georgia-Pacific have been working collaboratively on several aspects of the Mill Site reuse project, including the development of a Specific Plan. The Vision Plan for the Specific Plan identifies the area of the Mill Site, where Dry Shed #4 is located, as Light Industrial Flex, with the following preferred uses: industrial arts, cultural/performing arts, and hostel. The Land Use Map for the Specific Plan will zone this area as light industrial. Proposed adjacent uses include: resort hotel, extension of the central business district, a park, and live-work units (see Vision Plan).

Figure 1: Vision Plan for Mill Site Specific Plan

Figure 2: Alternative street layout to Retain Dry Shed #4



The reuse of Dry Shed #4 as an Industrial Arts facility is consistent with the intent of the City Council as expressed in the Vision Plan for the reuse of the Mill Site. It is also consistent with the goals of the property owner to retain this site for industrial uses in order to minimize costs associated with remediation.

It should be noted, that the extension of Laurel Street would cut Dry Shed #4 in half unless the extension of Laurel Street, from the ocean to downtown, ends one block further west than displayed in the current Vision Plan. Accordingly, RRM, the Specific Plan consultant, has prepared a sketch that illustrates the new alignment of Laurel Street adjacent to Dry Shed #4, please see figure 2.

3.2 PROJECT PURPOSE

3.2.1 Improve the Local Economy

The Dry Shed #4 could serve as an anchor tenant for the extension of the Central Business District onto the Mill Site. As an early project it would help to revitalize the Mill Site by bringing small businesses and visitor traffic to the site.

The arts sector is a powerful economic engine for community revitalization and a critical ingredient to our new understanding of economic development. Today, planners and city officials think more broadly about economic development than they have in the past. For a visitor serving community, such as Fort Bragg, cultural amenities can be as important to attracting visitors as our natural amenities and scenic vistas.

> "Cultural activities attract tourists and spur the creation of ancillary facilities such as restaurants, hotels, and the services needed to support them. Cultural facilities and events enhance property values, tax resources, and overall profitability for communities. In doing so, the arts become a direct contributor to urban and rural revitalization."
> —National Governors Association "The Role of the Arts in Economic Development," 2001

The impact of arts in economic development can be measured in tax revenue, job creation, increased tourism, social services, urban revitalization, and improved community image. According to the 2009 Arts and Economic Prosperity [3] study, which analyzed the economic impact of 156 arts organizations across the country, the nonprofit arts and culture industry generated $166.2 billion in economic activity in 2008. This included $63.1 billion in spending by

[3] Arts & Economic Prosperity: The Economic Impact of Non-profit Arts Organizations and Their Audiences, Americans for the Arts, 2009.
http://www.artsusa.org/EconomicImpact/

organizations and an additional $103.1 billion in related spending by their audiences, visitors and users for hotels, restaurants, and other services.

The economic impact of the *Dry Shed #4* will depend on the number of visitors and coastal residents who come to Fort Bragg to shop or take art classes at Dry Shed #4. High visitor numbers are likely if the facility is well designed and houses high-quality artists because the facility is well located adjacent to the downtown, the coastal trail, and the Skunk Train, all significant visitor attractions. The Skunk Train has approximately 60,000 riders per year and MacKerricher State Park receives roughly 800,000 visitors per year. Fort Bragg hotels generated $15 million in room revenues per year, which translates into approximately 120,000 room nights per year or 240,000 visitor nights per year. Given that many visitors to Fort Bragg also stay in camp grounds or in hotels and bed and breakfasts located up and down the Coast, the actual annual number of day visitors to Fort Bragg is probably close to one million. It is likely that Dry Shed #4 will be visited by at least five percent (50,000) of the visitors that come to Fort Bragg each year.[4] While Dry Shed #4 is unlikely to greatly increase the total number of visitors to Fort Bragg, the addition of a fun, free cultural tourism destination will likely result in visitors lengthening their stay in Fort Bragg, by an extra day or even an extra meal, which will improve the overall economy of Fort Bragg.

The Arts and Economic Prosperity study, mentioned above, generates annual economic development multipliers for arts organizations in communities of various sizes and for arts organizations with various operating budgets and visitor numbers. Table 1 below illustrates the impact of the Dry Shed #4 on the Fort Bragg community using the multipliers developed in the study for smaller towns. If Dry Shed #4 attracts 50,000 visitors per year and has expenditures of $789,000 per year (as shown in the operations budget, see Appendix D), than the project will have the following economic benefits for the community:

- Add 109 new jobs to the community,
- Add $2 million in new household income to the economy, and
- Generate $96,000 in new local tax revenues.

Table 1: Economic Impact of the Reuse of Dry Shed #4 as an Industrial Arts Center

Model Assumption: $789,000 operating budget and 50,000 visitors/year

	Total Expenditures	FTE Jobs	Household Income	City Tax Revenue
Direct Impact of Dry Shed #4 Facility*	$ 789,000	22	$ 478,000	$ 29,445
Direct Impact of Visitors to Dry Shed #4 **	$ 1,413,000	37	$ 509,000	$ 66,849
Direct Impact of Tenants of Dry Shed #4	$ 400,000	50	$ 1,100,000	
Total Impact Dry Shed #4	$ 2,602,000	109	$ 2,087,000	$ 96,294

** Economic impact of arts education, building and event operations.*

*** Economic impact of visitors to Dry Shed #4*

Total Expenditures: The total dollars spent by Dry Shed #4 and visitors; event-related spending by arts audience is estimated using the average dollars spent per person by arts event attendees in similarly populated communities.

[4] By way of comparison, the Torpedo Factory, a model arts facility that is considerably larger and located in a larger community, though similar in concept to Dry Shed #4, attracts 800,000 visitors per year. Torpedo Factor Economic Impact Report, International Institute of Tourism Studies, George Washington University, 1993

FTE Jobs: The total number of full-time equivalent (FTE) jobs in Fort Bragg that are supported by the expenditures made by Dry Shed #4 and its visitors. An FTE can be one full-time employee, two half-time employees, four employees who work quarter-time, etc.

3.2.2 Provide Quality Affordable Artist Workspace

By providing secure, highly visible, quality studios at a reasonable price, the Dry Shed #4 will serve as a small business incubator for 35 to 50 small industrial arts businesses in Fort Bragg. The Dry Shed #4 will bring industrial artists together into one location in downtown. Over the long term, the facility may improve their business performance by providing an excellent marketing venue, ready access to customers, the opportunity to teach for additional income, and opportunities to improve skills and undertake collaborative projects.

3.2.3 Serve as an Identity Project for the Mill Site and Downtown

As an identity/signature project, the Dry Shed #4 will help to define the Mill Site while connecting to the downtown and Fort Bragg's past. The reuse of Dry Shed #4 for woodworking and industrial arts will preserve an important physical reminder of our past. In 1857 a lumber mill was located in Fort Bragg because of easy access to Noyo and Fort Bragg harbors. The Mill operated under various ownerships for 117 years. As the major employer in Fort Bragg for most of this time, and the occupant of the largest site in Fort Bragg (425 acres), the Mill Site is Fort Bragg's history. With the closure of the Mill and the reuse of the site for residential, visitor serving and commercial uses, Dry Shed #4 is possibly the only building on site that has reuse value. Retaining this building for industrial artists, and specifically woodworkers, ensures an important physical, cultural and economic connection to Fort Bragg's past.

In addition, Dry Shed #4 is adjacent to the City's historic downtown and the Skunk Train depot, primary tourism destinations in Fort Bragg. The reuse of Dry Shed #4 as an active industrial arts space will attract additional visitors to downtown and create a tourism attraction on the Mill Site, which will complement the visitor serving commercial and hotel uses on the Mill Site.

3.2.4 Revitalize Arts Education

By providing quality arts courses, Dry Shed #4 can help revitalize Fort Bragg's arts education offerings and add to the quality of life in the community. Likely consumers of the arts educations offerings include area youth, seniors and artists and visitors from the Bay Area and Sacramento regions.

4. Project Market Analysis

Fort Bragg has transitioned from a resource extraction to a tourism based economy. This transition has resulted in a surge in the artist community and gallery presence in Fort Bragg. Fort Bragg has a number of reputable and renown industrial artists, art galleries (art3g, Edgewater Gallery, North coast Artists Gallery, Partners Gallery, Green Door Studio and more) and a variety of arts education venues (College of the Redwood's Fine Woodworking School, Mendocino Coast Photographer Guild, and the Pacific Textile Arts Institute) that illustrate the slow transformation of Fort Bragg into an arts destination. This chapter details the current demand for artist studio space, event space, and arts education in order to measure the market demand for the proposed project and programs. Key findings from the analysis of five comparable artist facilities (detailed in Appendix H) provide additional insight into the market for the proposed project.

4.1 Artist Studio Space

In order to gauge interest in, and demand for, studio space in Fort Bragg, staff prepared and distributed a detailed survey to Mendocino Coast artists. The artist survey was distributed to 500 industrial artists on the coast and returned by 68 artists - a thirteen percent response rate, which is high for a voluntary survey.[5] Please see Appendix G to review a copy of the survey. The primary findings from the survey are described below.

Fort Bragg and Mendocino Coast industrial artists are diverse and multitalented, and a majority work in more than one medium as illustrated in Table 2 below. Specifically, the majority of artists are primarily engaged in mixed media work (44%), woodworking (18%), and ceramics (10%).

Table 2: Primary and Secondary Art Media of Fort Bragg Area Artists, 2009

Art Media	Artists Primary Media	Percent	Artists Secondary Media	Percent
Ceramicists	7	10%	23	34%
Glass Artists	2	3%	16	24%
Mixed Media	30	44%	30	44%
Sculptors	3	4%	25	37%
Weavers	4	6%	7	10%
Welders and Blacksmiths	4	6%	11	16%
Woodworkers	18	26%	23	34%

Source: City of Fort Bragg, 2009

As shown in Table 3, the typical industrial artist requires 560 SF of space, although glass artists and weavers require larger spaces. In addition, the survey found that artists currently pay an average of $0.75 per square foot for studio space. Overall the study identified demand for 20,159 square feet of studio space as indicated in Table 3.

[5] Typically surveys receive a 3 to 5 percent response rate.

Table 3: Average Space Requirements, Total Demand, Current Average Rents, Fort Bragg Area Artists, 2009

	Required Space (Average SF)	Total Demand SF**	Average Rent/ SF*	
Ceramicists	376	3,025	$	0.79
Glass Artists	800	1,600	$	1.20
Other Artists	417	2,918	$	0.72
Sculptors	331	662	$	0.73
Weavers	1500	1,500	$	0.30
Welders and Blacksmiths	366	1,464	$	1.06
Woodworkers	587	8,990	$	0.87
Total	560	20,159	$	0.75

Source: City of Fort Bragg, 2009

* Range of rent artists willing to pay $40 - $1,875/month; .30 - $2/square foot; (32 respondents)
** Not all artists interested in space designated a particular sq footage

Coast artists were asked to identify amenities that they would require in a work space, and, as indicated in Table 4, the most popular amenities were water hookup and sink, operable windows, air ventilation, and 220/240 electrical.

Table 4: Preferred Amenities for Industrial Arts Facility, Fort Bragg Area Artists, 2009

	Respondents	Percent
Water hookup/sink	43	63%
Operable Windows	34	50%
Air Ventilation System	28	47%
220/240 Electrical	32	47%
Phone/ Internet Connection	31	46%
Concrete Floor	30	44%
High Ceilings (15+ feet)	29	43%
Pressurized Air	19	28%
Propane	18	26%
Hazardous Chemicals Storage	17	25%
Loading Dock	13	19%
Kitchen	7	10%

Source: City of Fort Bragg, 2009

*Other desired amenities include: clay trap in sink drain; natural light/skylights; heat; showers; laundry; sound isolation stage and theatre/ performance space for musicians; café; garden area with benches; easy to ship program to mail art to people from out of the area; forge; shared gallery space; kilns/ kiln venting; drying shelves; electric potters' wheel; roll-up door to outside/ large door; fork lift; three-phase electricity; plenty of 110 electrical; drain to sump tank; dust collection hook-up; photo studio available for photography of artwork; old form photographic darkroom; ground floor; approved area for spray facility; office; bathroom

Comparable Art Facilities

As indicated in Table 5, the non-profit facilities, profiled in the case studies, lease studio space for between $1 and $1.25/SF per month, have zero vacancy rates, very low turnover rates, and artist waiting lists of one to ten years. In addition, all have a juried artist selection process which constrains the number of artists able to get on the waiting list for available space. All offer smaller studios of 200 to 500 square feet. The for-profit facility, ActiveSpace, rents studio space for between $1.33 and $2.67 per square foot depending on studio size. It should be noted that these facilities are located in larger communities with higher rents than Fort Bragg.

Table 5: Case Study Studio Size, Vacanacy and Lease Rates

Facility	Year Built	Total Square Feet	Total # of Studios/Size	Annual Turnover/ Vacancy	Rent/ sq. ft. /month
Torpedo Factory	1918	71,318	84 studios	Turnover 10%	$ 1.00
105 North Union Street	1974 remodel		50/250-300 sq ft	Vacancy 0%	
Alexandria, Virginia 22314	1983 remodel		29/350-400	Waiting List	
(703) 838-4565			3/400-550		
			2/650+		
The Crucible	1954	47,000	20 studios	NA	$ 1.25
1260 - 7th Street	2003 (remodel)		16/400 sq ft		
Oakland, CA 94607			4/600		
510-444-0919					
Rockville Art Center	1991	13,000	11 Studios	Turnover 1%	$ 1.00
100 E Middle Lain			6/500 sq ft	Vacancy 0%	$ 1.00
Rockville MD, 20850			5/300	Waiting List	$ 1.00
301-309-6900	New Facility '05	30,000	25 Studios	NA	$ 1.25
			10/300		$ 1.25
			10/500		$ 1.25
			5/600		$ 1.25
Emerson Umbrella	1929	30,000	60 studios	Turnover 3%	$ 1.00
40 Stow Street	1980 renovation		60/300-400 sq ft	Vacancy 0%	
Concord, MA 01742				Waiting List	
978-371-0820					
ActivSpace	2002	35,000	200 Studios	Turnover NA	$ 1.97
2703 7th Street			60/120 sq ft	Vacancy 10%	$ 2.50
Berkeley, CA 94710			70/150		$ 2.67
510-845-5000			50/250		$ 1.92
			10/400		$ 1.41
			10/600		$ 1.33
Brewery Artist Colony			300 live/work & studios	Turnover NA	$ 0.80
2100 North Main Street			600-6000 sq ft	Vacancy 5%	
Los Angeles, CA 90031					
323-342-0717					
Average		***42,664***			***$ 1.20***

Source: MJC, 2003

Notes: (a) Development costs, exclude the cost of land acquisition, (b) This 9,000 sq ft of class room space is not located in the Torpedo Factory facility, but supports the arts education program.

Studio Market Summary

Overall, the Fort Bragg market will support studio rents of between $0.75/SF and $1.00/SF per month. The proposed Dry Shed #4 would offer a desirable downtown location, appropriately sized studios, and an artist-supportive environment with opportunities to teach, show and sell work. The proposed facility will provide higher quality space and space with higher visibility than the typical artist studio, which is located in inaccessible, amenity-poor industrial zones and residential.

4.2 Local Event and Meeting Market

Staff interviewed hotel and event facility operators to identify and quantify market support for events in the proposed Dry Shed #4 facility. As Table 6 indicates, most event venues are relatively affordable in Fort Bragg, with the average event venue renting for approximately $395/day with a range of $150 to $800 per day. Overall, the event market for Dry Shed #4 will be comprised primarily of weddings and social/cultural events and will serve groups of 200 to 250 people who want an interesting venue. The facility should attract one to two events per month at a rate of $350/event.

Table 6: Fort Bragg Event and Meeting Space Market

Event Space Name & Addre	Number & Size (sq. ft.) of Rooms	Capacity (seated/ standing)	Room Rate	Occupancy Rate
Crown Hall 45285 Ukiah St, Mendo	3,400 sf hall includes 320 sf raised stage & 150 sf behind curtain; 460 sf kitchen, no lodging	350 standing	$350/day, 3-day minimum for large events such as weddings	couple of weekends a month
Eagles Hall 210 N Corry St, FB			$600, but flexible with some events	
Harbor Lite Lodge 120 North Harbor Dr, FB	2 conference rooms, each 1,200 SF +/- & one includes kitchen	30-50	non-profit $100-$150, $150-$225 weekends	12/month
Hill House 10701 Palette Dr Mendocino	indoor area, square footage unknown & outdoor tent capacity; Suites: 44	indoors 120 tent 350	NA	4-5 times/week
Little River Inn 7751 N Hwy 1 Little River 937-5942	Abalone Room 1,134 sf with 800 sf deck; Wisteria Room 228 sf	Abalone Room 80, Wisteria Room 26	conference room rates vary by type of event	about once a week
Mendocino Presbyterian Church 44831 Main, Mendocino	Preston Hall sq footage unknown	holds 112 seated; 212 standing room	$275 for 4 hours or less; all day $450	rented or spoken for about half the time
Mendocino Woodlands Outdoor Center PO Box 267, Mendocino	1,800 sf recreation/dance hall; 180 cabins available	200 maximum in hall	per person fee 13.50 - $18.50	NA
Portuguese Hall Stewart Street, FB	3,000 sf total for hall, dining room bar, & kitchen	ideal for gathering of 150+	$800 for facility plus $700 security deposit	2-3/month
Saint Michael & All Angels Episcopal Church 201 E Fir Street, Fort Bragg	Larsen Hall 1,780 sf	80-160	Larsen Hall w. kitchen $300-400	2x/month to every weekend
Starr/Aquatic Center 300 S Lincoln Street, FB	1,810 SF; 733 SF	121 people; 49 people	$400 full day/$200 per 2 hour event	
Tradewinds/Quality Inn 400 S Main	1,500 sf	100 seated	$200/4 hours or $400/all day	10/month

Source: City of Fort Bragg, 2009

4.3 ART GALLEY MARKET ANALYSIS

Fort Bragg offers a number of art galleries, including: art3g, Edgewater Gallery, Erin Dertner Gallery & Framing, Partners Gallery, Art Explorers, Northcoast Artists Gallery and Green Door Studio. The Prentice Gallery and Glass Fire Gallery are located just south of Fort Bragg city limits. The Mendocino Coast is home to a number of additional galleries, including: Mendocino Art Center, Highlight Gallery, Zacha's Bay Window Gallery, Panache Gallery, Art That Makes You Laugh, Artists Co-Op of Mendocino Inc., Voodoo Pink, Wisdom House, World of Suzi Long, American Pie, McCloud Shiloh, and Ditto Studio & Gallery to name a few. The relative quantity, quality and longevity of existing art galleries indicate a strong art market on the Mendocino Coast. Therefore, an art gallery in Dry Shed #4 would likely do well. There is sufficient market support for the Dry Shed #4 gallery to generate from $40 to $60 in sales per square foot per year.

Art galleries in general do not generate significant income for comparable arts facilities. Art galleries generated between two and 16 percent of total operating income among the case studies completed by staff. The Torpedo Factory had the most effective gallery, with total sales approaching $500,000 per year or $357 per square foot. Each facility emphasized the important role that the art gallery and gallery openings play in generating interest in and traffic to the facilities.

4.4 ARTS EDUCATION MARKET ANALYSIS

Currently, two institutions provide arts education on the Mendocino Coast, namely:

- The Mendocino Art Center provides approximately 225 art classes per year. The course prices range from an average of $150 to $225. The Mendocino Art Center generates gross revenue of approximately $215,000 per year from arts education programs.
- College of the Redwoods provides a range of semester long and shorter intensive woodworking and fine arts classes at a very affordable rate.

