



VICTOR GOTESMAN
Performing Arts Facilities Planning

MONTGOMERY COUNTY, MD –
WHEATON

ARTS & CULTURAL FACILITIES
FEASIBILITY STUDY

PROGRAMMING & BUSINESS PLAN

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Prepared by:
Victor Gotesman and Teresa Koberstein
victor@victorgotesman.com
teresa@victorgotesman.com

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INTRODUCTION

In November of 2018, PAFP delivered to Montgomery County a “Findings & Preliminary Recommendations” report as part of Phase One of the “Arts & Cultural Facilities Feasibility Study.” This report included three recommendations for arts facility structural models to be considered by Montgomery County as:

- **Resident Organization Model** is one in which an anchor organization operates the arts facility, provides programming and has dedicated space for their own use.
- **Montgomery County Department of Recreation Model** presupposes that the Department of Recreation serve as the operator of the facility with both programming and operations handled internally.
- **Arts Incubator Model** is one in which a non-profit organization operates the Wheaton arts facility as an arts incubator offering programs and services to the Wheaton area arts community.

It was concluded that a hybrid version of these models would serve the Wheaton community best, a model in which the arts facility is owned and maintained by the Montgomery County Department of Recreation and operated by an organization which would be selected through a request for proposal (RFP) process. The second phase of the study is the development of a preliminary program plan that outlines how the new arts facility will be utilized, programmed, and operated, as well as a financial plan with associated pro-forma operating estimates.

Using the data and insights gathered in previous steps, PAFP developed a theoretical program plan, including a programming concept and schedule for a new facility which incorporates facility usage, specifying the number of events within a sample calendar year. This includes an implementation plan and identification of strategic partnerships with potential facility users. The plan explores various usage models, including resident organizations, rentals, and special events. PAFP recommends that Montgomery County form strategic alliances with key partners who currently offer artistic programming and arts services that would be appropriate for the new facility.

The Phase Two report includes a business plan and operating estimates for a new cultural facility to be established as an arts incubator. The report projects expense levels for artistic, management, production, and operational staff required to operate a new facility of this type. In addition, the report estimates annual costs for administration, marketing, development, production, and building expenses. The projections of earned revenue include admissions, rental revenue, concessions, and other sources to be derived from the venue’s operations. Estimates of contributed income requirements include private individual, corporate, foundation grants, and public funding. Government support is based on the perceived value of the incubator concept and the community impact it offers to Wheaton. The operating plan also incorporates recommendations on the ownership and governance of a proposed facility, which includes considerations for a government-run, 501(c)3 led, public-private business model, as determined through discussions during prior steps. This includes advantages and disadvantages of each structure and fundraising best practices for similar facilities.

Questions in Phase 2 include:

- What are the component parts of a new cultural facility in Wheaton, such as size and configuration?
- What is the organizational operating plan for the new arts facility?
- What are the financial operating estimates for the anticipated facility?
- Who (what entity) will operate the new cultural facility in Wheaton?
- What programs, services and opportunities exist for a cultural facility in Wheaton?

STRUCTURAL CONCEPT

The arts incubator model selected by the County is a public-private partnership in which Montgomery County owns and maintains the facility and a facility operator is selected to operate the building and provide program content. The model relies on the operator to provide programming consistent with the needs of the arts incubator, including professional development, central services, and administrative support for the Wheaton area arts community. In addition, the operator will be responsible for developing a robust facility rental program designed to provide access to community users. The operator would be responsible for event programming, production, operations and financial results. The incubator concept is designed to increase the capacity of artists and arts organizations so that they can grow artistically and professionally. Typically, arts facilities require contributed income support to bridge the gap between earned revenue and the cost of operations.

