

Cultural Facilities Fund Case Study: New Construction

In early 2007, Cape Cod Music Festival* (CCMF) was a seasonally operated organization that has put on an annual summer concert series for over twenty years. In the past several years, as the popularity and level of musicianship of the festival grew, the need for a new home became clear. The board launched a multi-year search for a new facility that would provide more flexibility, a professional setting for its musicians, and the ability to present programs year-round.

The organization eventually came across an opportunity to build a new facility located downtown, overlooking the ocean. This new \$17 million home would allow CCMF to finally expand from summer programming to year-round operation. The chart below demonstrates the dramatic expansion the organization anticipated.

Cape Cod Music Festival <i>before</i> new facility (rented facility)	Cape Cod Music <i>after</i> new facility (owned facility)
<p>Programming:</p> <ul style="list-style-type: none"> • 16 concerts over 4 weeks in summer <p>Staffing:</p> <ul style="list-style-type: none"> • 1.5 – 2 full time equivalents <p>Annual Budget:</p> <ul style="list-style-type: none"> • \$400,000 • Primarily earned income 	<p>Programming:</p> <ul style="list-style-type: none"> • 42+ concerts, year-round operation • Year-round educational programming <p>Staffing:</p> <ul style="list-style-type: none"> • 7-8 full time equivalents <p>Annual Budget:</p> <ul style="list-style-type: none"> • \$2 million • 70% earned / 30% contributed

When the organization applied to the Fund it was clear from their application that their main focus was on meeting the fundraising goal to get the facility built. However the review panel (which includes experts in real estate development, organizational capacity, business planning, and design) was looking ahead and saw major holes in CCMF's planning on how they would get from the "before" profile to the "after" successfully. Below are excerpts from their review:

CFF 2007 Review:

- *"The panel noted a large projection of growth but no market study to support the projected growth"*
- *"The panel commented it is unclear whether the organization has the capacity to sustain the projected growth"*
- *"The proposal did not demonstrate strong planning given the scale of the project"*

CCMF took these panel comments (as well as the letter informing them they were not funded) as a learning opportunity. They met with Fund staff for additional feedback and hired consultants to fill the gaps in their planning. They completed the following studies:

- Market study (to understand potential audience size for expanded programming, also audience preferences)
- Financial plan (with projections into 2014)
- Staffing plan
- Fundraising plan (for ongoing operations)
- Branding plan (to help organization transition from a seasonal to year-round program)

With exhaustive planning documents submitted as part of their next application, CCMF received the following review:

CFF 2009 Review:

- *"The panel observed the organization has done a branding exercise, a 6-year fundraising plan, strategic plan, market study, marketing plan, and full operating projections"*
- *"They have hired necessary staff in anticipation of completing the project"*
- *"The panel noted the financial projections were prepared by an objective third party"*
- *"The panel noted a smart leadership team...extensive planning"*

With this much more positive review, the organization received a grant for several hundred thousand dollars from the Fund. Ground was broken for the facility in spring of 2009.

**The name and location of this organization have been modified.*

Cultural Facilities Fund Case Study: Deferred Maintenance

Arts de la Rosa* (ADR) is a community arts center located in Lowell that, since 1983, has been dedicated to preserving and promoting the Latino arts. The organization's facility was originally a church and parish house built in the late 1800s which now includes a 400-seat performance hall, gallery, visual arts studios, and a dance studio. Today the building holds nearly 100 events and many more classes for the growing Latino population in the area.

However, as the usage of the facility has increased over the years, so has the wear and tear on the building. Like many organizations, ADR had been doing repairs on the center on an ad hoc, as-needed basis. They received a grant for \$15,000 to renovate the bathrooms, another grant to install a wheel-chair lift. Although ADR had a maintenance endowment for the center, it was not enough to fund depreciation fully. Also, the organization was not able to put the maintenance funds to use in the most efficient manner because they had not yet prioritized their facility needs. Finally, in recent years ADR found that some of the building's deficiencies had become so problematic that they discouraged potential renters from using the facility. This created a downward spiral for the center; as revenue decreased, it became more and more difficult to invest in the building.

ADR recognized the need to approach their facility maintenance more strategically, and also wanted to find out how they could optimize the use of their facility for programming and earned income uses. They applied to the Cultural Facilities Fund for a Feasibility and Technical Assistance grant. With the help of architects and engineers who had experience with arts organizations and historic buildings, as well as a business planning consultant, ADR proposed the following studies:

- **Capital needs assessment:** A detailed analysis of the costs associated with the building's structural issues, from the foundation and walls to electrical systems to the plumbing. This assessment focused on structural needs as well as ADR's programmatic goals to make the facility more amenable to rental by outside groups.
- **Business planning:** To prioritize the "optional" programmatic upgrades, putting them in the order of which improvement will produce the most economic benefit.

ADR submitted a strong proposal and received a feasibility and technical assistance grant in 2007 for the above work. Because of these planning projects the organization was able to submit a successful capital grant application that included detailed market research to justify capital improvements, a sound structural analysis of the building and a prioritized capital plan to complete the work and finally, a financial plan to fully fund depreciation. Below are the comments from this year's review panel (which includes experts in real estate development, organizational capacity, business planning, and design):

CFF 2009 Review:

- *"The panel noted an impressive facility study by a local architect and engineering firm"*
- *"The panel noted a well-considered plan to phase different project components"*
- *"The panel recognized a strong business plan that was prepared by a capable consultant"*
- *"The panel recognized that the financial planning for the project was based on the architect's estimates"*

With this review, the organization received a grant for several hundred thousand dollars from the Fund. Work will begin summer of 2009.

**The name and location of this organization have been modified.*