Fort Bragg does not currently have a professional industrial arts education program geared primarily to adults, as envisioned for Dry Shed #4. Adult-serving arts education programs around the country are experiencing rapid growth as the aging baby-boom generation has become very interested in art and other enrichment programs. Based on the information from the case studies and a comparison of the demographics and income levels of Fort Bragg residents with those of the case study communities, it appears that the Fort Bragg community and visitor market would support between 75 and 150 industrial art courses per year, serving roughly 1,500 students and generating between $300,000 and $400,000 in gross revenue per year.

Comparable Art Facilities

All case study facilities offer extensive arts education programming. Interestingly, the oldest and the youngest facilities, namely the Torpedo Factor and the Crucible, have the most successful arts education programs. As indicated in Table 8, the fifty-year-old arts education program at the Torpedo Factor offers 800 art classes and serves over 8,800 students annually. The program earns over $2 million in annual revenues in 12,000 square feet of classroom space. By contrast, the ten-year-old Crucible offers 312 courses per year to 3,000 students, earning $420,000 in revenues. The Crucible primarily offers industrial arts education and consequently requires significant space per student and per dollar earned. The remaining two non-profits, the Emerson Umbrella and the Rockville Art Center, reach roughly 1,200 students per year through 150 courses and earn approximately $200,000 in 3,000 square feet of space. In general, industrial arts courses are priced between $200 and $300 per ten-week class.

Table 7: Case Studies for Arts Education

Facility	Annual Students	Classes / Year	Typical Class Price	Arts Education Revenue	% of Operating Budget	Class-room Space sq. ft.	Education Revenue/ sq. ft.
Torpedo Factory	8,800	800	$150- $225	$ 2,000,000	60%	12,000	$ 166.67
The Crucible	3,000	312	$200 - $350	$ 420,608	54%	18,700	$ 22.49
Emerson Umbrella	1,300	150	$50 - $175	$ 176,200	30%	3,000	$ 58.73
Rockville Art Center	1,200	170	$150 - $300	$ 207,157	36%	3,500	$ 59.19
Mendocino Art Center	1,225	175	$150 - $225	$ 215,000		5,000	$43.00

Source: MJC, 2003; Rockville Art Center, Emerson Umbrella Center for the Arts, The Crucible, The Art League

5. Project Development Program & Initial Design

5.1 Structural Analysis

Michael Butler of Dorsey Design and Engineering completed a structural analysis of Dry Shed #4 for the City of Fort Bragg. A copy of the structural analysis is available for review at the Community Development Department. Overall the analysis found that:

- The building is in better shape than expected. The building is sound, constructed of sound materials, and worth reusing. The foundation, walls, roof, truss systems are all in good condition. Many of the timbers appear to be old growth or high quality second growth redwood. Trusses are well designed although the member sizes are at the bottom edge of what one would chose today.
- The following improvements would be required for reuse: replacement of some of the exterior plywood siding, repair spots of the south roof cricket, repair and replacement of all gutters, repair some of the truss connectors, and add sprinklers. In addition, the building needs more weight to hold it down from wind shear. Weight can be added to the building through the construction of a mezzanine or by pouring an additional slab foundation and anchoring it to the building.
- Some caveats to reuse of the building include:

  - Sky lights could be installed and clear story windows could be larger without impacting the structural integrity of the building.
  - New windows in the walls would require additional structural support.
  - The building does not have enough structural strength to support dry-wall on the underside of the roof. Additional insulation would have to be spray-on insulation.
  - Drywall can be added to the walls without impacting the structural strength of the building.

5.2 Building Development Program and Layout

Dry Shed #4 will offer individual art studios, group art studios, classrooms, an art gallery, administrative offices, and an event spaces. Staff prepared a draft development program for the facility based on demand identified in the artist survey. This draft development program was presented to the Industrial Arts Steering Committee for input and revisions. The development program in Table 8 identifies square footage requirements for each element of the project and includes 9,750 SF of public space (entrance, event space, art gallery, classrooms, restrooms), 35,000 SF of art studio space, and 1,600 SF of administrative space.

The project would also require 45,000 SF of land for 116 parking spaces, external circulation, and landscaping.

Table 8: Industrial Arts Facility Development Program

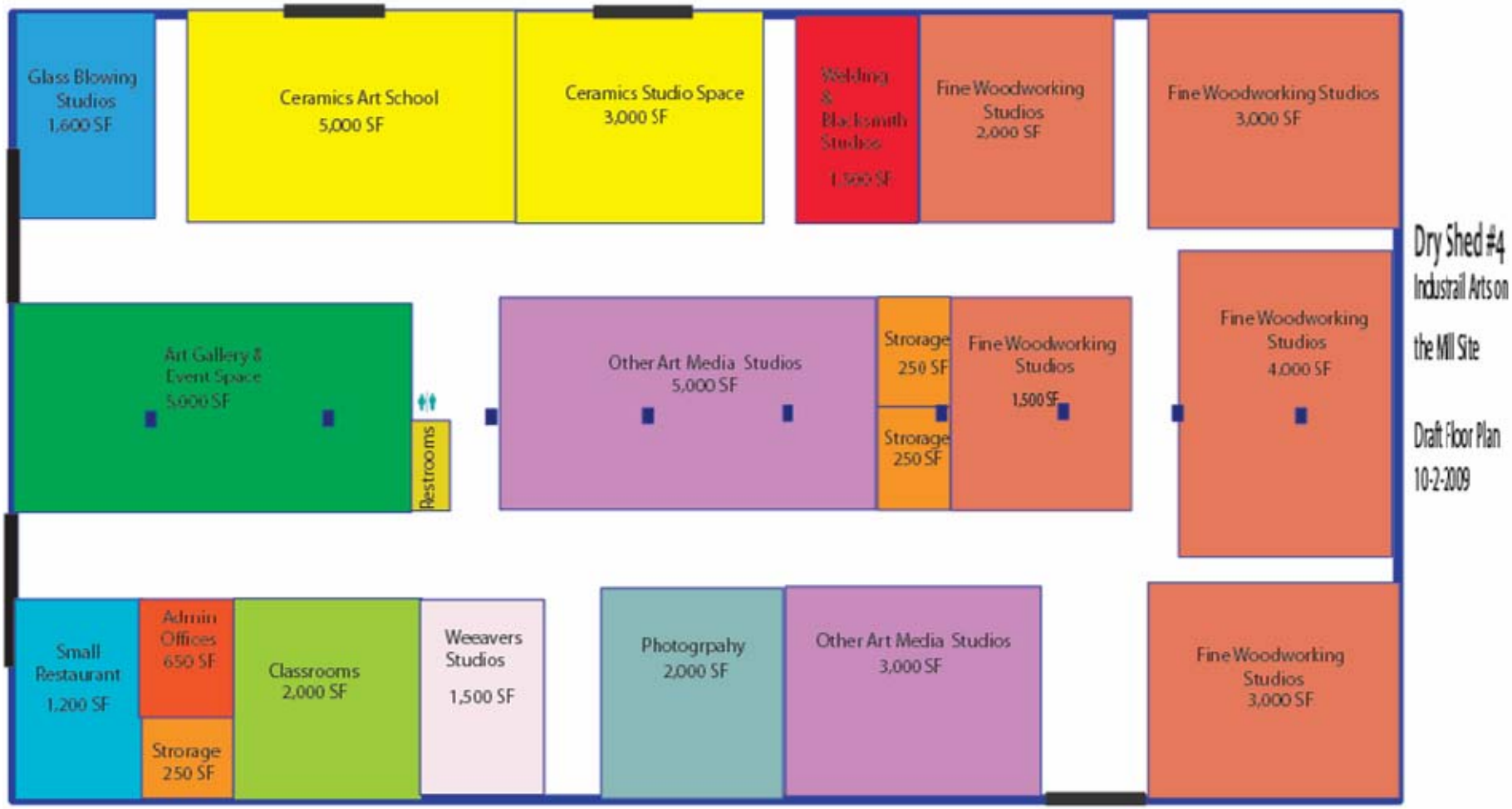
Use	*Description*	*Total Number*	*Unit Square Feet*	*Total Square Feet*
Public Space				
	Entrance Area/Event Space	1	2,000	2,000
	Art Gallery	1	5,000	5,000
	Classroom Space	2	800	1,600
	Restrooms	2	200	400
	Storage	3	250	750
	Subtotal			***9,750***
Artist Studio Program				
	Ceramicists	8	375	3,000
	Ceramics Art School	1	5000	5,000
	Glass Artists	2	800	1,600
	Sculptors	2	350	700
	Weavers	1	1500	1,500
	Welders and Blacksmiths	4	360	1,440
	Woodworkers	15	800	12,000
	Photography	1	2000	2,000
	Other Artists & Additional Studios	16	500	8,000
	Subtotal	*50*		***35,240***
Circulation				
	Hallways & Stairs			6,989
	Loading Docks	1	700	700
	Subtotal			***7,689***
Administration & Support				
	Administrative Offices	2	250	500
	Kitchen	1	400	800
	Recyclable/Hazardous Waste Storage	1	300	300
	Subtotal			***1,600***
Total				**54,279**

Source: City of Fort Bragg, 2009

The Industrial Arts Center Steering Committee used the revised development program to prepare a conceptual plan for the facility. Staff revised the draft conceptual plan to place uses that required plumbing and phase 3 and 220 electrical adjacent to each other. The proposed conceptual plan, illustrated in Figure 2, includes the following key features:

- Studios with high power demands (ceramics, glass blowing, welding) are located along the west wall for ease of connections to phase 3, 220 and 240 electrical and gas lines.
- Woodworking studios are located to the rear of the building for easy access to loading docks and to minimize the impact of noise to the remaining studio users
- Public space (gallery, classrooms, restrooms, administrative offices) are located at the entrance to the facility on the southern wall.
- Quiet use studios, such as weavers, photography and other media are located along the east wall.

Figure 2: Conceptual Layout, Dry Shed #4



5.3 THE PRELIMINARY DESIGN

While design was beyond the scope of this analysis, staff made some assumptions about the design of the internal build out of the facility. Design assumptions include:

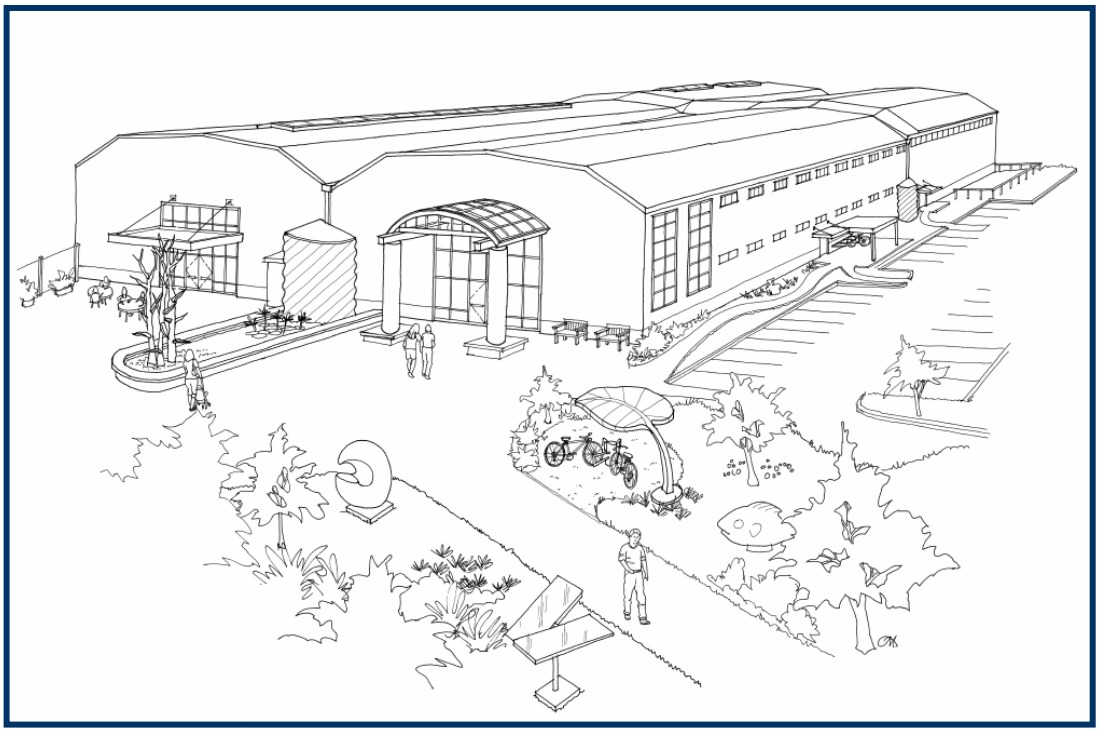
- Each studio will have one or two windows facing the corridor, which will allow visitors to watch art making under way.
- All studios will have a sink, 110 outlets, lighting, security alarms, a locking door to the internal corridor.
- All studios on the west and north wall will have 220 electrical service, two will have phase 3 power.
- The interior walls will be 12 feet high and wall finishes will include unpainted drywall with two coats of mud.
- The internal corridors will be wide to allow for easy movement of materials and supplies between studios, and easy and comfortable access by visitors.
- Day lighting will be supplied through the transom windows, solar tubes and skylights.
- The main doors on the south side will be finished with a window curtain wall to increase passive solar gain and day-lighting in the facility and keep the historic feel of the entrances.
- The internal space of the art gallery will include movable walls to accommodate a wide variety of shows and events.

5.4 GREEN BUILDING RECOMMENDATIONS

As an existing building the reuse of Dry Shed #4 could comply with the United States Green Building Councils (USGBC's) rating system for existing buildings (LEED EB). Staff recommends that the project incorporate as many green features as financially feasible. The project will likely obtain 34 LEED EB Credits, and thereby achieve a rating of Certified. It will be difficult for the project to obtain a higher rating, because many of the credit categories do not apply to the building: for example the building will not have: a heating and cooling (HVAC) system, a building wide ventilation system, windows that afford views, etc. To see the draft LEED EB rating analysis of the building, please see Appendix F.

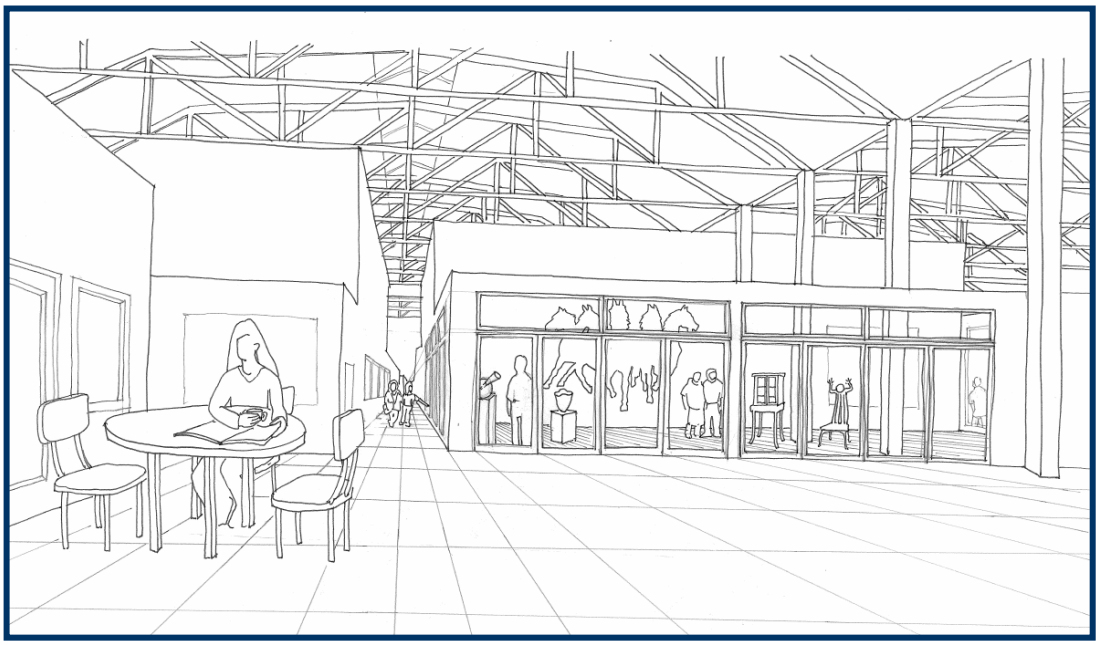
5.5 Conceptual Sketch of Dry Shed #4 Entrance and Landscaping

The conceptual sketch below shows the architectural treatment and landscaping of the entrance to Dry Shed #4.



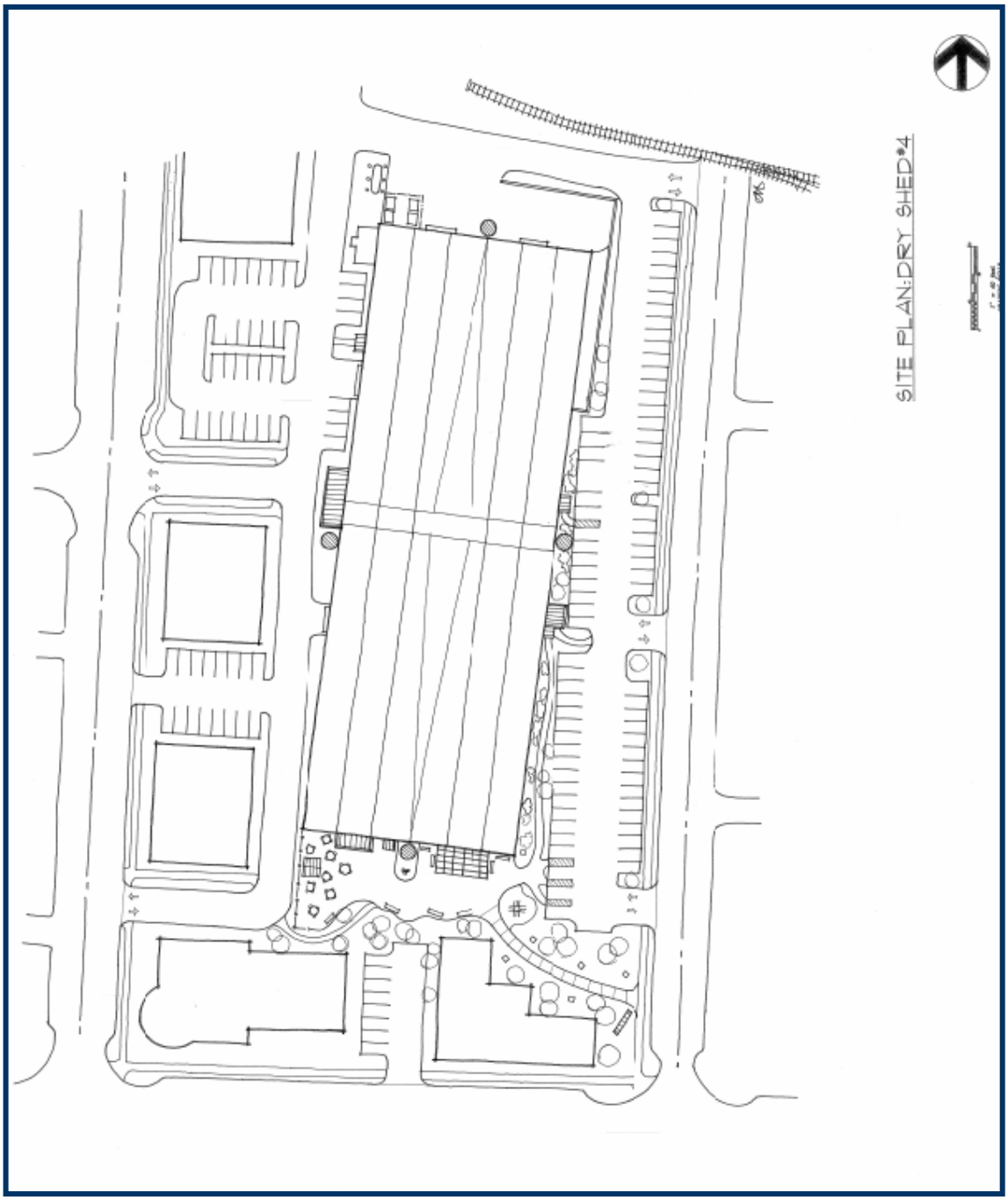
5.6 Interior Rendering

As shown in the interior rendering below, the project will include a café, expansive gallery, high ceilings, and wide corridors with interior windows that allow visitors to view industrial art making activities such as glass blowing, welding, furniture making.