The following spaces are envisioned for the arts incubator concept:

| Space Type | Seats | Format |
|---------------------------------------|---------|--|
| Performance Space | 150-300 | Flexible, convertible theater |
| Studio Space | 100 | Teaching/Rehearsal/Performance |
| Classroom Space 1 | 25 | Teaching/Rehearsal |
| Classroom Space 2 | 25 | Teaching/Rehearsal |
| Gallery Spaces | 75 | Art Gallery (in lobby or separate space) |
| Administrative Space (Resident Orgs.) | 6-10 | Workstations |
| Administrative Space (Operator) | 6-10 | Workstations |

The following expands upon these spaces and how they might be used.

- Performance Space: Ideally, the performance space should have the flexibility to be utilized in myriad ways and formats so that different types of arts groups and non-arts organizations can use the performance space for a variety of activities. This can include theater productions, dance performances, concerts, recitals, amplified music, lectures, film screenings, and special events. The performance space may be used as a function space accommodating weddings, private parties, and other non-performance events. This would be the largest public assembly space in the building. PAFP envisions that a flexible, convertible theater is preferable to a proscenium because the former would allow for various seating configurations to support a diversity of performance and event types.
- Studio Space: The studio space serves as an ancillary space to the performance area in that it can be used as a rehearsal room or a performance space for smaller productions such as staged readings, guest speakers or meetings. It can also be used as a teaching space, especially suited for dance or theater classes. Ideally, the flooring would support dance instruction, temporary or otherwise.

- Classroom Spaces: The two classroom spaces suggested will be utilized for artists to teach workshops, or for resident organizations to plan and prepare for upcoming productions. Workshops could include art classes or professional development courses taught through the Arts Incubator program. These spaces should have capability to support visual art-making, as well as have technology for conferences and meetings using media.
- Gallery Space: A space for visual artists to exhibit their work could be configured in different forms, such as a separated room or dedicated walls and surfaces around the lobby and other areas of the facility. If a separate room is budgeted, this would allow for the gallery space to be utilized for other special events in addition to presenting visual art.
- Administrative Offices: Several respondents of the artist survey, which PAFP conducted in the spring of 2018, indicated that access to administrative office space at a low price-point would be of value. PAFP suggests that 6-10 workstations for resident organizations and 6-10 workstations for the operator's administrative staff should be considered in the development of the facility. These workstations can be configured in several different ways, including combining all organizations into one office space with varying kinds of dividers or creating separate rooms for the resident organizations, or any other combination depending on the budget available and the desired vision for the administrative atmosphere. PAFP does not recommend that workstations be relegated to the other classroom, studio or performance spaces. Ultimately, the layout for these spaces will be determined in the next phase of the study with the architect and space programmer.

The addition of a new arts facility in Wheaton inherently contains operational and artistic (programmatic) challenges for all stakeholders. At the same time, the facility offers an array of assets and opportunities for the community. It is important to match the artistic (programmatic) and educational goals with an achievable and sustainable financial model. As important planning decisions are required, the following opportunities and challenges should be considered.

Opportunities

- Increased arts and cultural activities in Wheaton.
- Professional development opportunities for local artists and arts organizations.
- New opportunities for Wheaton's diverse ethnic community to share their cultural offerings with the public.
- New spaces for children and families to participate in the arts.
- New spaces for youth to participate in the arts after school.
- Support for the growing visual arts community.
- Ability to provide affordable performance and rehearsal space in Wheaton to arts groups from the region.

- Ability to provide professional support and guidance by an experienced arts administrator.

Challenges

- Identifying a qualified facility operator with programming experience to activate the goals of the arts incubator.
- Establishing a philanthropic program for the facility to cover the operating expenses and to fulfill the annual budget requirement.
- Maintaining an active calendar of events.
- Creating an equitable and inclusive use-policy that will allow access for a diversity of users.
- Establishing and implementing methods for measuring the impact of the facility on Wheaton artists and the community overall.

ACTIVATION GOALS

Activating the space will require that the County and the operator agree on a mission for the new facility and the operational goals set by the County. There is a need to identify short- and long-term goals for the facility which will help to ensure success. The mission will provide a clear path forward, allowing the operator to build capacity and fulfill the County's vision. Importantly, the mission and goals should ensure that Wheaton's diverse community has an equal opportunity to access space in the facility.

