

PLANNING & ECONOMIC DEVELOPMENT COMMITTEE

JULY 19, 2016

Immediately Following
Strategic Planning Committee

City Hall Auditorium

ROLL CALL

PUBLIC COMMENT

DISCUSSION

Performing Arts Center: Phase II, Next Steps

COMMUNICATIONS

From: Tim Cummings, Economic Development Division Director

Re: Discussion on Moving Forward with Performing Arts Center Feasibility Study Phase II

UNFINISHED BUSINESS - None

NEW BUSINESS - None

GENERAL DISCUSSION

PUBLIC COMMENT

REMARKS BY THE ALDERMEN

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT



City of Nashua

Economic Development Division

City Hall, 229 Main Street, PO Box 2019

Nashua, New Hampshire 03061-2019

www.nashuanh.gov

To: Alderman Melizzi-Golja and the Planning & Economic Development Committee

From: Tim Cummings, Economic Development Division Director

Date: July 14, 2016

**Re: Discussion on Moving Forward with Performing Arts Center
Feasibility Study Phase II**

Objective(s)

1. Ensure we have consensus on moving forward with Phase II
2. Begin discussion on outstanding issue(s)

Background

The City has chosen to break out the work into two phases, with up to two separate contracts.

Phase I: Evaluates demand for a new performing arts facility in Nashua, verifying audience potential, identifying potential users and uses, confirming its positioning within a competitive market, and considering how new performance facilities might support the broader goals of the City and region.

Duncan Webb's conclusions & recommendation(s):

- * The case for building a brand new, large-capacity performing arts venue in Nashua is challenged by the city's proximity to multiple large, presenting performing arts centers, the development of a new concert hall nearby, and limited demand on the part of local users for a venue with 750 or more seats.
- * Additionally, the city is already home to two performance venues that are regularly used by the community but that are greatly in need of renovation.
- * With that said, we see tremendous opportunity in Nashua. The organizations that are currently active in the community offer a diverse product, maintain busy schedules, and have demonstrated an ability to grow and develop programs over time. If we look to Positive Street Art as an example, Nashua can be seen as the type of environment that can allow an emerging organization the time, space, and support needed to flourish.
- * Our recommendations, then, are focused on harnessing the city and community's current arts-momentum and resources, directing them at three different options.

Outlined Options:

1. Partner with a college or university on the development of a new downtown arts center
 2. Develop a downtown meeting, events, and music center
 3. Develop an arts district
- Phase I cost \$22,500 and has been completed and the budget has been 100% expended

Development of a Phase II Scope

Director Sarah Marchant and I received a draft scope of work from Duncan Webb (General Performing Art Center Consultant) and Scott Aquilina (Architect for the project) for a phase II project:

- It includes developing a business plan (operating projections), cost estimates for implementing a program (capital expenses), basic physical plans. (Please see attached).

Outstanding Issues

- Financial – Capital Requirements/Expenditures – A clear understanding of the capital expense and investment in such an asset should be understood with an associated order of magnitude
- Vision for operational Management – Understanding the operational costs associated with this project needs to be understood with the a clear understanding of a vision of how this asset will be managed
- Setting Aside Keefe Auditorium – A clear directive that setting aside Keefe Auditorium is the desire due to the lack of control (should this variable change we could adjust accordingly, but as of now I want to ensure it is clear whether Keefe should be studied or not)
- Citizen Engagement – There will be a need to develop a small working group to help steer the conversation and make a recommendation back to you.
- Understanding an additional \$27,000 will be necessary to execute Phase II (which Downtown Improvements Committee has approved \$25,000 for this project as a funding source for this project)



management
services
incorporated

phase 2 contract

to: Tim Cummings, City of Nashua
from: Duncan Webb, Webb Management Services
regarding: Phase 2 Scope + Fees
date: July 14, 2016

Here is our scope of services and financial proposal for the second phase of the Performing Arts Center Feasibility Study.

scope of services

As the results of Phase One have confirmed the need for new and improved facilities together with the development of a cultural district, we would propose a second phase of work that considers the physical, financial, and operating implications of the new facilities. These two parts of the work would proceed in parallel.

part 1: physical planning

space program: Based on Phase One recommendations, develop a space program and assign square footages for specific spaces, list essential characteristics and recommend infrastructure/equipment/technology required for functions. This will also include a template/footprint for the ideal plan.

site evaluation + recommendation: Apply the template to sites identified by the City, specifically the Court Street Complex, Alec Shoe Store Building and two of the "open" parking lot sites. Compare fit to function on each site, analyze the site conditions and list pro's and con's for each option.

order of magnitude capital cost estimate: Based on the space program and current regional cost information, prepare a provide a benchmark budget for each scenario described above.

part 2: preliminary business plan

define goals + practices: Define the vision and operating goals for recommended facilities and an arts district, covering such areas as support for the local arts groups, sustainable operations, supporting economic and downtown development, and maximizing community benefits.

comparable models: Research comparable facilities and districts nationwide to inform the business plan. Key areas of research are governance and operating models, the scheduling of facilities, levels of utility and cost, balancing internal and external demand for facilities, partnerships, revenue-generating activity, and key factors that led to successful operation of new and similar projects.

activity profile + programming plan: Prepare a multi-year activity profile for recommended facilities, listing types and level of use related to presenting, rentals and any other activity. Also include any additional programming opportunities and positioning strategies, based on the market analysis and competitive analysis.

pro-forma operating budget: Develop a multi-year pro-forma operating budget for recommended facilities, starting the year before new facilities open and then through the first three years of operation. Project attendance and other levels of participation. Identify and estimate all sources of operating revenues and expenses, appropriate capital reserves, and the likely result of operations with and without an operating endowment.

funding plan: Assist with the development of a basic funding plan to pursue the contributed income needed to sustain recommended facilities, as indicated by the pro-forma operating budget. Consider types and levels of contributed income from all public and private sector sources, and suggest how to use the business plan as a fundraising tool.

economic impacts: Forecast the economic and fiscal impacts of recommended facilities and an arts district including the impacts of construction, operation, and ancillary spending associated with attendance. Use the RIMS II model developed by the Bureau of Economic Analysis to estimate the direct and indirect impacts of the project on the market area, including outputs, increased earnings, and employment. Also identify and describe the more qualitative economic impacts of new performing arts facilities in downtown Nashua, including impacts on commercial development, cultural tourism, and the recruitment of new businesses to locate in Nashua.

critical path plan: Create a critical path plan for leadership that identifies key milestones and deadlines towards the development and operation of facilities and a district.

report + presentation: Present the findings and recommendations of the physical and business plans. Incorporate feedback from the client, and deliver a final written document that includes all research, analysis, conclusions, and recommendations.

deliverables

In Phase 2, we will deliver a Powerpoint summary of the work, in addition to an Excel-based space program and capital budget, site analysis drawings, Excel-based pro-forma operating budgets, research on operating comparables, economic impact multipliers, and other supporting data.

timeline

We would anticipate completing this work over a three-month period, subject to timely review of materials and the scheduling of presentations.

fee proposal

We propose professional fees of \$27,000, including expenses, to complete the second phase of work, broken down as follows:

Phase Two, Part 1:	\$15,000
Phase Two, Part 2:	<u>\$12,000</u>
Total Fees:	\$27,000

We will bill the City monthly based on the progress of the study.

Yours sincerely,



Duncan M. Webb, President
Webb Management Services, Inc.

Agreed and accepted this ___ day of _____, 2016

By: _____
City of Nashua