5.7 SITE LAYOUT

As shown in the proposed site layout, the parking for Dry Shed #4 would be located to the east of the shed and the remainder of the block would be developed as proposed in the Specific Plan. The project will need to include a good pedestrian connection to Redwood Avenue as indicated in the Site Plan.



6 Building Valuation, Cost Estimate & Development Proforma

6.1 Evaluating Feasibility

Staff prepared a detailed ten-year cash flow analysis, known as a proforma analysis, to evaluate the financial feasibility of reusing Dry Shed #4 and to identify the size of the capital campaign that would be required for the project to operate in the black. The analysis includes:

1. A Sources and Uses Table
   - Summary of hard costs, which includes the estimated purchase price for Dry Shed #4, a construction cost estimate for the refurbishment and internal buildout of the facility, as well as all site work.
   - An analysis of all soft costs, including: construction financing, architectural and engineering, permitting costs, reserves, insurance, project management, etc.
   - A sources and uses table which enumerates the sources for and amounts of required equity and debt
2. A ten year cash flow analysis which illustrate the relationships between anticipated operating revenues and expenses and cash flow from the project.
3. Given that the proposed project is a nonprofit facility, staff did not use the Internal Rate of Return (IRR) measure, which is the common way that a prospective developer would evaluate a project. Instead, staff used the proformas to analyze the minimum possible equity investment required to ensure that the project maintains a positive cash flow upon operation, and minimum debt coverage ratio of 1.2, the minimum to qualify for a bond financing.

6.2 Dry Shed #4 Valuation Analysis

Staff utilized two methods to calculate an initial rough estimate of the value of Dry Shed #4. The first method is to assume that the building itself has limited utility for typical users in Fort Bragg due to its great size, and that the land would be subdivided and sold for industrial uses. In order to complete this method of valuation staff obtained comparable sales data for land sold within Fort Bragg over the past five years. As shown in Table 9 below, the average sales price was $7.97 per SF. However, these sales comps are not strictly comparable because these parcels are zoned commercial, which has a higher market value than industrial land, and have developed access and infrastructure to the street. No industrial parcels have sold within Fort Bragg during the past eight years.

Table 9: Vacant Lots Sold, City of Fort Bragg, 2000-2008

Address	Zoning	Sales Price	Lot Size	Sales Price	Sales Date
175 N MAIN	C2	$ 60,000	12,287	$ 4.88	3/13/2000
1151 S MAIN ST	CH	$ 275,000	118,990	$ 2.31	8/31/2001
150 SOUTH ST	HC/CZ	$ 540,000	14,269	$ 37.84	11/2/2001
19450 HARBOR AVE	O	$ 40,000	11,892	$ 3.36	12/13/2001
24571 WARD AVE	C2	$ 80,000	43,124	$ 1.86	1/2/2002
32401 N HARBOR DR	N0	$ 185,000	13,273	$ 13.94	2/15/2002
100 E OCEAN VIEW DR	C2	$ 210,000	38,308	$ 5.48	11/15/2002
801 N MAIN	C2	$ 130,000	16,837	$ 7.72	11/20/2002
1250 DEL MAR DR	mixed/CZ	$ 200,000	105,415	$ 1.90	12/26/2003
601 CYPRESS ST	C2	$ 141,000	385,070	$ 0.37	10/5/2004
Average		$ 186,000	75,947	$ 7.97	

Source: Century 21, 2009; City of Fort Bragg, 2009

This data, admittedly not completely comparable, can be used to calculate the value of the land if it were zoned commercial by multiplying the total square footage required for the project (105,000 SF) by $7.97/SF for an estimated value of $836,446. Since industrial rents are form one half to one third of commercial rents, the industrial land has an estimated value of $418,223 for the 105,000 SF site.

The second method used to value the property is the capitalization rate (cap rate) method. The cap rate, which is the ratio between the net operating income produced by an asset and its current market value, is typically used to value a wide variety of commercial property types. The rate is calculated as follows:

$$\text{Capitalization Rate} = \frac{\text{annual net operating income}}{\text{cost (or value)}}$$

The capitalization formula can be used to determine value by assuming a cap rate of ten percent and determining the value based on the annual net operating income. For example, as shown in Table 10, the value of Dry Shed #4 was calculated based on the following assumptions:

1. That the facility would rent out in an "as is" condition for between $0.15/SF/month and $0.25/SF/month. While these figures may seem low as existing industrial facilities in Fort Bragg rent for between $0.35 and $0.50/SF/month, this building would receive less income because: 1) its large size makes it difficult to find a single tenant; and 2) the lack of security, open floor area, and unimproved nature of the space makes it difficult to rent to more than one tenant.
2. That debt service for the building is calculated for a commercial mortgage of 80 percent of the value at a 20 year term and an interest rate of seven percent.
3. The cap rate is ten percent, a minimum cap rate for a relatively risky facility with limited rental potential.

Using these methods, the value of the building and associated parking area is between $670,800 and $1.1 million.

Table 10: Initial Valuation of Dry Shed #4

Comparable Method

Comps Value/SF	Total SF	Value Commercial Space	Value Industrial Space
$ 7.97	105,000	836,446	418,223

Cap Rate Method

Cap Rate	Rent/SF/Month	Gross Annual Income	Debt Service*	Net Annual Income	Value
10%	$0.15	108,000	40,920	67,080	670,800
10%	$0.25	180,000	66,960	113,040	1,130,400

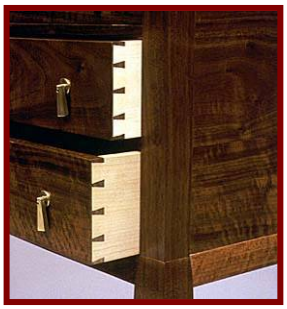
Source: City of Fort Bragg, 2009

*Debt service on a 20 year commercial mortgage at 7% interest rate

6.3 Estimated Construction and Soft Costs for 52,000 SF Project

The determination of project feasibility hinges in part on the cost to develop the project. Development costs are typically broken into three different categories: property acquisition, construction costs, and soft costs. The total estimated development cost is $5.6 million for the project, of which 420,000 is for site acquisition, $3.3 million for construction and $870,000 for soft costs. The previous section analyzed the cost of site acquisition. This section explores the estimated costs for hard construction costs and soft costs which include design, permitting, project management and financing for the 52,000 SF project.

6.3.1 Construction Costs



Staff utilized information from the structural analysis and the initial conceptual design to prepare a detailed construction cost estimate utilizing RS Means Square Foot Costs, a detailed estimate prepared by a professional construction cost estimator for a comparable facility, and an estimate for the structural repairs completed by Tom Pryor, licensed contractor.

As shown in Table 11, the estimated construction cost is $3.3 million. This includes a healthy ten percent contingency and five percent escalation.

Table 11: Construction Cost Estimate	
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc	**$97,500**
Dry Shed #4 Construction Costs (b)	**$2,341,964**
Construction - Site Mechanical	$104,700
Construction - New Slab on Grade	$305,745
Construction - Exterior repairs, windows, skylights	$442,148
Construction - Interior Construction	$744,838
Construction - Plumbing Systems	$193,500
Construction - Fire Protection	$132,983
Construction - Electrical Systems	$418,050
Construction - Parking	$121,004
Subtotal Construction and Site Work	**$2,560,468**
Furniture, Fixtures and Equipment (FF&E)	$93,457
General Conditions	$230,442
Contractor's Fee	$102,419
Environmental Mitigation	$0
Construction Escalation	$128,023
Construction Contingency 10%	$256,047
Total	**$3,370,856**

Source: City of Fort Bragg, 2009

- The construction cost estimate is admittedly rough and can be considered accurate +/- 20 percent. For detailed breakdown of all hard costs, please see Appendix A. Actual construction costs may be more or less than shown, and will be calculated as part of the next phase of this project based on an architect's design.

- The cost of Furniture, Fixtures, and Equipment (FF&E) includes cost quotes for FF&E for arts education, operation of the retail gallery, purchase of significant equipment for the shared studios, and management of the nonprofit entity. These costs were obtained from manufacturers and are outlined in Appendix B. If industrial equipment is not included in the estimate, FF&E falls from $93,457 to $55,847.
- A standard general conditions fee of nine percent and a contractor's fee of four percent were included in hard construction costs.

6.3.2 Soft Costs

As shown in Table 12, estimated soft costs, also known as general development costs, are $870,000 for the project. The major soft costs include architectural ($280,726), construction interest ($124,789), rent up reserves ($151,581) and permits and fees ($193,025).

Table 12: Soft Costs

Architect/Engineers		**$262,962**
Feasibility/, Program, Structural Analysis, Architectural Conceptual		
Architect, Structural, Mechanical & Electrical Engineers	8% Construction	
Testing & Special Inspections	1% Construction	
Cost Estimator		**$5,000**
Green Building Fees: LEED registration & certification		**$2,250**
Bond: Construction Interest & Fees	2,646,640	**$105,179**
Construction Interest	4.00%	
Origination Fees	0.25%	
Title & Recording	0.5%	
Legal & Leasing		**$15,000**
Reserves		**$142,248**
Rent-up Reserve (Tenant Area)	3 mo. tenant rent	
Capitalized Operating Reserve	2 mo. costs	
Permits and Fees		**$188,091**
Combined Building Permit & Plan Check Fees		
Use Permit, Coastal Development Permit, CEQA Review		
School Fees	$0.36/SF	
Development Impact Fees - Industrial	$1.46/SF	
Water and Sewer Connection Fees	300' of pipe	
Construction Project Manager		**$84,271**
Other - Carrying Costs		**$66,600**
Fire, Liability & Course of Construction Insurance		
Property Tax		
Accounting/Management Set-up		**$5,000**
Total Soft Costs		**$874,186**

Source: City of Fort Bragg, 2009

Staff assumed the following for the soft cost estimate:

- Eight percent of construction costs for architect and engineering fees.

- One percent of construction costs for testing and special inspections.
- Permits and fees were estimated based on project square footage and proposed Fort Bragg development impact and other fees.
- Construction interest was calculated based on a sixteen-month drawdown of the construction loan as well as origination, title, and recording fees.
- Construction project management costs were estimated at 2.5 percent of hard costs, the industry standard.
- Estimates for legal, accounting, insurance, surety bonds, and miscellaneous other costs are based on experience with similarly sized projects.
- A total project contingency of 5 percent was applied to provide an extra allowance for unanticipated factors in both hard and soft construction estimates. This is in addition to the 10 percent hard construction cost contingency mentioned above. Some feasibility analysts do not include this extra contingency on hard costs. However, staff included it to ensure a fiscally conservative estimate and because of the unusual nature of this project.

6.3.3 Total Costs

The estimated cost of construction for the 52,000 SF project is $3.4 million or $64/SF. Likewise the total development cost is $4.9 million or $94/SF.

6.4 Development Feasibility Analysis for 52,000 SF Project

Staff prepared a development proforma for the 52,000 SF project (the preferred size of the Steering Committee). For the development proforma, staff assumed that the facility would be managed and operated as a rental facility with no direct programs other than building and event management. The facility was analyzed independent of assumptions about the success of the art gallery and art classes. The operations analysis goes a step further by including estimates for art education and gallery income and expenses.

The development proforma includes the following assumptions:

- The studios will rent for $0.75/SF/month excluding utilities.
- The gallery will rent for $1.25/SF/month.
- The remaining space (not taken by the Industrial Arts Center) will rent for $0.45/SF/month.
- Five percent vacancy rate for all uses, once full occupancy is achieved (by month five of operations). This is reasonable estimate that similar facilities around the country leased up within six months and have one- to ten-year waiting lists with zero vacancy.
- 12 to 15 events per year, with event income of $350 per event.
- Operating expenses of $6 per square foot for building and event management, insurance, utilities, maintenance and miscellaneous expenses.
- Debt service has been calculated based on the non-profit entity qualifying for a four percent interest rate, thirty-year, fixed, tax-free bond from the California Infrastructure Bank for the project.[1]
- Operating reserves of three percent have been set aside before calculating net cash flow for the project. These reserves are for long-term maintenance and repairs.

Given these assumptions, the development proforma pinpoints the needed capital campaign to ensure that building revenues would cover building debt service and operating costs.

[1] Bonds issued by the I-Bank must meet established minimum credit rating standards, based either upon the credit of the applicant or a credit enhancement from a bank, insurance company, or other guarantor acceptable to the I-Bank.

If the facility is financed with low-interest bonds, the facility would be self-supporting with a capital campaign of $2.5 million, and sufficient income to cover annual debt service of $150,000 and a debt coverage ratio of 1.2.

Table 13: Feasibility Proforma for Reuse of Dry Shed #4: Industrial Arts on the Mill Site

Date: 9/15/2009

	Annual Escalation
Studio Annual Rent Increase	2.5%
Annual Op Exp Increase	2.5%
Event Escalation	2.5%

								Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Rental Income																	
Market Rate Studios	35,240	SF	$	0.75	/SF			317,160	325,089	333,216	341,547	350,085	358,837	367,808	377,004	386,429	396,089
Gallery & Gift Shop	5,000	SF	$	1.25	/SF			75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858
Remainder Industrial Space	5,722	SF	$	0.45	SF			30,896	31,669	32,460	32,460	32,460	32,460	32,460	32,460	32,460	32,460
Event Income	2,000	SF		$350	/event			4,200	5,250	5,381	5,516	5,654	5,795	5,940	6,088	6,241	6,397
Number of Events								12	15	15	15	15	15	15	15	15	15
Gross Scheduled Income								427,256	439,258	450,625	461,477	472,612	484,038	495,762	507,793	520,137	532,804
Vacancy Rate								5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Income Loss (Vacancy 5%)								11,946	21,963	22,531	23,074	23,631	24,202	24,788	25,390	26,007	26,640
Gross Effective Income								415,311	417,295	428,094	438,403	448,982	459,836	470,974	482,403	494,130	506,164
Commercial Expenses*	Cost/sq ft		/sf	Annual Cos	Monthly Cost												
Event & Facility Management	$ 1.92		/sf	$ 100,000	$ 8,333			100,000	102,500	105,063	107,689	110,381	113,141	115,969	118,869	121,840	124,886
Maintenance	$ 1.25		/sf	$ 50,300	$ 4,192			50,300	51,558	52,846	54,168	55,522	56,910	58,333	59,791	61,286	62,818
Insurance	$ 0.65		/sf	$ 31,175	$ 2,598			31,175	31,954	32,753	33,572	34,411	35,272	36,153	37,057	37,984	38,933
Utilities	$ 1.40		/sf	$ 13,090	$ 1,091			13,090	13,417	13,753	14,096	14,449	14,810	15,180	15,560	15,949	16,348
Misc.	$ 0.74		/sf	$ 40,000	$ 3,333			40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Total	$ 5.96			$ 234,565	$ 19,547			-									
Total Operating Expenses								234,565	240,429	246,440	252,601	258,916	265,389	272,023	278,824	285,795	292,940
Net Commercial Operating Income								180,746	176,866	181,654	185,802	190,066	194,448	198,951	203,579	208,336	213,224
Debt Service	4.00%			30 year term				151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627
Cash Flow After Debt								29,119	25,238	30,027	34,175	38,439	42,821	47,324	51,952	56,709	61,597
Operating Reserves	3.0%										13,844	14,178	14,521	14,873	15,234	15,615	16,005
NET CASH FLOW AFTER RESERVES								**29,119**	**25,238**	**30,027**	**20,331**	**24,260**	**28,299**	**32,451**	**36,718**	**41,094**	**45,592**
EVALUATION																	
Debt Coverage Ratio	1.19							1.19	1.17	1.20	1.23	1.25	1.28	1.31	1.34	1.37	1.41

Standard Debt Coverage Ratio is 1.2 (Net Operating Income/Annual Debt Service)

Source: Marie Jones, City of Fort Bragg, 2009

The facility was analyzed independent of assumptions about the success of the art gallery and art classes. The operations analysis (chapter 7) goes a step further by including estimates for art education and gallery income and expenses.

6.4 Development Feasibility Analysis for 30,000 SF Facility

Staff prepared a feasibility analysis for a smaller 30,000 SF facility in case the City and community are unable to raise the needed $2.25 million to develop the larger 52,000 SF facility. For the analysis, staff revised the development program to meet only the needs identified in the artist survey. As indicated in Table 14, the smaller project would amount to 30,000 SF or one-half of the building. Since the total project is smaller, many of the costs associated with construction and development are less.

- Construction costs would total $2.3 million
- Soft costs would total $643 thousand
- Total costs would be $3.6 million

The smaller project would generate sufficient funds after expenses to finance $2.1 million in debt or annual debt service of $123,000. This smaller facility would therefore require a $1.4 million capital campaign. Overall the smaller project will cost an estimated $77/SF for construction and $118/SF total for hard and soft costs.

Table 14: Dry Shed #4 Small Development Program

Use	*Description*	*Total Number*	*Unit Square Feet*	*Total Square Feet*
Public Space				
	Art Gallery	1	2,000	2,000
	Classroom Space	2	800	1,600
	Restrooms	2	200	400
	Storage	1	250	250
	Subtotal			***4,250***
Artist Studio Program				
	Ceramicists	8	375	3,000
	Ceramics Art School	1	2000	2,000
	Glass Artists	2	800	1,600
	Sculptors	1	350	350
	Weavers	1	1500	1,500
	Welders and Blacksmiths	4	360	1,440
	Woodworkers	11	800	8,800
	Photography	1	750	750
	Other Artists & Additional Studios	6	500	3,000
	Subtotal	*35*		***22,440***
Circulation				
	Hallways & Stairs			2,724
	Subtotal			***2,724***
Administration & Support				
	Administrative Offices	1	250	250
	Recyclable	1	300	300
	Subtotal			***550***
Total				**29,964**

Source: City of Fort Bragg, 2009

Loan Guarantee

The nonprofit operating entity that will own this facility has yet to be formed and will have no financial track record. Consequently, it will not be able to secure conventional or bond financing without a loan guarantee from the City of Fort Bragg or some other entity. The State of California's Infrastructure Bank will accept a loan guarantee from the City of Fort Bragg or LISC and the bond interest rate will depend on the credit rating of the City or LISC. Alternatively, this project could be undertaken independently of a loan guarantee by an existing financially secure nonprofit with at least five years of operations history and a variety of revenue sources.

7. Dry Shed #4 Operation Budget & Recommendations

7.1 Operations Budget Analysis

The 52,000 square foot facility would operate in the black in the first year with a $26,000 positive cash flow and progressively larger net positive cash flow in each subsequent year. A similar analysis was prepared for the 30,000 SF project and it also operates in the black in the first year.