After reviewing the missions of the benchmarked institutions and drawing inspiration from them, a potential Wheaton Arts Incubator mission statement might read:

"To cultivate the diversity of the arts in Wheaton by enhancing the cultural and educational opportunities for community participation in the arts."

Informed by the opportunities and challenges outlined in the previous section, below are several goals for activating the new arts facility in the areas of marketing, programming, the development of an equitable rental program, relationship building, and fundraising:

Short-Term Goals

- Identify facility operator.
- Solidify implementation plan with facility operator.
- Create an equitable and inclusive process for outside users to access and rent space. The process should be fully aligned with the mission of the Arts Incubator.
- Begin the marketing process by announcing the availability of spaces for rent, targeting nonprofits, community groups, private individuals, and other entities in need of cultural space.

- Build a network of teaching artists and offer workforce training for arts educators.
- Utilize network of arts educators to help create programming for young people after school.
- Brand and market the new facility to the Wheaton community and beyond, using social, digital and print media, as well as printed materials.
- Maintain a direct connection with the greater creative community, keeping them involved and engaged in the process.

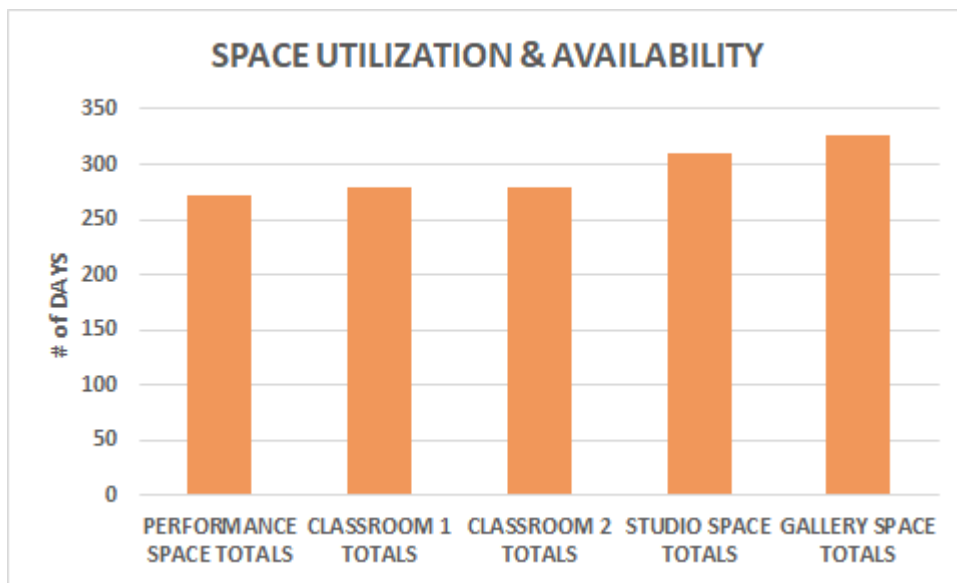
Long-Term Goals

- Create an arts incubator program for emerging artists and arts organizations.
- Build and maintain healthy relationships with neighboring arts organizations to ensure effective programming choices while not overlapping.
- Communicate directly with the public using various marketing platforms.
- Identify potential partners such as Arts & Humanities Council of Montgomery County, Volunteer Lawyers for the Arts, Business Volunteers for the Arts, Americans for the Arts, etc. to provide professional resources to artists and organizations.
- Identify possible opportunities for the County to host events or present performances from guest artists in the new facility.
- Consider retail opportunities such as a gift shop and gallery where a portion of the artwork sales could serve as sources for additional revenue.

USAGE MODELS

In order to understand potential space utilization for the new arts facility in Wheaton, the study team analyzed the usage projections from potential users, as well as the consideration of an internal presenting program and professional development program for artists (The Arts Incubator). For the usage projections, the team reviewed data from comparable facilities and applied it to the Arts Incubator in Wheaton. The model contains a usage percentage required in order to maintain the level of rental revenue necessary for bringing in enough revenue to support the budget, while also cultivating a vibrant facility. The chart below illustrates how the usage might occur in the new facility.