Table 15: Dry Shed #4 Operations Budget, 52,000 SF Project

Cost Escalation 3%	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Gross Effective Income from Studios	$ 340,311	$ 340,045	$ 348,526	$ 356,449	$ 364,569
Course Income/Tuition ($200/student)	$ 225,000	$ 300,000	$ 375,000	$ 375,000	$ 375,000
Courses Offered	75	100	125	125	125
Students	1125	1500	1875	1875	1875
Event Income	$ 4,200	$ 5,250	$ 5,381	$ 5,516	$ 5,654
Number of Events/Year	12	15	15	15	15
Membership Dues	$ 5,000	$ 5,125	$ 5,253	$ 5,384	$ 5,519
Fundraising/Grants	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Gallery & Product Sales ($40/sq ft)	$ 200,000	208,000	216,320	224,973	233,972
Total	**$ 824,511**	**$ 908,420**	**$ 1,000,481**	**$ 1,017,322**	**$ 1,034,713**
Expenses					
Administrative Staff Payroll	**$ 175,000**	**$ 179,375**	**$ 183,859**	**$ 188,456**	**$ 193,167**
Executive Director/Facility Manager	$ 70,000	$ 71,750	$ 73,544	$ 75,382	$ 77,267
Office/Bussiness Manager	$ 40,000	$ 41,000	$ 42,025	$ 43,076	$ 44,153
Fundarsining Expenses	$ 30,000	$ 30,750	$ 31,519	$ 32,307	$ 33,114
Benefits & Taxes (25%)	$ 35,000	$ 35,875	$ 36,772	$ 37,691	$ 38,633
Management & General	**$ 240,467**	**$ 242,688**	**$ 244,965**	**$ 247,298**	**$ 249,690**
Advertising/Promotion/Communications	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038
Auto Expense	$ 2,000	$ 2,050	$ 2,101	$ 2,154	$ 2,208
Bookkeeping	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557
Dues/fees education	$ 250	$ 256	$ 263	$ 269	$ 276
Equipment rental	$ 2,500	$ 2,563	$ 2,627	$ 2,692	$ 2,760
Insurance	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557
Interest Expenses	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104
Janitorial	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104
Office Supply	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038
Postage/Shipping	$ 6,000	$ 6,150	$ 6,304	$ 6,461	$ 6,623
Printing/Copying	$ 12,000	$ 12,300	$ 12,608	$ 12,923	$ 13,246
Rent/Mortgage	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627
Travel/entertainment	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104
Utilities	$ 13,090	$ 13,417	$ 13,753	$ 14,096	$ 14,449
Gallery Expenses	**$ 143,750**	**$ 148,844**	**$ 154,125**	**$ 159,600**	**$ 165,278**
Art expenses (50% of galary sales)	$ 100,000	$ 104,000	$ 108,160	$ 112,486	$ 116,986
Gallery Manager/Receptionist	$ 43,750	$ 44,844	$ 45,965	$ 47,114	$ 48,292
Education Expenses	**$ 237,500**	**$ 295,469**	**$ 353,480**	**$ 355,286**	**$ 357,137**
Arts Education Program Manager	$ 68,750	$ 70,469	$ 72,230	$ 74,036	$ 75,887
Contract Labor (50% of Tuition)	$ 112,500	$ 150,000	$ 187,500	$ 187,500	$ 187,500
Course Materials $50/student/class	$ 56,250	$ 75,000	$ 93,750	$ 93,750	$ 93,750
Event Expenses (30% of Event Income)	**$ 1,260**	**$ 1,575**	**$ 1,614**	**$ 1,655**	**$ 1,696**
Total	**$ 797,977**	**$ 867,951**	**$ 938,044**	**$ 952,295**	**$ 966,968**
Surplus (Deficit)	$ 26,534	$ 40,469	$ 62,437	$ 65,027	$ 67,745
Repairs/Maintenace Reserve	$ 50,300	$ 51,558	$ 52,846	$ 54,168	$ 55,522
Suplus/Deficit After Reserves	$ (23,766)	$ (11,088)	$ 9,591	$ 10,859	$ 12,223

Source: Marie Jones, City of Fort Bragg, 2009

The operating expenses for the 52,000 facility include the following:

- Appropriate staffing and salaries for each scenario
- Management and general expenses, including advertising, auto, bookkeeping, equipment rental, insurance, interest, janitorial, office supply, postage, printing, mortgage, maintenance, travel, and utility expenses
- Gallery expenses calculated at 50 percent of gallery sales
- Education expenses calculated at 50 percent of tuition and supplies.
- Event expenses calculated at 30 percent of event income to cover contract workers, cleaning, etc.

7.2 Case Study Findings & Recommendations

Staff completed case studies of facilities that operate art studios, education programs, and galleries. The case studies provide a benchmark for developing an effective operations strategy and operations recommendations. Complete descriptions of each center, its history, major lessons learned, facility layout, organizational structure, and programs are available in Appendix H. Staff selected facilities that provide the range of programs under consideration for Dry Shed #4, including artist work studios for rent, arts education, and art galleries. Many important points emerge from the case studies:

- For-profit facilities, such as the Brewery Artist Colony in Los Angeles and ActiveSpace in Berkeley, are focused almost entirely on artist studio rentals. This indicated that artist studio space can be successfully developed and operated by the for-profit sector, though such space is likely to be less affordable and attract a variety of non-artist tenants.

- All of the nonprofit organizations provide arts education and gallery space in addition to studio rentals.

- The Torpedo Factory is the largest facility with 84 studios, six art galleries, and 12,000 square feet of class room space, while the Rockville Art Center is the smallest facility with 11 studios, a single gallery, and 3,500 square feet of classroom space.

- The for-profit facilities charge market rates ($1.50–$2.40/SF) for studio space and tend to have higher vacancy rates (5–10%) than the nonprofit facilities, which charge between $1 and $1.25 per square foot per month and have five- to ten-year waiting lists with very low turnover.

Staff interviewed the executive director of each facility to understand the organization's history, "keys to success," and "lessons learned." Interesting and insightful findings from these discussions can be found in Appendix H; key findings are highlighted as operational recommendations in the sections that follow.

7.3 Facility Development Recommendation

The Dry Shed #4 should own its finished facility. The development of the facility will require a variety of funding and financing sources. A capital campaign feasibility study should be completed and a professional capital campaign consultant hired to complete

this portion of the project. City assistance will be critical to developing the facility. Finally, zoning issues should be settled early in the process.

Case study findings

"Own your building" was a recurrent theme from the interviews. Both the Torpedo Factory and Rockville Art Place did not initially own their facilities. The Torpedo Factory was initially owned by a developer and leased to the City, and the developer sought to charge market rents as real estate values increased in the neighborhood, even though the tenant artists had contributed sweat equity to the building renovation. Likewise, the Rockville Art Place initially rented space in a shopping mall, but the mall was torn down, and RAP was uncertain of its future until the City built a new facility in the downtown.

- The nonprofit facilities were developed or renovated with funding from a wide variety of sources, including capital campaigns, public financing, city land and/or building donation, tax credits, conventional financing, and sweat equity. For-profit facilities were financed through private investors, tax credits, and mortgage financing.
- Only the Rockville Art Place and ActivSpace are new construction projects; the remaining facilities were renovated, formerly abandoned, buildings. Renovated facilities cost significantly less to build, from $60 to $80/SF, than new construction projects, which ranged from $120 to $150/SF, excluding land acquisition and soft costs.
- All art centers have had difficulties with zoning. The Torpedo Factory was located in an industrial district; however, as the area's real estate prices increased, the zoning in the surrounding community changed. After some dispute, the Torpedo Factory obtained a mixed-use spot zoning designation. Likewise, the Crucible was forced to move from Berkeley even though it was located in a light industrial and arts protection zone due to complaints from neighbors.
- Many centers have experienced growing pains, and consequently executive directors recommend that the Dry Shed #4 build more space than it thinks it will need. The Crucible's history best illustrates this maxim: as the Crucible's popularity grew, so did its space requirements, from 3,000 to 47,000 square feet in just three years.
- Each manager emphasized the importance of offering flexible studio spaces in a range of sizes, with natural light, a sink, Internet/phone line, and good ventilation.

7.4 Organizational Structure Recommendations

The Dry Shed #4 should be managed and operated as a nonprofit organization to ensure affordable rents and a quality arts education program. However, as a nonprofit, the center should be managed like a business to create profit for reinvestment in the organization. The Dry Shed #4 board of directors should include representatives from city government, the real estate/development industry, business and arts community, and members of the Mill Site community.

Case study findings

- Facility managers highlighted the importance of managing all of their programs under one nonprofit entity to improve coordination and synergisms between arts education, the gallery, and art studio leasing programs.

- All the art centers have struggled with what it means to be a nonprofit. With significant pressure from artist-tenants to keep rents low, some centers did not initially generate enough income to guarantee organizational growth and health. Only after approaching their facility as a business have centers such as RAP and the Torpedo Factory realized significant growth and development.

- Many Executive Directors also stressed the value of having a professional and diverse board of directors composed of businesspeople, city representatives, museum directors, neighborhood representatives, educators, and artists to guide the organization.

Draft Mission Statement

The purpose of Dry Shed #4 is to operate and manage an Industrial Art Center on the Mill Site that provides:

- Professional working space for industrial artists, where the public can observe and participate in the creative process;
- High-quality art courses, where people of all ages have the opportunity to participate in hands-on classes in a variety of media;
- An art gallery, where new works are shown monthly, representing the diversity of both the regional and local industrial arts communities;
- An event venue, where a variety of public and private events are held to encourage art appreciation and support the operating costs of the Facility.

7.5 Staffing and Staff Development Recommendations

The Dry Shed #4 would require four or five staff once the facility is running at capacity, including the following key staff positions: Executive Director/Facility Manager, Arts Education Coordinator, Office/Event Manager, Gallery Manager. Instructors should be paid on a contract basis based on a percentage of gross class fees (typically 50 percent) so that the Dry Shed #4 does not lose money on any class. Art instructors should be selected through a competitive proposal process in which potential teachers prepare a proposal to teach an art class. Instructors should be selected based on teaching experience, creativity, and market demand.

Case study findings

- Facility managers emphasized the importance of hiring professional staff. For example, the Rockland Art Project struggled for many years because of mismanagement by artist managers. Only after hiring a professional manager with business experience has RAP began to thrive.
- Case study facilities have from five to twelve full-time-equivalent staff.
- All programs hire art instructors as contract labor, and most pay their instructors a percentage of the fees from students in their course.
- Not all artists make good teachers, and each center has focused on securing quality instruction by hiring artists with teaching experience. The Crucible has the most difficulty finding qualified art instructors because all of its courses are in the industrial arts. Consequently, it calls for quarterly teacher proposals for art classes and has instituted a mentoring process whereby students can become teacher's assistants and then instructors in their own right.

7.6 Community Relationship Recommendations

The Dry Shed #4 staff should work collaboratively with neighborhood residents, merchants, and City government to make certain that the Dry Shed #4 is a net benefit to the Mill Site and the City of Fort Bragg. Specifically, the Dry Shed #4 should complete an economic impact analysis every five years to quantify the facility's impact on the local economy.

Case study findings

- All art facilities have forged close ties with their city governments, which were very instrumental in funding and/or financing some portion of development costs. City government also helped ease the zoning issues that these mixed-use facilities often encountered. Even for-profit facilities were developed in close partnership with local government due to zoning issues.
- Each executive director underlined the importance of building excellent relationships with local merchants, who tend to view the art facilities as subsidized competition. These relationships were developed in innovative ways. For example, the Emerson Umbrella Center for the Arts requires its studio artists to volunteer their artistic talents to local community projects, while the Torpedo Factory commissioned an economic impact report of the Torpedo Factory effect on tourism and tax revenue.

7.7 Artists Studio Operation Recommendations

Tenant artists should be selected through a well advertised professional juried process. A broad and diverse artist applicant pool will result in the selection of quality artists. The jury should consist of distinguished professionals in the arts field and may include professional artists, art gallery managers, museum curators, arts educators, arts administrators, etc. The jury should not include Dry Shed #4 tenants to avoid favoritism and nepotism in the selection of new tenants.

The Dry Shed #4 should offer a two- to three-year lease to each artist upon jury selection and studio space availability. Leases should be renewed on a three-year cycle thereafter. For each renewal, the Dry Shed #4 should require artists to again submit slides for a juried selection process. Re-jurying will allow the facility to avoid the problem of high quality space being taken up by inactive artists.

The Dry Shed #4 should set a minimum number of hours per year for each studio to be actively in use. Active studio use will make the facility an attractive visitor destination and help to fulfill the economic development benefits of the project. In addition, active studio use by all artists will increase the flow of visitors and the potential market for each artist to sell her or his own work. For example, artist studios should be open to the public a minimum on 1,248 hours per year (24 hours per week) between the operating hours of 10:00 a.m. and 5:00 p.m.

Case study findings

- Many interviewees also cautioned that the roles and responsibilities of tenant artists must be well defined. For example, most facilities require that artists actively use their

studio for a minimum number of hours per week to guarantee a vibrant facility and discourage idle studios.

- All case study facilities use a juried selection process to select artists. However, the Emmerson Umbrella Center for the Arts emphasized that a system must be in place for asking unproductive artists to leave so that quality affordable space is not monopolized by "retired" artists.

7.8 Art Education Program Recommendations

The Dry Shed #4 should develop a quality, accessible, hands-on education program that serves the Fort Bragg market niche. Quality arts equipment can be readily obtained through donations from equipment manufacturers.

Case study findings

- Executive directors emphasized the significance of understanding the local arts education market and knowing your value within it. Providing quality, innovative, and enjoyable instructors is key to success. For example, the Crucible is successful, even though similar classes are offered for less at a local community college, because the Crucible's classes are very creative, hands-on, and experiential, while the community colleges classes are chalkboard based. Conversely, the Crucible successfully competes with California College for the Arts (formerly California College of Arts and Crafts) by providing similar creative classes at a more affordable price.
- Many art facilities receive significant equipment donations. For example, the Crucible has obtained almost all of its industrial arts equipment through donations and bargain sales. The Crucible just received a large annealing kiln (12' x 4') as a donation from a glass manufacturer who needed more studio space. The manufacturer even paid $300,000 to move the kiln to the Crucible's facility.

7.9 Promotions and Marketing Recommendations

The Dry Shed #4 should implement a comprehensive marketing and advertising strategy targeted at local and area residents and regional and international visitors. Specifically, the near-term strategy should focus on the Dry Shed #4 grand opening and create a buzz of excitement about this anticipated event. The longer-term strategy should include comprehensive and ongoing public relations, development of a web site, promotional events, advertising and media placement, and other activities to maintain interest in and knowledge about the Dry Shed #4.

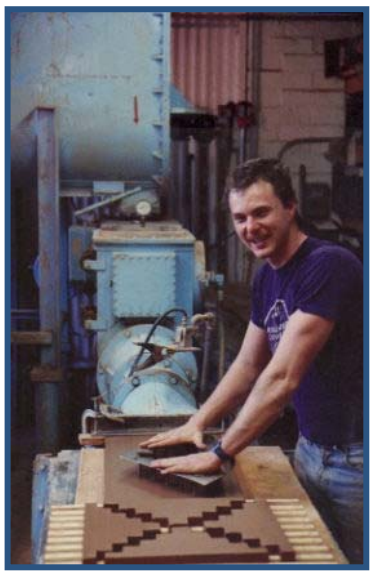
The Dry Shed #4 should hold at least two annual self-promotional events, including an open studios event and an annual industrial arts celebration featuring demonstrations, hands-on activities, food, performance art, and music. Each of these promotional events should generate income for the facility. During the open studios event, the Dry Shed #4 could consider holding an art show with booth spaces in the event area to generate additional income.

Case study findings

All the art centers found that self-produced promotional events and gallery openings bring people to the facility and thereby create economic and growth opportunities for the organizations. For example, the Crucible holds a creative “fire art” event each year, which have attracted positive press, equipment donations, new students, new teachers, and new donors.

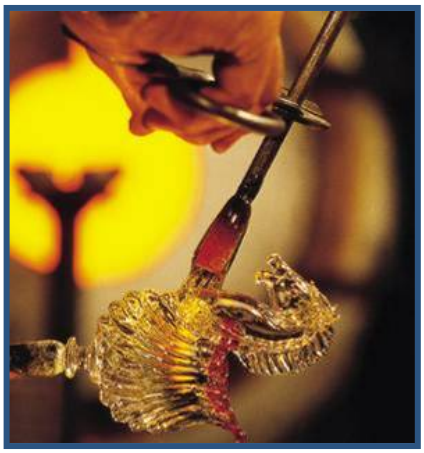
7.10 Security & Safety Recommendations

The Dry Shed #4 should develop a security and safety program for the facility. Artist studio security will be an important consideration as some artists work with valuable tools and equipment. Each studio should have its own keyed locking system. Safety should be ensured through a safety training program for all instructors, students, and hourly users of dangerous equipment. In addition, the Dry Shed #4 should develop a training video for use of all equipment and should implement a liability release program.



8. Next Steps

A number of steps must be completed in order to take this project to the next level. In the near term, staff recommends that the City and the community complete the following steps in 2010:

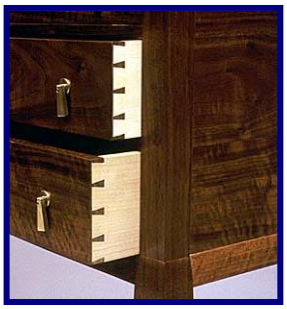


- Form or select an existing 501(c)(3) to own and operate the building. Recruit a diverse board of directors to assist with the development and management of the building. For the development phase, the board should specifically include experts in development, financing, and facilities management.
- Complete a property appraisal.
- Obtain site control through a purchase and sale or other agreement.
- Complete initial architectural plans for the facility and fine tune the feasibility proforma with a professionally prepared cost estimate for exterior and interior improvements.

In 2011, the project team (the City and the non-profit) should undertake the following activities:

- Pursue additional funding to support pre-development and development activities.
- Close escrow to transfer property ownership.
- Obtain necessary entitlements such as a coastal development permit, design review, etc.
- Complete final designs and engineering for project.

In 2012, the team should bid the construction project, and undertake construction of internal improvements and structural and external repairs. In 2013, the building could be completed, the studios should be leased out, and the facility programs should be initiated.



Dry Shed #4 Construction and Rehabilitation Cost Estimate

	Quantity		Unit Price	Subtotal
1. Site Mechanical				
Pipework &Accessories				
Waste& Vent	150	LF	$ 30.00	$ 4,500
Storm Drainage	150	LF	$ 45.00	$ 6,750
Domestic Water	150	LF	$ 45.00	$ 6,750
Fire Water	150	LF	$ 48.00	$ 7,200
Gas	150	LF	$ 36.00	$ 5,400
Valves, Boxes, Drains	12	Ea	$ 1,150.00	$ 13,800
RPBFP	1	Ea	$ 4,800.00	$ 4,800
Det.Check w/Vault	1	Ea	$ 5,200.00	$ 5,200
Post Ind Valve	1	Ea	$ 1,800.00	$ 1,800
				$ 56,200
Electrical Power & Distribution				
Transformer 12kV	1	Ea	$18,000.00	$ 18,000
Conduit Duct Bank w/ Primary	150	LF	$ 100.00	$ 15,000
Secondary	50	LF	$ 70.00	$ 3,500
Remove & Relocate Existing	Unknown			
Communications	150	LF	$ 80.00	$ 12,000
				$ 48,500
Subtotal				**$ 104,700**
2.0 Substructure				
Slab on Grade	51000	SF	$ 6.00	**$ 305,745**
4.0 Exterior Closure				
Sandblast and treat steel connectors				$ 19,000
Remove and Replace Plywood, Renail Treat Plywood				$ 105,675
Soil Removal, Exterior and interior foundation/pier and wall retrofit				$ 29,180
Windows & Glazing				
Curtain Wall	576	SF	$ 50.00	$ 28,800
Punched Openings	2500	SF	$ 40.00	$ 100,000
Exterior Doors				
Single	2	Ea	$ 2,000.00	$ 4,000
Double	3	Pr	$ 3,750.00	$ 11,250
Loading Overhead	2	Ea	$ 7,500.00	$ 15,000
Subtotal				**$ 312,905**
5.0 Roofing				
Truss and Purlin Retrofits				$ 68,960
Remove and replace south cricket				$ 25,000
Gutters & downspouts - Aluminum	490	LF	$ 6.70	$ 3,283
Skylights	400	SF	$ 80.00	$ 32,000
Subtotal				**$ 129,243**

	Quantity		Unit Price	Subtotal
6.0 Interior Construction				
Partitions & Glazing				
Metal Stud & GWB Unpainted Rated	41784	SF	$ 12.00	$ 501,408
Interior Glazing (25 SF/studio)	1250	SF	$ 35.00	$ 43,750
Interior Doors, Frames, Hardware Unpainted				$ -
Double	3	Pr	$ 2,500.00	$ 7,500
Single	58	Ea	$ 1,100.00	$ 63,800
Floor Coverings				$ -
Ceramic Tile	400	SF	$ 10.00	$ 4,000
Carpet	650	SF	$ 4.20	$ 2,730
Marmoleum	1200	SF	$ 7.50	$ 9,000
Bamboo or other wood flooring	5000	SF	$ 10.00	$ 50,000
Sealed Concrete	44750	SF	$ 1.00	$ 44,750
Entry Mats	100	SF	$ 35.00	$ 3,500
Wall Finishes				$ -
Ceramic Tile 6"	240	SF	$ 10.00	$ 2,400
				$ 732,838
Toilet Rooms				
Partitions	6	Ea	$ 950.00	$ 5,700
Screens	1	Ea	$ 700.00	$ 700
Accessories	6	Ea	$ 350.00	$ 2,100
Other Fixture Accessories	10	Ea	$ 350.00	$ 3,500
				$ 12,000
Subtotal				**$ 744,838**
8. Plumbing & Mechanical				
HW Heater Inst	4	Ea	$ 1,500.00	$ 6,000
Industrial Hot Water	1	LS		$ -
Toilet Rm Fixtures	4	Ea	$ 2,400.00	$ 9,600
Studio/Shop Sinks	50	Ea	$ 2,400.00	$ 120,000
Kitchen Sink	2	Ea	$ 2,400.00	$ 4,800
Drinking Fountains	2	Ea	$ 4,550.00	$ 9,100
Showers	2	Ea	$ 3,000.00	$ 6,000
Floor Drains	16	Ea	$ 1,000.00	$ 16,000
Connect to Equipment	20	Ea	$ 500.00	$ 10,000
Pipework & Accessories Included Above				
Miscellaneous Valves & Accessories	1	LS		$ 6,000
Test/Clean/Sterilize	1	LS		$ 6,000
Subtotal				**$ 193,500**
Fire Sprinkler System				
Dry pipe sprinkler system	52000	SF	$ 2.45	$ 127,483
Miscellaneous Accessories	1	LS		$ 5,500
Subtotal				**$ 132,983**

	Quantity		Unit Price	Subtotal
9.0 Electrical Systems				
Switchboard	1	LS		$ 40,000
Distribution Panels	2	Ea	$ 6,500.00	$ 13,000
MCC @ Shops	2	Ea	$15,000.00	$ 30,000
Tenant Panelboards	50	Ea	$ 1,200.00	$ 60,000
Tenant Metering	50	Ea	$ 800.00	$ 40,000
Building Grounding	1	LS		$ 6,000
Feeder Conduit & Wire	300	LF	$ 55.00	$ 16,500
Equipment Power	52000	SF	$ 0.80	$ 41,600
User Convenience Power				
Wall Outlets	330	Ea	$ 90.00	$ 29,700
Floor Boxes	None			
Conduit & Wire	9000	LF	$ 6.00	$ 54,000
Lighting	In place			
Fire Alarm & Detectors	52000	SF	$ 1.25	$ 65,000
Telecommunications				
Main Telecom Room	1	LS	$ 5,000.00	
Intermediate Telecom Rms	1	Ea	$ 5,000.00	$ 5,000
Telephone/Data Outlets Wall Mtd	115	Ea	$ 150.00	$ 17,250
Subtotal				**$ 418,050**
10. Site Work				
AC Paving	5000	SF	$ 8.50	$ 42,500
Landscape & Irrigation	5000	SF	$ 3.00	$ 15,000
Benches, Trash Receptacles	1	LS		$ 15,000
Site Lighting	1	LS		$ 25,000
Subtotal				**$ 97,500**
Total				***$ 2,439,464***

Source: City of Fort Bragg, 2009; RS Mean Square Foot Costs, 2008; Tom Pryor Contractor, 2009

APPENDIX B: COST ESTIMATE FURNITURE, FIXTURES AND EQUIPMENT

	Cost/Unit	Num	Total Cost	Dealer/Manufacturer
Kitchen				
Full-Size Commercial Oven	$ 3,849	1	$ 3,849	Valcon
Industrial Sink	$ 425	1	$ 425	
Refrigerator	$ 1,130	1	$ 1,130	True
Subtotal			***$ 5,404***	
Event Equipment				
60" Round tables	$ 129	15	$ 3,225	Maywood Furniture Corp
White wood chairs, padded seats	$ 23	100	$ 4,500	Furniture Imports Inc.
120" Round table linens	$ 57	15	$ 2,870	Tablecloths Online
Portable Teak dance floor (24'x25')	NA	1	$ 9,348	Sico
Sound system	$ 3,500	1	$ 3,500	Sony
Subtotal			***$ 23,443***	
Hot Shop				
Large Annealing Kiln	$ 2,285	1	$ 2,285	Skutt GM 12227-3
Large Casting Kiln	$ 1,495	1	$ 1,495	Skutt GM 1018
Glass Bead Annealing Kiln	$ 800	1	$ 800	Skutt GM10F
Glass Furnace	$ 8,500	1	$ 8,500	Hub Consolidated Inc. MU50 Furnace
Glory Holes			$ 6,000	Denver Glass Machinery, GH-10, GH-18
Miscellaneous Equipment (punty rods, shears, jacks, cutoffs, blades, graphite and wood paddles etc.)			$ 6,000	Hot Glass Color & Supply
Blowing & Glass Working Stations			$ 1,800	
Cold Working Equipment (Grinders, Bandsaw, polishers)			$ 1,500	Denver Glass Machinery
Total			***$ 28,380***	
Ceramics Studio				
Large Firing Kiln	$ 3,500	1	$ 3,500	Bailey Studio ST-8-DS Gas Kiln
Kiln accessories	$ 500		$ 500	Bailey
Throwing Wheels	$ 890	2	$ 1,780	Bailey ST-X
Clay Mixer	$ 1,200	1	$ 1,200	Bluebird Model 12 Mixer
Accessories (banding wheels, spray guns, ware racks, etc.)			$ 1,250	Various
Small tools (glazing, kempler tool kits, sculpting tools, throwing bats, etc.)			$ 1,000	Various
Total			***$ 9,230***	
Industrial Workshop				
Forge	$ 415	4	$ 1,660	Wisper Moma Forge 2 burner
Anvils	$ 570	6	$ 3,420	175 lb and 335 lb Euroanvils
Power Hammers & Compressors	$ 75	4	$ 300	The Bull 125 pneumatic forging hammer
3 phase 7.5 HP Compressor	$ 800	1	$ 800	
Leg Vise	$ 300	6	$ 1,800	Kayne & Son Leg Vise
Grinder	$ 450	1	$ 450	Burr-king Belt Grinder

Assorted Suppliers (tongs, hammers, swage blocks, aprons, etc.)			$ 840		
Total			***$ 9,270***		
Classroom Equipment					
Tables -- Metal Stacking	$ 150	10	$ 1,500		
Chairs -- Metal Stacking	$ 25	30	$ 750		
Stools	$ 35	30	$ 1,050		
Storage Lockers	$ 120	15	$ 1,800		
Total			***$ 5,100***		
Safety Equipment			***$ 3,600***	Various	
Office Equipment					
Desks	$ 300	3	$ 900	Ikea	
Filing Cabinets	$ 250	4	$ 1,000	Ikea	
Chairs	$ 150	3	$ 450	Ikea	
Computers	$ 900	3	$ 2,700	Dell	
Printer	$ 500	1	$ 500	Dell	
Shelving	$ 150	5	$ 750	Ikea	
Phone System			$ 5,000	Dell	
Total			***$ 11,300***		
Gallery					
Point of Sale System	$ 3,000	1	$ 3,000		
Phone	$ 500	1	$ 500	Dell	
Display Shelving	$ 350	10	$ 3,500		
Total			***$ 7,000***		
FFE Excluding Shop Equipment			***$ 55,847***		
Total FF&E			***$ 93,457***		

Source: Marie Jones, City of Fort Bragg, 2009

APPENDIX C: SOURCES AND USES TABLE

Appendix C: Shed #4 Industrial Arts: Assumptions, Sources & Uses

Date: 9/15/2009

Assumptions	SF					
Site Acquisition Cost Land Costs	$	7.97				
Shed #4 Industrial Arts		60,000	Parking Spaces		116	Spaces
Parking Site		45,000	Remainder Industrial Sp	$	0.45	/SF/Month
Total Site Area		**105,000**	Studio & Rental Rate	$	0.75	/SF/Month
Office Space		9,750	Retail Rental Rate	$	1.25	/SF/Month
Gallery & Gift Shop		5,000	Event Rental Rate	$	350	/event
Art Studios (group & individual)		50	Parking Rate	$	-	/Space/Day
Industrial Workshop		1,500	Operating Expenses	$	0.60	/SF/Month
Ceramics School		5,000	Holding Period		2	Months
Classroom Space		1,600	Construction Period		16	Months
Event Space & Event Storage		2,000				
Restrooms & Kitchen		1,200				
Circulation, Storage, Loading Dock		8,739				
Courtyard		-				
Total Square Feet		54,279				
Remainder Industrial Lease Space		5,722				

Property Acquisition Estimate				**$418,425**
CONSTRUCTION COSTS				
Site work (inc. Landscaping, Curbs, Sidewalks, Paving, etc.)				**$97,500**
Dry Shed #4 Construction Costs (b)				**$2,341,964**
Construction - Site Mechanical				$104,700
Construction - New Slab on Grade				$305,745
Construction - Exterior repairs, windows, skylights				$442,148
Construction - Interior Construction				$744,838
Construction - Plumbing Systems				$193,500
Construction - Fire Protection				$132,983
Construction - Electrical Systems				$418,050
Construction - Parking	$	1,044	/Parking Space	**$121,004**
Subtotal Construction and Site Work				**$2,560,468**
Furniture, Fixtures and Equipment (FF&E)				$93,457
General Conditions		9%	Construction costs	$230,442
Contractor's Fee		4%	Construction costs	$102,419
Environmental Mitigation				$0
Construction Escalation		5%	Construction costs	$128,023
Construction Contingency 10%		10%	Construction costs	$256,047
TOTAL CONSTRUCTION COSTS				**$3,370,856**

GENERAL DEVELOPMENT COSTS			
Architect/Engineers			**$262,962**
Architectural Conceptual		50,000	
Electrical Engineers	8% Constructior	187,357	
Testing & Special Inspections	1% Constructior	25,605	
Cost Estimator			**$5,000**
Green Building Fees: LEED registration & certification			**$2,250**
Bond: Construction Interest & Fees	2,646,640		**$105,179**
Construction Interest	4.00%	85,329	See Table 2
Origination Fees	0.25%	6,617	
Title & Recording	0.5%	13,233	
Legal & Leasing			**$15,000**
Reserves			**$142,248**
Rent-up Reserve (Tenant Area)	3 mo. tenant re	100,140	
Capitalized Operating Reserve	2 mo. operating	42,108	
Permits and Fees			**$188,091**
Fees		58,549	
Use Permit, Coastal Development Permit, CEQA Review		10,000	
School Fees	$0.36/SF	19,540	
Development Impact Fees - Industrial	$1.46/SF	79,247	
Water and Sewer Connection Fees	Estimate, assun	20,755	
Construction Project Manager	2.5% of Hard Costs		**$84,271**
Other - Carrying Costs			**$64,184**
Insurance		60,000	
Property Tax		4184	
Accounting/Management Set-up			**$5,000**
TOTAL GENERAL DEV COSTS			**$874,186**
PROJECT SUBTOTAL			**$4,663,467**
General Project Contingency	5% Total costs		$233,173
TOTAL PROJECT COSTS			**$4,896,640**
Construction Loan			$2,646,640
SOURCES OF PERMANENT FUNDS			**$2,250,000**
CDBG Grant	$	1,750,000	
Other Grant	$	500,000	
Bond Financing	4.00% 30 year amortization		**$2,646,640**
TOTAL SOURCES OF PERMANENT FUNDS			**$4,896,640**

Cost to Construction Loan Ratio	54.1%

Amortization Table Permanent Mortgage

Interest	4.00%	5.25%
Term	30	30
Amortization Rate	0.0047742	0.005522
Monthly Payment	$12,636	$14,615
Mortgage	$2,646,640	$2,646,640

APPENDIX D: PROFORMA ANALYSIS

Table 13: Feasibility Proforma for Reuse of Dry Shed #4: Industrial Arts on the Mill Site

Date: 9/15/2009

	Annual Escalation
Studio Annual Rent Increase	2.5%
Annual Op Exp Increase	2.5%
Event Escalation	2.5%

							Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Rental Income																
Market Rate Studios	35,240	SF	$	0.75	/SF		317,160	325,089	333,216	341,547	350,085	358,837	367,808	377,004	386,429	396,089
Gallery & Gift Shop	5,000	SF	$	1.25	/SF		75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858
Remainder Industrial Space	5,722	SF	$	0.45	SF		30,896	31,669	32,460	32,460	32,460	32,460	32,460	32,460	32,460	32,460
Event Income	2,000	SF		$350	/event		4,200	5,250	5,381	5,516	5,654	5,795	5,940	6,088	6,241	6,397
Number of Events							12	15	15	15	15	15	15	15	15	15
Gross Scheduled Income							427,256	439,258	450,625	461,477	472,612	484,038	495,762	507,793	520,137	532,804
Vacancy Rate							5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Income Loss (Vacancy 5%)							11,946	21,963	22,531	23,074	23,631	24,202	24,788	25,390	26,007	26,640
Gross Effective Income							415,311	417,295	428,094	438,403	448,982	459,836	470,974	482,403	494,130	506,164
Commercial Expenses*	Cost/sq ft		/sf	Annual Cos	Monthly Cost											
Event & Facility Management	$ 1.92		/sf	$ 100,000	$ 8,333		100,000	102,500	105,063	107,689	110,381	113,141	115,969	118,869	121,840	124,886
Maintenance	$ 1.25		/sf	$ 50,300	$ 4,192		50,300	51,558	52,846	54,168	55,522	56,910	58,333	59,791	61,286	62,818
Insurance	$ 0.65		/sf	$ 31,175	$ 2,598		31,175	31,954	32,753	33,572	34,411	35,272	36,153	37,057	37,984	38,933
Utilities	$ 1.40		/sf	$ 13,090	$ 1,091		13,090	13,417	13,753	14,096	14,449	14,810	15,180	15,560	15,949	16,348
Misc.	$ 0.74		/sf	$ 40,000	$ 3,333		40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955
Total	$ 5.96			$ 234,565	$ 19,547		-									
Total Operating Expenses							234,565	240,429	246,440	252,601	258,916	265,389	272,023	278,824	285,795	292,940
Net Commercial Operating Income							180,746	176,866	181,654	185,802	190,066	194,448	198,951	203,579	208,336	213,224
Debt Service	4.00%			30 year term			151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627	151,627
Cash Flow After Debt							29,119	25,238	30,027	34,175	38,439	42,821	47,324	51,952	56,709	61,597
Operating Reserves	3.0%									13,844	14,178	14,521	14,873	15,234	15,615	16,005
NET CASH FLOW AFTER RESERVES							**29,119**	**25,238**	**30,027**	**20,331**	**24,260**	**28,299**	**32,451**	**36,718**	**41,094**	**45,592**
EVALUATION																
Debt Coverage Ratio	1.19						1.19	1.17	1.20	1.23	1.25	1.28	1.31	1.34	1.37	1.41

Standard Debt Coverage Ratio is 1.2 (Net Operating Income/Annual Debt Service)

Source: Marie Jones, City of Fort Bragg, 2009

APPENDIX E: OPERATIONS PROFORMA

Table 15: Dry Shed #4 Operations Budget, 52,000 SF Project

Cost Escalation 3%	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Revenue									
Gross Effective Income from Studios	$ 340,311	$ 340,045	$ 348,526	$ 356,449	$ 364,569	$ 372,891	$ 381,420	$ 390,163	$ 399,123
Course Income/Tuition ($200/student)	$ 225,000	$ 300,000	$ 375,000	$ 375,000	$ 375,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000
Courses Offered	75	100	125	125	125	150	150	150	150
Students	1125	1500	1875	1875	1875	2250	2250	2250	2250
Event Income	$ 4,200	$ 5,250	$ 5,381	$ 5,516	$ 5,654	$ 5,795	$ 5,940	$ 6,088	$ 6,241
Number of Events/Year	12	15	15	15	15	15	15	15	15
Membership Dues	$ 5,000	$ 5,125	$ 5,253	$ 5,384	$ 5,519	$ 5,657	$ 5,798	$ 5,943	$ 6,092
Fundraising/Grants	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Gallery & Product Sales ($40/sq ft)	$ 200,000	208,000	216,320	224,973	233,972	243,331	253,064	263,186	273,714
Total	**$ 824,511**	**$ 908,420**	**$ 1,000,481**	**$ 1,017,322**	**$ 1,034,713**	**$ 1,127,673**	**$ 1,146,223**	**$ 1,165,381**	**$ 1,185,169**
Expenses									
Administrative Staff Payroll	**$ 175,000**	**$ 179,375**	**$ 183,859**	**$ 188,456**	**$ 193,167**	**$ 197,996**	**$ 202,946**	**$ 208,020**	**$ 213,221**
Executive Director/Facility Manager	$ 70,000	$ 71,750	$ 73,544	$ 75,382	$ 77,267	$ 79,199	$ 81,179	$ 83,208	$ 85,288
Office/Bussiness Manager	$ 40,000	$ 41,000	$ 42,025	$ 43,076	$ 44,153	$ 45,256	$ 46,388	$ 47,547	$ 48,736
Fundarsining Expenses	$ 30,000	$ 30,750	$ 31,519	$ 32,307	$ 33,114	$ 33,942	$ 34,791	$ 35,661	$ 36,552
Benefits & Taxes (25%)	$ 35,000	$ 35,875	$ 36,772	$ 37,691	$ 38,633	$ 39,599	$ 40,589	$ 41,604	$ 42,644
Management & General	**$ 240,467**	**$ 242,688**	**$ 244,965**	**$ 247,298**	**$ 249,690**	**$ 252,141**	**$ 254,654**	**$ 257,230**	**$ 259,870**
Advertising/Promotion/Communications	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038	$ 11,314	$ 11,597	$ 11,887	$ 12,184
Auto Expense	$ 2,000	$ 2,050	$ 2,101	$ 2,154	$ 2,208	$ 2,263	$ 2,319	$ 2,377	$ 2,437
Bookkeeping	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557	$ 16,971	$ 17,395	$ 17,830	$ 18,276
Dues/fees education	$ 250	$ 256	$ 263	$ 269	$ 276	$ 283	$ 290	$ 297	$ 305
Equipment rental	$ 2,500	$ 2,563	$ 2,627	$ 2,692	$ 2,760	$ 2,829	$ 2,899	$ 2,972	$ 3,046
Insurance	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557	$ 16,971	$ 17,395	$ 17,830	$ 18,276
Interest Expenses	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104	$ 1,131	$ 1,160	$ 1,189	$ 1,218
Janitorial	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104	$ 1,131	$ 1,160	$ 1,189	$ 1,218
Office Supply	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038	$ 11,314	$ 11,597	$ 11,887	$ 12,184
Postage/Shipping	$ 6,000	$ 6,150	$ 6,304	$ 6,461	$ 6,623	$ 6,788	$ 6,958	$ 7,132	$ 7,310
Printing/Copying	$ 12,000	$ 12,300	$ 12,608	$ 12,923	$ 13,246	$ 13,577	$ 13,916	$ 14,264	$ 14,621
Rent/Mortgage	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627	$ 151,627
Travel/entertainment	$ 1,000	$ 1,025	$ 1,051	$ 1,077	$ 1,104	$ 1,131	$ 1,160	$ 1,189	$ 1,218
Utilities	$ 13,090	$ 13,417	$ 13,753	$ 14,096	$ 14,449	$ 14,810	$ 15,180	$ 15,560	$ 15,949
Gallery Expenses	**$ 143,750**	**$ 148,844**	**$ 154,125**	**$ 159,600**	**$ 165,278**	**$ 171,164**	**$ 177,268**	**$ 183,598**	**$ 190,162**
Art expenses (50% of galary sales)	$ 100,000	$ 104,000	$ 108,160	$ 112,486	$ 116,986	$ 121,665	$ 126,532	$ 131,593	$ 136,857
Gallery Manager/Receptionist	$ 43,750	$ 44,844	$ 45,965	$ 47,114	$ 48,292	$ 49,499	$ 50,737	$ 52,005	$ 53,305
Education Expenses	**$ 237,500**	**$ 295,469**	**$ 353,480**	**$ 355,286**	**$ 357,137**	**$ 415,284**	**$ 417,229**	**$ 419,222**	**$ 421,265**
Arts Education Program Manager	$ 68,750	$ 70,469	$ 72,230	$ 74,036	$ 75,887	$ 77,784	$ 79,729	$ 81,722	$ 83,765
Contract Labor (50% of Tuition)	$ 112,500	$ 150,000	$ 187,500	$ 187,500	$ 187,500	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Course Materials $50/student/class	$ 56,250	$ 75,000	$ 93,750	$ 93,750	$ 93,750	$ 112,500	$ 112,500	$ 112,500	$ 112,500
Event Expenses (30% of Event Income)	**$ 1,260**	**$ 1,575**	**$ 1,614**	**$ 1,655**	**$ 1,696**	**$ 1,739**	**$ 1,782**	**$ 1,827**	**$ 1,872**
Total	**$ 797,977**	**$ 867,951**	**$ 938,044**	**$ 952,295**	**$ 966,968**	**$ 1,038,325**	**$ 1,053,880**	**$ 1,069,897**	**$ 1,086,390**
Surplus (Deficit)	$ 26,534	$ 40,469	$ 62,437	$ 65,027	$ 67,745	$ 89,348	$ 92,343	$ 95,484	$ 98,779
Repairs/Maintenace Reserve	$ 50,300	$ 51,558	$ 52,846	$ 54,168	$ 55,522	$ 56,910	$ 58,333	$ 59,791	$ 61,286
Suplus/Deficit After Reserves	$ (23,766)	$ (11,088)	$ 9,591	$ 10,859	$ 12,223	$ 32,439	$ 34,010	$ 35,693	$ 37,493