Included are the usage days by space type (performance space, classroom spaces 1 and 2, studio space and gallery space) for various kinds of uses. These include performances, rehearsals, internal programming events and workshops, and special events. A sample calendar of events with the number of events listed per month is also included. The projected events per month are hypothetical; they illustrate a sample of how the facility might be utilized.



| USAGE DAYS CALENDAR | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Type | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | April | May | June | July | Totals | Usage % |
| Internal - Presenting & Special Events | 1 | 2 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 2 | 1 | 2 | 16 | |
| Rentals - Performances/Media | 8 | 8 | 8 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 92 | |
| Rentals - Rehearsal | 7 | 14 | 14 | 7 | 14 | 7 | 14 | 7 | 14 | 7 | 14 | 7 | 126 | |
| Rentals - Special Events | 4 | 4 | 2 | 2 | 4 | 2 | 4 | 2 | 4 | 4 | 4 | 2 | 38 | |
| PERFORMANCE SPACE TOTALS | 20 | 28 | 25 | 14 | 27 | 19 | 27 | 18 | 27 | 21 | 27 | 19 | 272 | 75% |
| Internal - Workshops/Arts Business Education | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Internal - Meetings | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Rentals - Meetings | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Rentals - Workshops | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 | |
| CLASSROOM 1 TOTALS | 24 | 24 | 24 | 21 | 21 | 24 | 24 | 24 | 24 | 24 | 24 | 21 | 279 | 76% |
| Internal - Workshops/Arts Business Education | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Internal - Meetings | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Rentals - Meetings | 4 | 4 | 4 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 45 | |
| Rentals - Workshops | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 | |
| CLASSROOM 2 TOTALS | 24 | 24 | 24 | 21 | 21 | 24 | 24 | 24 | 24 | 24 | 24 | 21 | 279 | 76% |
| Internal - Networking & Special Events | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 | |
| Rentals - Performance / Media | 8 | 8 | 8 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 92 | |
| Rentals - Rehearsal | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 168 | |
| Rentals - Special Events | 4 | 1 | 2 | 2 | 4 | 2 | 1 | 2 | 1 | 4 | 1 | 2 | 26 | |
| STUDIO SPACE TOTALS | 28 | 25 | 26 | 22 | 28 | 26 | 25 | 26 | 25 | 28 | 25 | 26 | 310 | 85% |
| Internal - Monthly Gallery Shows | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 300 | |
| Rentals - Special Events | 4 | 1 | 2 | 2 | 4 | 2 | 1 | 2 | 1 | 4 | 1 | 2 | 26 | |
| GALLERY SPACE TOTALS | 29 | 26 | 27 | 27 | 29 | 27 | 26 | 27 | 26 | 29 | 26 | 27 | 326 | 89% |

Internal Programming

The Arts Incubator program will be a driving force in increasing the capacity of artists and organizations in Wheaton to enhance their artistic output. The programming offered by the Incubator can include professional development initiatives based on best practices, such as offering in-house counsel to artists,

classes in business skills, website development and marketing, and resources for professional opportunities. The Arts Incubator can also offer artists opportunities to produce and teach in the new facility, such as developing art class curriculum for all ages. Additionally, creating an artist network provides opportunities for collaboration and shared learning experiences. In the longer term, the Arts Incubator operator may establish a presenting program of guest artists for the community as part of the overall programming mix.

Rentals from Resident Organizations

Resident organizations would identify the Wheaton arts facility as their performance and administrative home. All resident organizations' rehearsal and performance needs would be prioritized before those of outside renters. The process of selecting resident organizations should be an inclusive and equitable one, across many different art forms as well as demographics, and in alignment with the arts facility's mission and the diverse needs of the Wheaton community. They may also wish to utilize the new facility for administrative office space in addition to artistic productions. Through one-on-one conversations, we have identified several potential resident organizations.