Source: Marie Jones, City of Fort Bragg, 2009

APPENDIX F: USGB LEED EB RATING ANALYSIS

Project Name: Dry Shed 4 Industrial Arts
Project Addres 90 Redwood Ave, Fiort Bragg, CA

Yes	?	No			
7	2	4		**Sustainable Sites**	**14** Points
Y			Prereq 1	**Erosion & Sedimentation Control**	Required
Y			Prereq 2	**Age of Building**	Required
1			Credit 1.1	**Plan for Green Site & Building Exterior Management -** 4 specific actions	1
1			Credit 1.2	**Plan for Green Site & Building Exterior Management -** 8 specific actions	1
		1	Credit 2	**High Development Density Building & Area**	1
		1	Credit 3.1	**Alternative Transportation -** Public Transportation Access	1
1			Credit 3.2	**Alternative Transportation -** Bicycle Storage & Changing Rooms	1
			Credit 3.3	**Alternative Transportation -** Alternative Fuel Vehicles	1
1			Credit 3.4	**Alternative Transportation -** Car Pooling & Telecommuting	1
		1	Credit 4.1	**Reduced Site Disturbance -** Protect or Restore Open Space (50% of site area)	1
		1	Credit 4.2	**Reduced Site Disturbance -** Protect or Restore Open Space (75% of site area)	1
1			Credit 5.1	**Stormwater Management -** 25% Rate and Quantity Reduction	1
	1		Credit 5.2	**Stormwater Management -** 50% Rate and Quantity Reduction	1
1			Credit 6.1	**Heat Island Reduction -** Non-Roof	1
	1		Credit 6.2	**Heat Island Reduction -** Roof	1
1			Credit 7	**Light Pollution Reduction**	1

Yes	?	No			
3	1	1		**Water Efficiency**	**5** Points
Y			Prereq 1	**Minimum Water Efficiency**	Required
Y			Prereq 2	**Discharge Water Compliance**	Required
1			Credit 1.1	**Water Efficient Landscaping -** Reduce Potable Water Use by 50%	1
1			Credit 1.2	**Water Efficient Landscaping** - Reduce Potable Water Use by 95%	1
		1	Credit 2	**Innovative Wastewater Technologies**	1
1			Credit 3.1	**Water Use Reduction -** 10% Reduction	1
	1		Credit 3.2	**Water Use Reduction -** 20% Reduction	1

Yes	?	No			
6	2	8		**Energy & Atmosphere**	**23** Points
Y			Prereq 1	**Existing Building Commissioning**	Required
Y			Prereq 2	**Minimum Energy Performance** - Energy Star 60	Required
Y			Prereq 3	**Ozone Protection**	Required

***Note for EAc1:** All LEED for Existing Buildings projects registered after June 26th, 2007 are required to achieve at least two (2) points under EAc1.

3			Credit 1	**Optimize Energy Performance**	1 to 10
				Energy Star Rating - 63	1
				Energy Star Rating - 67	2
				3 Energy Star Rating - 71	3
				Energy Star Rating - 75	4
				Energy Star Rating - 79	5
				Energy Star Rating - 83	6
				Energy Star Rating - 87	7
				Energy Star Rating - 91	8
				Energy Star Rating - 95	9
				Energy Star Rating - 99	10
	1		Credit 2.1	**Renewable Energy -** On-site 3% / Off-site 15%	1
		1	Credit 2.2	**Renewable Energy** - On-site 6% / Off-site 30%	1
		1	Credit 2.3	**Renewable Energy** - On-site 9% / Off-site 45%	1
		1	Credit 2.4	**Renewable Energy** - On-site 12% / Off-site 60%	1
1			Credit 3.1	**Building Operation & Maintenance -** Staff Education	1
	1		Credit 3.2	**Building Operation & Maintenance -** Building Systems Maintenance	1
		1	Credit 3.3	**Building Operation & Maintenance -** Building Systems Monitoring	1
1			Credit 4	**Additional Ozone Protection**	1
		1	Credit 5.1	**Performance Measurement -** Enhanced Metering (4 specific actions)	1
		1	Credit 5.2	**Performance Measurement -** Enhanced Metering (8 specific actions)	1
		1	Credit 5.3	**Performance Measurement -** Enhanced Metering (12 specific actions)	1
		1	Credit 5.4	**Performance Measurement** - Emission Reduction Reporting	1
1			Credit 6	**Documenting Sustainable Building Cost Impacts**	1

Yes	?	No		Materials & Resources	16 Points
10	3	2			
Y			Prereq 1.1	**Source Reduction & Waste Management** - Waste Stream Audit	Required
Y			Prereq 1.2	**Source Reduction & Waste Management -** Storage & Collection	Required
Y			Prereq 2	**Toxic Material Source Reduction -** Reduced Mercury in Light Bulbs	Required
1			Credit 1.1	**Construction, Demolition & Renovation Waste Management -** Divert 50%	1
1			Credit 1.2	**Construction, Demolition & Renovation Waste Management -** Divert 75%	1
1			Credit 2.1	**Optimize Use of Alternative Materials** - 10% of Total Purchases	1
1			Credit 2.2	**Optimize Use of Alternative Materials** - 20% of Total Purchases	1
1			Credit 2.3	**Optimize Use of Alternative Materials** - 30% of Total Purchases	1
		1	Credit 2.4	**Optimize Use of Alternative Materials** - 40% of Total Purchases	1
		1	Credit 2.5	**Optimize Use of Alternative Materials** - 50% of Total Purchases	1
1			Credit 3.1	**Optimize Use of IAQ Compliant Products** - 45% of Annual Purchases	1
	1		Credit 3.2	**Optimize Use of IAQ Compliant Products** - 90% of Annual Purchases	1
1			Credit 4.1	**Sustainable Cleaning Products & Materials** - 30% of Annual Purchases	1
1			Credit 4.2	**Sustainable Cleaning Products & Materials** - 60% of Annual Purchases	1
			Credit 4.3	**Sustainable Cleaning Products & Materials** - 90% of Annual Purchases	1
1			Credit 5.1	**Occupant Recycling** - Recycle 30% of the Total Waste Stream	1
1			Credit 5.2	**Occupant Recycling** - Recycle 40% of the Total Waste Stream	1
	1		Credit 5.3	**Occupant Recycling** - Recycle 50% of the Total Waste Stream	1
	1		Credit 6	**Additional Toxic Material Source Reduction** - Reduced Mercury in Light Bulbs	1

Yes	?	No		Indoor Environmental Quality	22 Points
7	3	12			
Y			Prereq 1	**Outside Air Introduction & Exhaust Systems**	Required
Y			Prereq 2	**Environmental Tobacco Smoke (ETS) Control**	Required
Y			Prereq 3	**Asbestos Removal or Encapsulation**	Required
Y			Prereq 4	**PCB Removal**	Required
		1	Credit 1	**Outside Air Delivery Monitoring**	1
		1	Credit 2	**Increased Ventilation**	1
1			Credit 3	**Construction IAQ Management Plan**	1
		1	Credit 4.1	**Documenting Productivity Impacts** - Absenteeism & Healthcare Cost Impacts	1
		1	Credit 4.2	**Documenting Productivity Impacts** - Other Productivity Impacts	1
		1	Credit 5.1	**Indoor Chemical & Pollutant Source Control** - Reduce Particulates in Air System	1
		1	Credit 5.2	**Indoor Chemical & Pollutant Source Control** - Isolation of High Volume Copy/Print/Fa	1
	1		Credit 6.1	**Controllability of Systems** - Lighting	1
		1	Credit 6.2	**Controllability of Systems** - Temperature & Ventilation	1
		1	Credit 7.1	**Thermal Comfort** - Compliance	1
		1	Credit 7.2	**Thermal Comfort** - Permanent Monitoring System	1
1			Credit 8.1	**Daylight & Views** - Daylight for 50% of Spaces	1
		1	Credit 8.2	**Daylight & Views** - Daylight for 75% of Spaces	1
		1	Credit 8.3	**Daylight & Views** - Views for 45% of Spaces	1
		1	Credit 8.4	**Daylight & Views** - Views for 90% of Spaces	1
	1		Credit 9	**Contemporary IAQ Practice**	1
	1		Credit 10.1	**Green Cleaning** - Entryway Systems	1
1			Credit 10.2	**Green Cleaning** - Isolation of Janitorial Closets	1
1			Credit 10.3	**Green Cleaning** - Low Environmental Impact Cleaning Policy	1
1			Credit 10.4	**Green Cleaning** - Low Environmental Impact Pest Management Policy	1
1			Credit 10.5	**Green Cleaning** - Low Environmental Impact Pest Management Policy	1
1			Credit 10.6	**Green Cleaning** - Low Environmental Impact Cleaning Equipment Policy	1

Yes	?	No		Innovation & Design Process	5 Points
			Credit 1.1	**Innovation in Upgrades, Operation & Maintenance**	1
			Credit 1.2	**Innovation in Upgrades, Operation & Maintenance**	1
			Credit 1.3	**Innovation in Upgrades, Operation & Maintenance**	1
			Credit 1.4	**Innovation in Upgrades, Operation & Maintenance**	1
			Credit 2	**LEED™ Accredited Professional**	1

Yes	?	No		Project Totals (pre-certification estimates)	85 Points
33	11	27			

Certified: 32-39 points, **Silver:** 40-7 points, **Gold:** 48-63 points, **Platinum:** 64-85

APPENDIX G: ARTIST SURVEY

Submit by Email | Print Form

Fort Bragg Industrial and Fine Arts Center
Feasibility Study
Artist Survey

The City of Fort Bragg is currently undertaking a feasibility study for an Industrial and Fine Arts Center. The proposed facility could be located on the former Georgia Pacific Mill Site or at a different location in Fort Bragg and may include artist work studios, a retail gallery, classrooms, and a venue for hosting performing artists, weddings, meetings, lectures, and other events. Similar facilities in other cities attract hundreds of thousands of visitors and customers every year.

This two page survey is designed to provide the City with valuable information to help in the design and programming for a potential Industrial and Fine Arts Center. As you complete the survey, please keep in mind the following:

- Please answer every question to the best of your knowledge.
- All of your answers will be held in strict confidentiality. Only aggregate data from all respondents will appear in the feasibility study.
- If you have any questions, please do not hesitate to contact Virginia O'Rourke with the City of Fort Bragg Community Development Department at 707-961-2848 or vorourke@fortbragg.com

Thank you for your time and interest in the Fort Bragg Industrial and Fine Arts Center!

1. Name: _____ Phone: _____
   Address: _____ City: _____ Zip: _____
   Email: _____

2. Please check your art media general category (please check all that apply)
   - ☐ Ceramics
   - ☐ Digital Art
   - ☐ Fiber (weaving, clothing, baskets, Leather, etc)
   - ☐ Cold Glass (stained glass)
   - ☐ Hot Glass (blown, fused, cast)
   - ☐ Instruments/ Tools
   - ☐ Jewelry, beading
   - ☐ Metalsmithing/welding
   - ☐ Painting, Drawing, Pastels
   - ☐ Photography
   - ☐ Printmaking
   - ☐ Sculpture
   - ☐ 3D or 2D Mixed Media
   - ☐ Woodworking fine/furniture
   - ☐ Metal casting
   - ☐ Cement work
   - ☐ Other: _____

1. What term best describes your art as a business?
   - ☐ Emerging Artist (five or less years)
   - ☐ Mid Career Artist (5-10 years)
   - ☐ Established Artist (10+ years)
   - ☐ Other: _____

2. Do you lease/rent or own your studio/shop space?
   ☐ Lease or rent ☐ Own

3. What is your current cost per month for the studio/shop portion of your space?
   $_____total rent/month
   or $_____rent/square foot/month

4. What size is your studio/shop space? _____square feet

5. Do you share your studio space with other artists? ☐ Yes ☐ No
   If yes, how many artists? _____

6. Are you interested in being a tenant in an Industrial and Fine Arts Center, where you could have your own space or share space?
   ☐ Yes ☐ No - If no please skip to question 12 ☐ Maybe
   Comments: _____
   If yes, what would you prefer?
   ☐ ☐ Individual studio space
   ☐ ☐ Shared studio space
   ☐ ☐ Use of major tools owned by the Center
   Please provide a list of major tools that you would like to have access to:
   _____

7. Are you interested in investing sweat equity (labor to help build the facility) in exchange for reduced rent in the new facility? ☐Yes ☐ No ☐ Maybe

8. What would you pay to rent workshop/ studio space in the facility? _____$/square foot/month

9. How many square feet of space would you need? _____square feet

10. Which building amenities would you require:
    (Check all that apply)
    - ☐ Water hookup/sink
    - ☐ Propane
    - ☐ Phone/internet connection
    - ☐ Concrete floor
    - ☐ Loading dock
    - ☐ Air ventilation system
    - ☐ Other: _____
    - ☐ 220/240 electrical
    - ☐ Pressurized air
    - ☐ Hazardous chemicals storage facility
    - ☐ High ceilings (15+ft)
    - ☐ Operable windows
    - ☐ Other: _____
    - ☐ Other: _____

11. The proposed facility may include a vocational/arts education program. Are you interested in teaching your art through the facility? ☐No ☐Yes/volunteer ☐Yes/paid

12. The proposed facility could provide business services such as marketing assistance, business planning assistance, shared copier, fax machine, etc. Would you be interested in receiving these services? ☐Yes ☐No

13. Please provide your vision for the facility and any other comments, concerns and/or ideas you have about an Industrial and Fine Arts Center in Fort Bragg:

Thank you very much for your assistance! Please mail, email, or fax your completed questionnaire by November 17th to: Virginia O'Rourke, Community Development Department, City of Fort Bragg 416 N. Franklin Street Fort Bragg, CA 95437 Phone (707) 961-2848, Fax (707) 961-2913, vorourke@fortbragg.com For more information, please see the City of Fort Bragg website http://city.fortbragg.com/

APPENDIX H: CASE STUDY ANALYSIS

THE CRUCIBLE

Oakland, CA
www.thecrucible.com

Established in 1999, The Crucible is the Bay Area's only non-profit sculpture studio, educational foundry and metal fabrication shop offering classes in fine and industrial arts. The Crucible offers affordable accessible classes and workshops enrolling approximately 3,000 people annually, provides 16 affordable artist studio spaces on site, and offer's an art gallery.

History

The Crucible was born out of the founder's ambition to provide exceptional industrial arts education space in the Bay Area so that he could effectively teach industrial arts programs. In 1999, with a $1,750 seed grant from the Levi Foundation, a white-paper, and $10,000 of his own and his partner's money, Executive Director, Michael Sturtz, leased 4,000 square feet in West Berkeley for a new industrial arts education studio. Over the following two years the program grew to 17,000 and then 22,000 square feet of the original building. The phenomenal growth and the corresponding high-profile triggered City Planning Commission decision that the Crucible was an inappropriate use for the area. (This was ironic to many area artists as the Crucible was located in a Mixed-use Light Industrial Protection zone, designed to protect industrial and artist space). In addition, the building required significant safety and seismic upgrades. Both of these factors precipitated a short program shut down while the Crucible solicited donations and searched for a new location. With an anonymous gift of $1.3 million and a bridge loan of $2.3 million, the Crucible bought its current 47,000 square foot facility in West Oakland. With the acquisition and improvements to the larger facility the Crucible has quadrupled class offerings and community events and now offers 16 artist studios for rent.

Lessons Learned

- Develop a quality, accessible, hand-on education program that serves your market niche. The Crucible is successful, even though similar classes are offered for less at a local community college, because the Crucible's classes are very creative, hands-on and experiential, while the Community colleges classes are chalkboard based. Conversely, the Crucible successfully competes with California College for the Arts (formerly California College of Arts and Crafts) by providing similar creative classes at a more affordable price.
- Set up an industrial arts teacher training program. The Crucible has found it difficult to find top industrial artists to teach courses, while a plethora of artists are willing to teach drawing, painting, ceramics, and fiber arts. Consequently, the Crucible has instituted a mentoring program, whereby a student can move from student to T.A., to lab monitor, and finally to teacher. This program insures that the Crucible has a steady supply of industrial arts teachers in training. Indeed, some of the Crucibles graduates have gone on to found their own teaching facilities such as Public Glass in San Francisco.

- Build or buy more space than you think you will need. The Crucible's history illustrates this maxim: as the Crucible's popularity grew, so did its space requirements. Industrial arts classes require both specialized equipment and large

floor areas, and the Crucible notes that a decent industrial arts program would require at least 6,000 sq. ft. of dedicated classroom space.