Rentals from Other Users

Through the first phase of the Wheaton Study, the team identified potential facility users in Wheaton that have expressed an interest in using the space and also seek the arts infrastructure that can support individual artists and organizations. Anticipated rentals include space for artistic productions, meetings, classes, rehearsals and special events. These rentals will increase the activation of the spaces; a plurality of users will bring the space to life, as well as drive revenues to support the building operation. Providing ample access for other users to rent the spaces will assist in meeting the Arts Incubator's mission to broadly serve the arts community in Wheaton. The outside rentals program will serve as a cornerstone of the budget, while also serving the many diverse arts groups around Wheaton seeking spaces to perform and produce.

Strategic Partnerships

Aside from rentals and resident organizations, there are other potential partners that may prove to be critical to the success of the new arts facility. These strategic partners may not necessarily be users, although they may in fact use the space from time to time, but instead they are potential advocates, sponsors, and resources for improved programming. Developing relationships with the arts organizations listed below in particular will help ensure there is no overlap in programming and allow the new arts facility programming to focus on serving the gap in current services. Here are some examples of potential strategic partnerships:

- Chuck Levin's Washington Music Center: In addition to renting performance space from time to time, the team at Chuck Levin's may also be interested in taking a larger role in music programming at the new arts facility.

- Montgomery College: Representatives of The Performing Arts Center at Montgomery College have expressed an interest in using alternate arts spaces as their facility is currently being used to capacity, which could mean there are opportunities for the College to direct any overflow to the new arts facility in Wheaton. Maintaining a relationship with the rental coordinator will keep that chain of communication active in order to drive rental revenue for Wheaton.
- Wheaton Neighborhood Recreation Center: Scheduled for completion in the spring of 2019, the Rec Center will be offering a variety of programs and activities for people of all ages, ranging from sports, fitness, dance, music and art. Rather than compete with the Rec Center in arts education, PAFP suggests coordinating efforts so that the programming offered will serve any gap not provided by the Rec Center and vice versa.
- Albert Einstein High School, Academy of Visual and Performing Arts: Given that both the residents of Wheaton expressed interest in having more opportunities for after-school programs and the students of Albert Einstein High School similarly shared that they would like to have more opportunities to produce art outside of the school curriculum, partnering with student groups at the Academy of Visual and Performing Arts could help create programs for young people to produce and access art in the new arts facility. For example, the gallery in the new facility could be curated one or more months by students at the high school.
- Glen Echo Park: Glen Echo Park holds a multitude of visual and performing arts groups who may be interested in finding ways to partner with a new arts facility in Wheaton, such as with touring their productions or teaching arts classes. They may be a good resource in sharing best practices for growing the business of art, as many of these successful artists may have stories to share about their creative journey and challenges along the way.

PROGRAM EVALUATION

A program evaluation plan will play a crucial role in measuring the extent that the organization is delivering its mission and meeting its strategic goals. Arts space development in general is challenging to measure, however there are experts who have already tackled this work by creating indicators for success. One organization, Leveraging Investment in Creativity (LINC), operated for a limited time purely for the purpose of arts space development research. It published a report that outlined several indicators for success from which a new arts facility in Wheaton can draw: *Arts Space Development: Making the Case*, by Maria Rosario Jackson and Florence Kabwasa-Green, was published by the Urban Institute in 2007. It recommends that program evaluation plans consider three main categories:

- Space availability and infrastructure
- Artists' careers and professional development
- Artists' relationships to the broader community

PAFP suggests creating methods for collecting data in these three impact areas at the beginning of implementing each program, as evaluation can be a challenging and time-consuming task. Integrating it within the program development on the outset will offer a smoother process for data collection and avoids having to retroactively engineer the evaluation process. Data collection can involve disseminating surveys to participants to collect demographic data along with their thoughts regarding the ways in which the programs at the new arts facility serve their professional and programmatic needs, and how, over time, the arts community in Wheaton is ultimately affected. PAFP can assist in implementing any program evaluation should the need arise.