- Obtain top City leadership and buy-in on your facility concept and activities. The Crucible started its journey in the City of Berkeley's Light Manufacturing Industrial Protection zone. However, the City classified this industrial arts facility as a vocational education program. The Executive Director was told by the City's Zoning Director that as a vocational education program the Crucible was "similar to Heald College and should be located in an office building." Consequently, the City would not let the Crucible expand as its programs grew. In contrast, after a tour of the new facility, Oakland Mayor Jerry Brown told the Crucible that it would have a "trouble-free existence in Oakland" and so it has according to Executive Director Michael Sturtz.

- If you want to get, you have to ask. The Crucible has obtained a wide variety of quality new and used industrial arts equipment through donations and bargain sales. For example, the Crucible just received a large annealing Kiln (12' x 4') as a donation from a glass manufacturer that needed more studio space. The glass manufacturer even paid $300,000 to move the Kiln to the Crucible's facility.

- Hold creative events to bring people to your facility and get them excited about what you do. The Crucible holds two or three major creative events per year, which have effectively attracted positive press, equipment donations, new students, new teachers, and new donors. In January 2004, the Crucible will hold a "Fire Opera" in partnership with the San Francisco Opera which will generate publicity.

- Make friends with the police and fire department rank and file, and make it clear that you understand and have addressed their concerns. The Crucible regularly holds fire events displaying art work with open flame. By involving the Fire Department in the display of these art pieces and inviting them to attend the event, the crucible has developed a very pro-active and strong relationship with beat cops and fire department linemen. Indeed, some firemen have become Crucible students.

- Design your facility carefully, as you will have to live with the results. Once a facility is built it is much harder to make changes; the Crucible has allocated extra space for materials storage, trash, a tool checkout room, etc. in the new facility. A working outside yard has also been very important for industrial arts activities.

Facility Layout & Description

The facility, a tilt-up manufacturing/warehousing building situated on a 1.435 acre lot, has approximately 3,000 square feet of office space, 42,000 square feet of artist studio and class room space, two dock-high doors and two drive-in doors. The warehouse area has concrete flooring, an interior concrete rail dock, 48 skylights and 20' clearance ceilings. This area includes:

- Six large classroom spaces of 1,200 square feet each dedicated to arc welding, smiting, grinding, woodshop, jewelry fabrication and kinetics.
- A glass hot-shop (currently under construction) of approximately 3,000 square feet, and a cold glass shop of 800 square feet.
- A machine shop of approximately 3,000 square feet.
- A foundry area with a ceramic shell shop, patina room, and casting room of around 3,500 square feet.

- 16 rental art studios of 400 square feet each and four instructor artist studios of 600 square feet each.
- A tool lending facility of 800 square feet.
- And various storage areas throughout the facility.

The Crucible is currently seeking funds to build an additional 8,200 square foot mezzanine, which will house an AV lecture hall, image/print/digital library, multi-purpose classroom, and an event/meeting space. The $500,000 mezzanine will be funded through grants and a capital campaign.

The facility's amenities include a 3-ton bridge crane, distributed compressed air lines, and a 300Amp/480 Volt 3 phase electrical service. The building also has 17 parking spaces and a fully fenced rear yard of approximately 3,200 square feet. The facility is two blocks from the West Oakland Bart station, a central station of the Bay Area Rapid Transit System, and the 880 freeway.

Organizational Structure

The Crucible is managed by founder and Executive Director Michael Sturtz, who is himself a sculptor and teacher. The Board of Directors include a number of political and economic heavyweights such as a major developer, the President of the Oakland Planning Commission, a Sun Microsystems Executive, the anonymous donor, community representatives, and various other business leaders.

The crucible's $780,000 annual budget is composed of 61 percent earned income and 39 percent gift and grants.[1] The industrial arts education program generates $425,000/year, while studio rentals earned only $28,000 (as the new studio space is in the process of build out). Gifts and grants come from an impressive combination of major donor, foundation, government and corporate support.[2] The Crucible employs 10 full-time staff and 50 artist faculty members.

Crucible Programs

Artist Studio Spaces. The Crucible currently provides four instructor-only studio spaces for the use of current Crucible industrial art instructors, and 16 art studio rentals of 400 sq. ft. each for area artists, which are currently under construction. The studios will rent for $500/month and most are pre-leased. Studio artists can use the Crucible's industrial arts equipment, located throughout the facility, once they are trained -- a valuable amenity for potential tenants.

Events. The Crucible holds self-produced fundraising events at its facility. These events have been a very effective source of leads for equipment donation, new students, and new donors. The events earn between a few thousand and $20,000 each. Past events include:

- Fire eating events, where Bay Area chiefs prepared spicy hot delicacies on industrial arts cooking equipment.

---

[1] This figure is from the Crucible's 2001 budget, as in 2002 the program was partially shut down while it sought a new facility.

[2] Foundations support: The East Bay Community Fund, The Elizabeth & Stephen Bechtel, Jr. Foundation, Springcreek Foundation, The Chalsty Family, The San Francisco Foundation, International Sculpture Center, The Bernard E. & Alba Witkin Charitable Trust, Tin Man Fund, LEF Foundation, The Walter & Elise Haas Fund, The Stratford-Wunderlick Family Foundation, and The Wallace Family Fund. Government support: Alameda County Art Commission, California Arts Council, and the City of Berkeley. Corporate support: Bayer Pharmaceuticals Corporation, Levi Strauss Company, Cohen Investment Company, REMET, Atlas Welding, Work of Art Catering, Lawrence Berkeley Labs, Komatsu Forklifts, Pacific Pipe and Union Machine Works

- A semi-annual community open houses where visitors of all ages watch and participate in industrial art demonstrations and activities;
- And the annual Fire Arts Celebration, which attracts over 2,000 guests for a ticketed performance of fire art, music, and performance art.

Arts Education. The Crucible's primary program is comprised of 75 industrial arts classes and workshops offered during each 10-week session. Courses cover welding, blacksmithing, casting & foundry, ceramics, neon & light, mold-making, machine shop, kinetics & sound sculpture, glass, drawing, painting, jewelry, stone-carving, and woodworking. The Crucible teaches over 3,000 students per year. Additionally, the Crucible's SPARC program introduces young adults from diverse backgrounds to the fine arts and vocational skills offered at The Crucible, through field trips, hands on workshops, and specially designed youth classes.

In addition to industrial arts education, The Crucible offers an on-site gallery and exhibition space with periodic shows of student and teacher works, and custom fabrication & casting services to artist and business clients.

THE TORPEDO FACTORY ART CENTER

Alexandra, Virginia
http://www.torpedofactory.org/

The Torpedo Factory Art Center is one of the largest and most successful visual arts centers in the United States. The facility was created through the joint effort of a group of local artists and the City of Alexandria, Virginia in 1974. Formerly a torpedo shell cases factory, the $4 million renovated facility offers 84 artist studios, galleries, art classes and event space.

History

The Art Center, an actual torpedo factory built in 1918 by the U.S. Navy, was responsible for the manufacture and maintenance of torpedoes for five years at the end of the Great War. Between the first and second World Wars the facility served as a munitions storage area. During World War II ten new buildings were added to the complex as men and women worked around the clock to produce submarine and aircraft torpedo. With a return to peace in 1945, the U.S. government again used the buildings to store Smithsonian art objects and dinosaur bones, congressional documents, and German war films and records.

The City of Alexandria bought the complex of buildings in 1969. However, it was several years before an acceptable plan for their reuse was adopted by City Council. In early 1974, the building interior was renovated by artists working in concert with the City of Alexandria. Overall 40 truckloads of debris were removed, studio walls were built, electricity and plumbing expanded, and the entire exterior was repainted. Within six

months, artists had converted the huge space into a complex of bright and clean studios. Most of the studio spaces had been reserved by that time from a list of juried artists.

By 1983, the building required major repairs and improvements, which were financed in part by federal historic tax credits.[3] In order to take advantage of the federal historic tax credit program the building was sold to Alexandria Art Center Associates, leased back from AACA to the City, and subleased to the Torpedo Factory Artists' Association. As part of the sale agreement, the City had a one time repurchase option to be exercised in 1998. The City Council approved the repurchase on August 31, 1998. The purchase price was negotiated in a prescribed series of appraisals. A balloon payment from the original loan to AACA in 1983 covered most of the purchase cost. In the lease agreement that ran from 1983 to 1998, the City was responsible for many operating costs, a percentage of real estate taxes, and 1/3 of the utilities in addition to annual rent payments. Since 1983, the City and the artists have evenly split the operating costs of the Art Center, including payroll for city staff.

In 1994, the Office of Budget and Management completed a management study of the Art Center, precipitated by the City Manager's recommendation that the Art center be privatized. On September 1, 1998 the Artists' Association took over all management of the building, and the City now acts as the landlord.

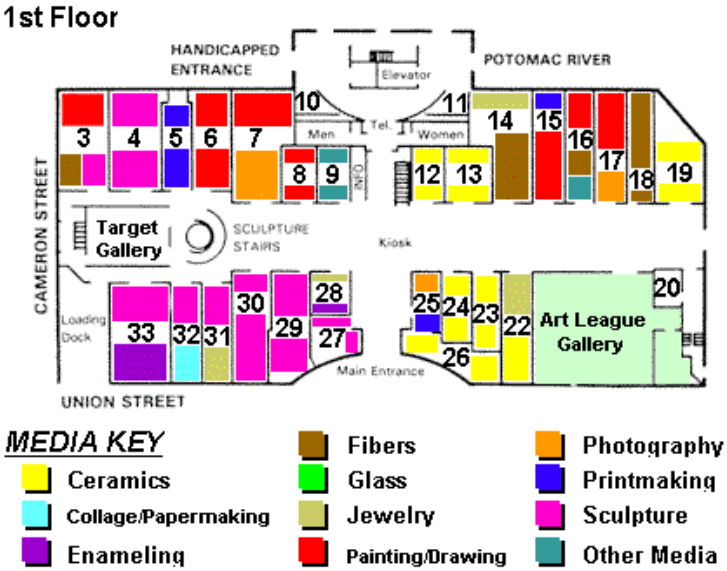
Lessons Learned

- Own your facility. Early in the redevelopment process, when the building was owned by a developer and leased to the City, the developer sought to charge market rents, as real estate values had increased in the surrounding neighborhood. The artists, who had themselves contributed sweat equity to the building renovation, were threatened by proposed rent increases. Only after the City purchased the building and insured affordable rents did artists feel at ease.
- Obtain spot zoning specific to your use. In 1974 the facility was located in an industrial district, however as the area's real estate prices increased, the zoning in the surrounding community changed. The Torpedo Factory now has a mixed-use spot zoning designation, which restricts the Torpedo Factory from engaging in metal forging, glass blowing or raku pottery. Only electric powered kilns for glass fusing and pottery are allowed.
- Design a flexible building with studio spaces which can be used by a wide variety of users. Some studios in the Torpedo Factory do not offer sinks, natural light, or exhaust venting which limit their marketability. Because of its age the building is not wired for internet access, which is a problem for many artists.
- Forge excellent relationships with surrounding merchants. The Torpedo Factory has at times been at odds with neighborhood merchants because of the Factory's subsidized studio and retail rents. By working hard to be a good neighbor and reaching out to merchants with solid statistics of the visitor and tourist attracting power of the facility, staff have strengthened ties with neighborhood merchants.

[3] The Federal Historic Rehabilitation Investment Tax Credit is an incentive to taxpayers who contribute to the preservation of historic buildings through rehabilitation. It provides a dollar-for-dollar reduction of federal income tax owed equal to 20 percent of the cost of rehabilitating "certified historic structures". Projects must go through the three-part "Historic Preservation Certification Application" process at the state and federal levels - the State Historic Preservation Office (SHPO) and the Secretary of the Interior/National Park Service (NPS). The tax credit can be applied against rehabilitation costs, construction interest and taxes, architectural and engineering fees, legal and professional fees, developer's fees, and general and administrative costs.

Facility Description & Layout

Overall, the Art Center is a three story, 7l,3l8 sq. ft. facility that covers nearly one city block. The Torpedo Factory has 84 artist studios, 8 group studios and 6 galleries. Glass walls allow visitors to see artwork in the studios even when artists are not present. The main hall, a two-story atrium, has a balcony surrounded by individual studios and is often used for evening events. The facility is flanked by two large brick terraces, which are also used for events. A skylight in the high ceiling and large peripheral windows ensure adequate day lighting.



Organizational Structure & Management

The Torpedo Factory and the Art League are two distinct non-profits which together manage the physical structure, events and classes at the facility. The Torpedo Factory is a tenant managed organization which runs the artist studio rentals, gallery rentals and events program. During the annual general meeting Torpedo Factory leaseholders elect a managing board from among its members, and volunteer to serve on a variety of committees that address publicity, maintenance, and artist activity. The Art League, a staff managed arts education non-profit, manages all art classes and the Art League gallery.

With a combined annual budget of $3.5 million for both the Torpedo Factory and the Art League, this facility is clearly one of the biggest art centers in the nation.

- The Torpedo Factory's $1 million dollar budget is supported by monthly artist membership dues, studio rent and special event rental income. Artist and event venue rent covers all interest costs, general service operating costs, and all future maintenance and repair costs excluding exterior repairs. Operating costs are also borne by the artists.[4]

- The Art League is funded primarily through the arts education program, which brings in approximately $2 million in annual revenue, and the gallery and art supplies store which earn an additional $500,000 in annual revenue.

The Torpedo Factory has four staff members including a Director, who serves as the board liaison, a Business Manager, a Gallery Manager and an Event Coordinator, while the Art League employs six full time staff.

Facility Programs

Studio Rentals. The torpedo factory offers 84 studio spaces, 50 small (250-300 square feet), 29 medium sized (350-400 square feet), and 5 large studios (500+ square feet). Each studio must be open for 32 hours per week and shared studios

[4] Operating costs include: administrative, janitorial, security, staff, advertising, printing, minor building maintenance, lighting supplies, and insurance for the building.

allow part-time artists to meet this requirement. Some studios lack sinks, natural light, and/or exhaust systems and these studios are more difficult to rent.

Artists are selected through an annual jury process in which outside art professionals, in closed session, select work solely on artistic merit. The jury is widely publicized in advance throughout the area in order to attract professional artists of every race, gender and culture.[5] Approximately ten percent of applying artists are accepted each year and there is about a ten percent turnover in studio space each year. Spaces are leased out for approximately $1 per square foot per month.

Arts Education. The Art League, a separate non-profit organization dedicated to arts education, offers non-credit classes in every fine art medium and manages the largest gallery in the Torpedo Factory. The Arts League's annual budget of $2.5 million, comprised almost entirely from earned revenue, is derived from arts education classes (60%) and art gallery and art store revenues (40%). The 50 year old non-profit has two off-site classroom facilities totaling 9,000 sq. ft., in addition to its 3,000 sq. ft. of classroom space at the Torpedo Factory. The Art League is looking to purchase a new facility in five years to consolidate and expand its current locations, though it will maintain its presence at the Torpedo Factory. The Art League has six full-time staff.

The Art League has maintained financial health by paying instructors based on the number of students who attend a class. Each instructor receives 50 to 60 percent of class tuition, and the remainder is retained by the Art League. This insures that all classes are profitable and helps to retain excellent instructors as they make good incomes, while immerging instructors are often willing to teach a low-enrollment course in order to build a reputation. The quality of instruction is high, as many of the Art League faculty members also teach at local colleges and universities. All art instructors are contract employees of the Art League.

Over 8,000 students are enrolled in the 800 annual art classes. Adult Art classes include: drawing, printmaking, photography, painting, fibers, sculpture, pottery/ceramics, pastels, jewelry and watercolor. Children's classes cover art fundamentals, drawing, painting, cartooning, photography, and clay. Week-long summer art camps are offered in July & August.

The Art League Supply Store, an on-site facility, sells art supplies for all art classes. The Art Center also offers high school mentorship programs; docent tours; visiting artist lectures; Youth at Risk art programs; the Arts Safari an annual, city-wide arts festival, and hosts a number of City of Alexandria events.

Event Space Rentals. The facility is very actively rented (90%) on Friday and Saturday nights for weddings and parties, and rented rarely (once or twice a month) during weekdays, primarily for corporate and cocktail parties. Rental rates range from $700/day for the gallery to $3,000/night for the entire facility. Events generated $300,000 of revenue in 2003. The Torpedo Factory has one full-time event coordinator and hires subcontractors to work specific events (set-up, catering, parking, etc.). There is little conflict between events and other users of the building as weekday events are not allowed to have music while art classes are in session.

---

[5] Recent jurors include experts from Art News Magazine, Howard University's art department, the National Museum of American Art, Frostberg State University, the Corcoran Gallery plus other area gallery directors.

Cooperative Galleries. There are six cooperative galleries located in the Torpedo Factory Art Center, two all-media and four representing a major medium.

- The Art League is an "all media" non-profit galley with four decades of service to artists and the public. The 1,200 square foot Studio 21 gallery offers a new juried show each month, with judges from the Washington artistic community selecting the shows from among the 200-500 monthly submissions entered by the League's 1,100-plus members. The Gallery sells 20 percent of any given show, and is staffed with paid employees.
- The 450 square foot Target Gallery, the national exhibition space of the Torpedo Factory Art Center, is run by the Torpedo Factory Artists Association who plan all exhibitions. The gallery hosts nine exhibits annually--some juried, some curated--featuring a variety of themes and artists. Exhibits are usually composed of artists outside of the Torpedo Factory and represent artistic views from across the nation and traveling shows from Austria and Czechoslovakia.
- The Enamelists Gallery, a 200 square foot cooperative of 16 enamel artists, is located in Studio 28 on the first floor of the Torpedo Factory.
- Potomac Craftsmen Gallery, opened in 1974 has 70 members and features eleven new shows a year, offering fiber items of every description.
- The Scope Gallery, a first floor 700 square foot cooperative, displays the work of juried artist members from the Ceramic Guild and the Kiln Club. Shows alternate monthly between the two member organizations and feature a wide variety of hand crafted pottery and ceramic art.
- The cooperative Fiberworks Gallery exhibits the fiber arts of four gallery members in a 600 square foot first floor studio.
- Factory Photoworks Gallery a 500 square foot cooperative membership galley showcases the works 14 photographers and juried guests on the third floor of the Torpedo Factory.

ROCKVILLE ART PLACE

Rockville, Maryland
www.rockvilleartsplace.org

Rockville Arts Place, a visual arts center located in the heart of downtown Rockville, Maryland offers an arts education program of 85 classes and workshops each semester, eleven artist studios, open ceramic and photography labs, and three galleries exhibiting the works of local and international artists in a range of media.

History

The Rockland Art Place (RAP) was founded in 1987 by a team of dedicated artists who located the arts center in a small retail space. In 1991, the City swapped land for a parking facility to a developer, in exchange for dedicated rent free space for RAP in the developer's new shopping mall. RAP has occupied this 13,000 square foot space rent-free for the past 12 years. However, the shopping mall owner recently decided to demolish the shopping mall to make way for new development, thereby putting RAP's future in jeopardy. Once again, the City took a proactive role in securing new space for RAP. The City is currently building a new town center and it is developing a new $2.5 million dollar, 30,000 square foot, building shell for RAP. While the City will own the new facility, RAP will complete the $2 million internal build-out with funds

from a capital campaign now underway. Rap will move into interim space, financed in part by the City, this December where it will stay until the new space is developed.

The Rockville Arts Place has not had code or zoning issues because the City has been a strong partner from the organization's founding. Enforcement of adequate ventilation has been the only issue for RAP. RAP's current zoning designation allows it to operate a variety of electric kilns for glass and ceramics, and use oxygen and propane on site for metalworking.

Lessons Learned

- A non-profit is not a not-for-profit: an arts facility must be run like a business with profit to re-invest in order to grow and prosper. RAP struggled in the beginning because artists were hired as Executive Directors and attempted to run the organization without sufficient business backgrounds. Consequently, organizational growth was stifled due to lack of financial resources.