FACILITY BUSINESS PLAN & OPERATIONAL ANALYSIS

The development of a new arts facility in Wheaton is a vision that extends beyond design and construction. The vision is one of a facility with a performance and educational mandate which fills a need that exists in Wheaton, providing professional development for the nascent and diverse arts community. The structure of a new arts facility is one that will provide the foundation for Montgomery County's vision of artistic opportunities in Wheaton and the surrounding area, which is accomplished through operational integrity, professional staffing, effective policies, and entrepreneurial financial goals.

GOVERNANCE STRUCTURE

As previously described, the hybrid model will consist of Montgomery County owning and maintaining the base building, and a facility operator will be selected to maintain all else including operating the building and providing program content. The County would lease the arts facility to a third party that would operate, produce, and manage programming in the facility. The governance structure for this model will require specific core competencies from the County as the owner, as well as from the operating entity. The purpose of outlining these areas of responsibility is to both demystify how this hybrid model could be structured, and to offer guidance to Montgomery County as it begins the process of identifying the best suited operator. These core competencies will be crucial for selecting an appropriate and capable operating entity. Below is a list of those core competencies per entity:

Core Competencies Required for the Owner (Montgomery County):

- **Building Project Financing:** Creating financing models, such as bonds and tax credits, will be the responsibility of the County. This includes developing a budget with hard and soft costs for the new building.
- **Building Project Management:** The project components for building the facility, including decisions concerning the physical space program, maintaining the budget, and managing the project timeframe, will be the responsibility of the County.
- **Community Consensus Building:** The County should disseminate information pertaining to the project to the public and manage messaging as a means to build consensus and understanding within the community.
- **Strategic Planning:** The vision for the short- and long-term success of the new facility will be the responsibility of the owner, manager and operator. Strategic planning at the outset is recommended. This establishes goals, milestones and measurements for progress and success.
- **Maintenance:** It is envisioned that the County will be responsible for the maintenance of the Arts Incubator facilities and physical plant (core and shell).

Core Competencies for Operating Entity:

- Performing Arts Facilities Management: Internal management of the Incubator operation and overall responsibility for the oversight of the resident organizations and outside users is the responsibility of the Operator. The Operator will be the primary contact with the County's Department of Recreation, as well as the chief artistic administrator of the Arts Incubator, implementing policies and procedures.
- Arts and Arts Education Programming Development and Production: As the Operating Entity, programming will be central to the Operator's responsibilities. This includes the Arts Incubator program and may also include inviting guest artists to present.
- Customer and Stakeholder Engagement: The Operator will be required to engage with the community at all points of participation as artist, arts organization, student, patron, and attender to engender community support.
- Box Office & Ticketing: Ticketing for events and productions will be managed by the Operator, including integrating the ticketing with a donor database so that all patron details are consolidated into one application.
- Marketing & Branding: Skills in marketing and branding the new facility will be crucial in carrying out the vision for the new Arts Incubator and space rental program in order to drive sales and serve the arts community through an inclusive process central to the Incubator's market strategy.
- Entrepreneurship: The growth of the facility as an arts business will land on the shoulders of the Operator in partnership with the County. Skills in expanding the business model and applying a flexible approach to the changing needs of the market and arts community will be needed.
- Philanthropy: A robust fundraising plan should be developed during the building planning process and must be a key responsibility of the Operator in concert with the resident organizations and the arts community.
- Program Evaluation: A mechanism to measure progress is key to ongoing sustainability and success. Evaluation includes data collection pertaining to all aspects of the services and measuring impact with qualitative and quantitative data. The Operator can share these stories of success with the public and to funders alike, as well as use the information gathered to improve processes for serving the arts and the community of Wheaton.

FINANCIAL PRO-FORMA

The financial pro forma is constructed using the following considerations:

- The development of arts education programming, gallery exhibit curation, and a possible guest artists' series program.
- The development of a Wheaton professional development program for artists and arts organizations (the Arts Incubator).

- Offering creative space and office space to Wheaton artists, arts organizations, and select resident organizations at special rates.
- Offering Wheaton Arts Incubator spaces for rent to outside community users, including performing arts groups, visual artists, private and public users.

The pro forma operating estimate is a snapshot of anticipated revenues and expenses based on a robust rental program and an entrepreneurial approach to program development. Implied by these estimates is a program that positions the new arts facility as a leader of professional development for the arts community in Wheaton.

Expenses

PAFP projected expenses for programming and fixed operating costs at approximately \$1 million for the first year and growth of 3% each year in years two and three. Expenses include costs for events and presentations, as well as for scholarships to art classes, concessions, and merchandise. Fixed expenses include building operating costs, office supplies and expenses, equipment, insurance, professional fees, and other related expenses. Also included are payroll and employee benefits and insurance. The staff model is described below.

Staffing

The staff requirement for a new arts facility includes arts professionals with experience in the administrative aspects of facility management, finance, human resources, development, marketing, and entrepreneurial leadership. The organization should be led by an experienced Director who is responsible for all aspects of the arts facility operation and is charged with the artistic and business health of the

| STAFFING MODEL | | | | | | |
|------------------------------------|----------|------------|------------------|------------------|------------------|--|
| Position | Quantity | Total FTE | Salary/ FTE | Ben/Tax @ 21.63% | Total | |
| Full Time Staff | | | | | | |
| Executive Director | 1 | 1 | \$80,000 | \$17,304 | \$97,304 | |
| Admin. Assistant | 1 | 1 | \$40,000 | \$8,652 | \$48,652 | |
| Finance & HR Manager | 1 | 1 | \$65,000 | \$14,060 | \$79,060 | |
| Program & Education Manager | 1 | 1 | \$65,000 | \$14,060 | \$79,060 | |
| Development Manager | 1 | 1 | \$65,000 | \$14,060 | \$79,060 | |
| Marketing & Communications Manager | 1 | 1 | \$65,000 | \$14,060 | \$79,060 | |
| Rentals & Facility Manager | 1 | 1 | \$65,000 | \$14,060 | \$79,060 | |
| Part Time Patron Services | | | | | | |
| House Managers | 1 | 0.5 | \$20,800 | \$3,999 | \$24,799 | |
| Ticket Services Associate | 1 | 0.5 | \$15,600 | \$2,874 | \$18,474 | |
| Volunteer Coordinator | 1 | 0.5 | \$15,600 | \$2,874 | \$18,474 | |
| TOTAL | | 8.5 | \$497,000 | \$106,001 | \$603,001 | |

organization. Together, the staff is responsible for all operational aspects of the facility, supporting the goals and objectives of the arts incubator mission. The following staffing structure is in line with the benchmarked institutions, with some variation based on the particular needs of Wheaton.

Position descriptions are summarized below and outline the roles and responsibilities for each staff member listed in the table above.

- Executive Director: The Executive Director is the chief executive of the Arts Incubator and is responsible for its health and success. The ED has six direct reports in areas key to the success of the new arts facility.
- Administrative Assistant: The Administrative Assistant focuses on office organization, as well as assisting the team with administrative needs.
- Finance & HR Manager: The Finance & HR Manager is responsible for budget development, financial management and record-keeping, as well as all systems to manage payroll, employee benefits, policies and procedures, and employee retention. This role is responsible for cash handling, accounting system management, financial reporting and strategy.
- Program & Education Manager: This role is the chief curator of the Arts Incubation program as well as any special events and arts education classes. The Program & Education Manager books the guest artists' series in the event the operator chooses to take on that program.
- Development Manager: The Development Manager is responsible for all fundraising activities associated with the programming and events. Duties include fundraising from institutions, individuals, corporations, and governmental agencies. The duties of this role can also be absorbed by the Executive Director as a means to reduce payroll costs for the first few years.
- Marketing & Communications Manager: The Marketing & Communications Manager is responsible for reaching into the community to share stories about the residents, the users, and the plethora of events and artistic opportunities in the new arts facility. This position is also responsible for building relationships with online and print media sources and for managing social media channels.
- Rentals & Facility Manager: The Rentals & Facilities Manager is responsible for all functional aspects of the performance and classroom spaces and oversees the production and execution of events. This role maintains the production calendar and coordinates with each team member, as well as manages the community of resident organizations and outside renters.