- Keep all programs under one management structure to improve accountability and synergisms between programs. When each program (studio space, community outreach, arts education, and the arts gallery) is managed separately, divergent missions and conflict and discord can result. RAP views each program (studio rentals, arts education, and the gallery) as one leg of a three-legged stool. In this way they differentiate themselves from the Torpedo Factory where the programs are managed by different entities.

- A quality arts education program requires excellent art instructors. RAP's Executive Director notes that "not all artists make good teachers." Rap has hired artists with teaching experience, who are organized and understand how to put together a quality course. The arts education program also includes an opportunity for students to evaluate their instructors.

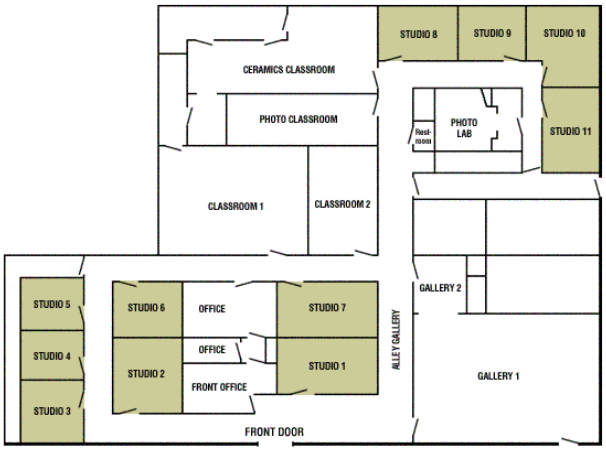
- Roles and responsibilities of the tenant artists should be well defined and enforced. REP has found that some artists do not live up to their responsibilities. For example, some artists spend very little time in their studio making art while others sell art without paying RAP the required 30 percent commission. Consequently, RAP will institute a new two-year lease renewal policy with its move to the new facility, wherein artists will be fully evaluated every two years, and artists who do not meet their responsibilities will be asked to leave.

- Develop and maintain an excellent relationship with the City and the State. The City has actively helped RAP obtain affordable and desirable space, as the City views RAP as an economic development and education partner.

- Include artists, business people, city representatives, museum directors, and neighborhood representatives on your Board of Directors. RAP has found that a diverse board improves decision making and organizational management, as each member lends expertise to the organization's growth and development.

Facility Layout and Description

The current facility was built in 1991 as part of a shopping mall. RAP occupies 13,000 square feet and has 11 studios ranging in size from 210 to 500 square feet. A 1,800 square foot gallery, 3,500 square feet of classrooms, and 800 square feet of offices round out the space. The new facility will essentially double the square footage for each category of use and include 2,500 square feet of event space.



Organizational structure

RAP is managed by an Executive Director with a strong Board of Directors. Two artist-tenants serve on the Board of Directors.

RAP's $582,000 operating budget is derived from education tuition (36%), charitable contributions (38%), governmental grants (16%)[6], and studio rent (5%), and gallery sales (3%). The organization has six staff members: an Executive Director, a Gallery Director, Community/Government Liaison, a Marketing Director, an Executive Assistant and an Office Assistant.

Programs

Studio Space. Rockville Arts Place is home to 17 resident artists in 11 studios, creating in metal, glass, ceramics, photography, painting, graphic design, sculpture, calligraphy and mixed media. All artist studios are open to the public and many resident artists teach workshops and classes at the center. RAP has 6 large studios of between 400 and 500 square feet and five small studios of between 210 and 300 square feet. All studios are currently rented for $12 per square foot per year, while local warehouse space rents for $15 and retail space rents for $30. The new facility artist studios will rent for $15 per square foot per year.

RAP does not currently have an artist selection process, and there is an extensive waiting list for available spaces. Studio turnover is rare and the facility has virtually no vacancy rate due to the extensive waiting list. With the completion of the new facility, RAP will likely institute a juried selection process for new artists. Additionally, in the new facility, RAP will offer a limited number of studios for an artist residency program.

RAP offers fee-based studio use to the public for its public darkroom with state-of-the art enlargers, public film developing room, public photo finishing area and iMac digital imagining programs.

Event Space. RAP has a modest event program, which will expand in the new facility. RAP currently rents its 1,800 sq. ft. gallery a few times a month for parties and

[6] Rockville Arts Place is supported, in part, by: the Maryland State Arts Council, the City of Rockville, and the Arts Humanities Council of Montgomery County.

seminars for $300 per event. The 99 person standing capacity gallery is inappropriate for major events. However, as the Rockland Arts Place is often asked to host larger events such as weddings and seminars, the new facility will include an event space for a 150 sit down dinner as well as a black box theater for performances and lectures.

Arts Education. Rockville Arts Place offers over 85 classes and workshops for children, artists, and adults on a quarterly-basis. Courses are offered in drawing, pastels, fiber (quilting, knitting & floor clothes), glass (fused, lamp work, bead making), painting & printmaking (watercolor, oils, calligraphy, print making, art of book), photography (darkroom, B&W, infrared, etc.), teen and youth classes (drawing, painting, cartooning, photography, sculpture), and public open studios in figure drawing, painting and ceramics. Most classes are from 8 to 12 sessions and prices range from $130 - $310 per class. RAP offers tuition assistance to qualified students of all ages. RAP partners with Wotton High School to offer a summer and spring break visual arts camp each year. In addition, school and other groups may schedule an ART STOP day to tour the galleries, the resident artists' studios and participate in hands-on art projects.

RAP also offers support services for artists including: open critique sessions, a photographing artwork workshop, a wearable art fashion show, and the annual Community Art and Craft Show at King Farm.

Galleries. RAP's gallery features regional, national and international arts exhibitions. Rockville Arts Place also sponsor Gallery Talks by well-known curators, critics and artists and provides specials workshops, performances and seminars for artists and the community.

EMERSON UMBRELLA CENTER FOR THE ARTS

Concord, Massachusetts
www.emersonumbrella.org

The Emerson Umbrella Center for the Arts, located in historic Concord, Massachusetts provides studio space for more than 60 artists, classes and workshops in four large teaching studios, and exhibit space in the Blanchard Trust Gallery.

History – Building & Organization

The Center is located in a 1929 high school building, which was abandoned by the school district in 1982. The former High School has been leased by the Emerson Umbrella Center for the Arts from the City of Concord for $1/year. Emerson is also responsible for all building maintenance and operations costs. The facility was renovated for with funds from a capital campaign, City and State sources.

As a high school, the building was located in a residential area. Initially the project received significant opposition from residents because of parking impacts and the proposed use. Downtown merchants were also vexed about additional retail competition. However, the Zoning Director found that the new arts center was a continuation of the education function of the high school and as such required no special permit or variance.

Lessons learned

- Many elderly artists, who have been in the facility for many years, continue to occupy their affordable studios even though their productive years may be over. The Center has had to sensitively balance the need to fill studios with active artists with the history and experience of the longest-term tenants who may no longer produce much work. This difficult issue has not yet been resolved to the Center's own satisfaction.

- Insure that all programs are under one management entity. The initial capital campaign was short $50,000, which was the amount required to renovate the gym into the new theater. A local theater company agreed to pay for the renovation in exchange for a free long-term lease. As a result the theater company has political and proprietary control over the theater space and has preempted the Emerson Umbrella Center for the Arts from realizing an important revenue stream and programming opportunity for the Center.

- Cultivate City Council member support. City Council support enabled the Center to overcome initial neighborhood and merchant opposition. Ongoing council member support has helped the organization deal with subsequent issues as well.

- Cultivate community-wide good will. The Center's ArtShare program, which matches artists with community-based non-profits and endeavors, has created community good-will. Through ArtShare, artists volunteer to complete murals, life-size puppets, sets, and more for community projects.

Facility Layout and Description

The former Highland School in Carlisle offers seven artist studios, while 50 individual studios are contained in the former Emerson School in Concord. The Emerson school also provides offices for two other non-profit organizations, a theater, a dance studio, ceramics studio, and classrooms for drawing, painting, woodworking, and creative writing. The 30,000 sq. ft Emerson School has 3,000 sq. ft. of classroom space and 18,000 sq. ft. of studio space.

Organization & Organization structure

The Board of Directors and the Executive Director manage the Center. The 21 member Board includes 5 to 7 tenant artists, one of which is a tenant representative. In addition the artist tenants have a separate tenants association which meets once a month.

The center's annual budget of $575,000 is derived primarily from artist studio rentals ($261,800), tuition ($175,200), and charitable contribution and grants ($127,000). A notable 78 percent of the budget is derived from earned income, which is unusual for a non-profit and speaks to the financial health of the organization. The center employs four full time staff, making it a relatively lean organization.

Programs

Studio Space. Individual artist studios range from 300 to 400 square feet, essentially the same size as the old classrooms in the high schools. Artists are responsible for maintaining their studio interiors and wall treatments. Resident artists are expected to use their studios actively – a 20 hour minimum of productive effort per month. However, this requirement is rarely enforced. Resident artists are required to participate fully in an Open Studios weekend every spring, and are expected to contribute time and talent to community service projects through the ArtShare Program.

Artists are selected by a volunteer jury of current tenants. Selected artists are placed on a waiting list and typically wait from five to six years before a space becomes available. There is virtually no studio vacancy. Center studios rent for $1 per square foot per month, and turn over very slowly due to the low rents.

Event Space. The Art Center occasionally rents space for high school reunions and parties. The facility is not well suited for major events such as weddings due to its configuration and utilitarian architecture.

Arts Education. The arts education program draws on the artist talents of a wide variety of artists, most of whom are not tenants. The arts program offers approximately 85 courses per semester and around 100 one-day workshops per year. Courses are offered primarily in clay, dance and movement, and mixed media (painting, drawing, and cartooning). The typical class runs for 4 to 12 sessions and costs from $50 to $300. Overall the Center offers around 200 courses per year and serves over 1,000 students.

THE BREWERY

Los Angeles, California
www.breweryart.com

The Brewery is a vibrant live/work artist community of 21 buildings on 23 acres. It houses about 1,500 artists in 300 studios just across the Los Angeles River from downtown LA. With its in-house messenger service, restaurant and other businesses, its residents often refer to the colony as their "oasis."

History

Originally a Pabst Blue Ribbon brewing and bottling plant, the core of the current brewery was sold to its current owners in 1981. In 1982, with the passage of the Artists-in-Residence ordinance, which for the first time allowed artists to live and work in industrial structures, the facility was reborn as a “home for creativity.” In 1992, three historic buildings were added to The Brewery with the closure of the Edison Electric Power Station #3.

Organizational Structure & Management

The Brewery is owned by the for-profit development company Carlson Industries, LLC. The Brewery Art Association (BAA) is the organizing non-profit for the Brewery. BAA focuses on arts education and awareness at the brewery, and primary activities include coordinating the Brewery ArtWalks, managing the I-5 gallery, and holding lectures and tours of artist and art works. BAA program funding is derived from grants, sponsorships and donations.

Programs

Studio Spaces. The Brewery offers 300 live/work and work-only artists studio spaces ranging from 600 to 6,000 square feet each. Artists pay from $0.60 to $0.80 per square foot per month for the studios. The vacancy rate is relatively low. However, two to three studios are available at any given time due to the great quantity of spaces.

Gallery. The I-5 Gallery is a cooperative gallery exhibiting contemporary art in a 1,350 square foot showroom. The gallery primarily exhibits cutting edge

contemporary art. The I-5 Gallery also offers docent tours, art classes, and lectures and seminars. The Brewery ArtWalk attracts nearly 15,000 participants to the 170 artists who throw their studio doors open to the pubic to display their creative works and the creative process.

APPENDIX I: SOURCES OF FUNDING

Some state, federal, and foundation sources of funding are available to assist non-profits and arts organization with the purchase of a non-profit-owned and -occupied building.

CAPITAL CAMPAIGN

Capital fundraising campaigns will cover a portion of the final purchase and build-out costs for any project. The use of capital campaign funds and other non-debt sources to finance a portion of a project allows non-profit organizations to pay the operating costs of the building (utilities, maintenance, insurance, reserves, etc.) and a reduced and manageable monthly mortgage payment. A non-profit-owned and -occupied building typically requires a capital campaign of 20 to 40 percent of a project's total cost. A good capital campaign will reduce the amount of debt financing required for a project and thereby ensure the financial viability of the project. In relative terms, corporations are a minor source of giving to capital campaigns. According to a 1994 study, private individuals accounted for only 1 percent of capital gift dollars between 1988 and 1992.[1] The same report notes that individual giving tends to fluctuate with the economy because it is largely driven by income. By contrast, foundations and a small number of the largest individual donors make donations to capital campaigns based on net assets. This asset-based giving is likely to be the best source of capital campaign funds for a non-profit-owned building such as the Dry Shed #4.

California Arts Council

CAC is the administrator of the Cultural Institutions Program, which funds capital improvement projects by arts organizations in California. Currently, the council passes through funding designated to specific groups by the California Legislature. Non-profits must obtain the support of their local state legislators to be eligible for these funds.

The Kresge Foundation

http://www.kresge.org/programs/index.htm
Grant Amount: $150,000 to $2,000,000
Application Deadline: no deadline, applications are reviewed within 4 to 6 months
The Kresge Foundation is well known for making grants for capital projects. Their Bricks and Mortar program is geared specifically to build facilities and to challenge private giving. Kresge is likely to be the primary source of foundation funding for any green building project, as Kresge is specifically interested in funding green projects. Tax-exempt, charitable organizations operating in fields of higher education, health care and long-term care, human services, science and the environment, arts and humanities, and public affairs are eligible to apply.

[1] Michael Bake, *A Study of Capital Giving to San Francisco Non-profits,* 1988–1992, 1994.

California Community Foundation

http://www.calfund.org
The CCF uses the terms *nurturing neighborhoods* and *building community* to capture the strategies and principles of smart growth and livable communities. The foundation's smart growth activities are funded at approximately $3–4 million per year, and the nurturing neighborhood program is currently funded at $25 million. After two years of success, that initiative fostered a $10 million program-related loan fund called the Los Angeles Emerging Markets Fund.

Energy Foundation

http://www.energyfoundation.org/
Grant Amount: $25,000–$200,000
Application Deadlines: March, June, November
The Energy Foundation is a partnership of major foundations interested in sustainable energy. It was launched in 1991 by the John D. and Catherine T. MacArthur Foundation, the Pew Charitable Trusts, and the Rockefeller Foundation. The Joyce Mertz-Gilmore Foundation joined as a funding partner in 1996, and the McKnight Foundation joined in 1998. In 1999 the David and Lucile Packard Foundation joined to support two programs: the U.S. Clean Energy Program (now the Climate Program) and the China Sustainable Energy Program. In 2002 the William and Flora Hewlett Foundation joined to support advanced technology transportation and clean energy for the West. The Energy Foundation will support innovative programs to encourage greater energy efficiency in buildings. The foundation is particularly interested in efforts to improve building codes and equipment standards that promote cost-effective, energy-efficient technologies. For a list of previously funded projects please see:
www.ef.org/documents/AR2002BackEnd.pdf

Ford Foundation

http://www.fordfound.org/about/guideline.cfm
Funding: Program Related Investments of $100,000 to $500,000
Deadline: Year-round for letter of interest
The Ford Foundation makes Program Related Investments (PRIs) in capital projects that support the foundation's current interests, which include media, arts, and culture; human rights; education; community and resources development; governance and civil society; economic development; and knowledge, creativity, and freedom.

James Irvine Foundation

www.irvine.org
Having been engaged in a year-long strategic planning effort, the foundation has determined that in order to achieve greater impact moving forward, it will focus activities in the areas of youth, the arts, and California perspectives (research and information about significant issues facing the state and its regions).

MacArthur Foundation

www.macfdn.org
The John D. and Catherine T. MacArthur Foundation is a private, independent grant-making institution dedicated to helping groups and individuals foster lasting improvement in the human condition. The foundation's program may be helpful to green building efforts that have a community development purpose.

DEBT & BOND FUNDING

Most real estate development depends heavily on loans for financing, and a number of below-market debt sources are available to the non-profit project.

Local Initiatives Support Corporation (LISC)

LISC provides recoverable grants, loans, and equity investments to local Community Development Corporations (CDCs) for neighborhood redevelopment.
LISC provides:

- Debt financing at 6 percent for a fifteen-year term with a seven- to ten-year balloon payment. LISC will provide up to $1,000,000 in debt financing through their regular loan program.
- New Market Tax Credit Allocation is available for $3.5 to $5 million loans at 7 percent with a twenty-year amortization and a seven-year balloon payment. This tax credit requires a job creation component to the project.
- Loan Guarantee: LISC provides a loan guarantee that helps newly formed 501(c)(3) organizations obtain traditional financing. The loan guarantee charge is 1 percent amortized over the life of the guarantee. Many non-profits find that they can refinance without a loan guarantee in three to five years.
- Equity Product: LISC provides a loan that acts like an equity product in that it requires no debt service (mortgage payments) until the borrower pays the balloon payment, and then the equity product is usually refinanced. This product reduces the cash flow requirements for the project in the first seven to ten years of ownership.

LISC also permits for-profit tenants in a non-profit-owned building, so long as the market rents are used to lower occupancy costs for non-profit owners and tenants or to pay for programs.
Contact: Neelura Bell, Program Manager, (213) 250-9550

The California Infrastructure and Economic Development Bank (CIEDB)

CIEDB is a statewide issuer of tax-exempt and taxable conduit revenue bonds, assisting non-profit organizations expand and prosper. 501(c)(3) Revenue Bond Program financing is available to eligible non-profit corporations for acquisition and/or improvement of facilities and capital assets. Non-profit organizations are not subject to any upper limit on the size of a bond. The Infrastructure Bank frequently funds 20 to 100 percent of project costs. Bond financing is at two percentage points below prime for a fifteen- to thirty-year term. The bond costs include an issuance fee of .25 percent of the value of the bond and an annual fee of $500 until the bond is paid in full. Since 1995 the CIEDB has provided $962 million in bond financing to non-profit agencies, funding a variety of projects ranging from the Asian Art Museum of San Francisco to the Scripps Research Institute in La Jolla to the American Center for Wine, Food, and the Arts in Napa. CIED can also provide taxable bond financing for the artist-occupied portion of the project. These funds are currently available at 6 percent interest for a thirty-year term. In addition, the capital campaign for the project can be used solely to fund most of the artist-occupied portion of the project and thereby further reduce the need for taxable bond financing.
www.ibank.ca.gov
Contact: Jeffrey Emanuels, Manager, Conduit Financing
California Infrastructure and Economic Development Bank
1102 Q Street, Suite 6000
Sacramento, CA 95814
(916) 324-1299 (voice), (916) 322-6314 (fax)
E-Mail: jemanuels@commerce.ca.gov

Redevelopment Tax Increment

Projects located in redevelopment areas, such as this can benefit from tax increment financing through the Redevelopment Agency. Tax increment financing (TIF) can be used either for direct capital grants or be packaged into low-interest short- and long-term loans.

Conventional Bank Funding

A convention loan may be required to finance some portion of the Dry Shed #4 Project. The Dry Shed #4 will be difficult to finance through a conventional bank because the owning non-profit entity does not have a financial history or a history of operating such a building. Even with significant equity and a loan guarantee (through LISC or the Redevelopment Agency), the interest rate is likely to be higher than market rate. The project should seek a loan from a bank that specializes in loans for community development purposes and serves non-profits. In general, the project may anticipate obtaining a note with:

- Fixed-rate financing for two to three percentage points over the adjusted treasury rate (3 percent spread)
- A seven- to ten-year call (a 7—10-year balloon payment) with twenty- to twenty-five-year amortization
- A 1 percent to 1.5 percent origination fee (points) due at loan signing

In addition, the project will have to raise at least a 30 percent equity investment, as most banks will not make a loan on a project of this type with a loan-to-value ratio of more than 70 percent.