The new facility may also wish to hire part-time staff for events, such as a House Manager to manage the spaces during evening events, a Ticket Services Associate, and a Volunteer Coordinator for ushers and other volunteers.

The following page shows the expenses and revenue pro forma budget and the line items for each potential cost for three years with a projected 3% increase per year.

PRELIMINARY PRO FORMA FINANCIAL OPERATING MODEL

| EXPENSES | Year 1 | Year 2 | Year 3 | NOTES |
|--|--------------------|--------------------|--------------------|---|
| Cost of Events and Goods Sold | | | | |
| Cost of Special Events,Bookings,Rentals | | | | |
| Advertising | \$35,000 | \$36,050 | \$37,132 | |
| Artist Fee and Booking Fees | \$20,000 | \$20,600 | \$21,218 | For presenting film, book tours or guest speakers etc |
| Contract Labor/Security | \$50,000 | \$51,500 | \$53,045 | |
| Special Equipment | \$10,000 | \$10,300 | \$10,609 | |
| Decorations | \$1,500 | \$1,545 | \$1,591 | |
| Hospitality | \$10,000 | \$10,300 | \$10,609 | |
| Photography & Filming | \$5,000 | \$5,150 | \$5,305 | |
| Printing and Production | \$25,000 | \$25,750 | \$26,523 | |
| Ticket Handling Charge | \$1,500 | \$1,545 | \$1,591 | |
| Cost of Concessions & Merchandise | | | | |
| Food & Candy | \$3,000 | \$3,090 | \$3,183 | |
| Supplies/Paper Goods | \$500 | \$515 | \$530 | |
| Merchandise | \$500 | \$515 | \$530 | |
| Scholarships for Art Classes | \$5,000 | \$5,150 | \$5,305 | To be covered by foundation and individual grants |
| Total Cost of Events and Goods Sold | \$166,500 | \$171,495 | \$176,640 | |
| Fixed Expenses | | | | |
| Personnel Expense | | | | See Staffing Tab |
| Payroll Wages & Salaries | \$497,000 | \$511,910 | \$527,267 | Approx 59% of total expenses |
| Payroll Taxes | \$44,730 | \$46,072 | \$47,454 | |
| Contract Labor(non-event) | \$1,000 | \$1,030 | \$1,061 | |
| Workers Compensation | \$2,336 | \$2,406 | \$2,478 | \$0.47% of payroll |
| Group Medical Insurance | \$50,400 | \$51,912 | \$53,469 | \$500/month per FT employee |
| Other Benefits/Bonuses | \$10,000 | \$10,300 | \$10,609 | |
| Institutional Advertising | \$1,000 | \$1,030 | \$1,061 | |
| Contributions | \$1,500 | \$1,545 | \$1,591 | |
| Bank Service & CCard Fees | \$10,000 | \$10,300 | \$10,609 | |
| Education/Conference | \$3,000 | \$3,090 | \$3,183 | Professional development for staff |
| Finance Charges | \$100 | \$103 | \$106 | |
| Licenses and Permits | \$100 | \$103 | \$106 | |
| Equipment | | | | |
| Equip Purchases | \$4,000 | \$4,120 | \$4,244 | |
| Equip Repairs & Maint. | \$4,000 | \$4,120 | \$4,244 | |
| Equip. Rental | \$6,000 | \$6,180 | \$6,365 | Copier |
| Building Occupancy Costs | | | | Perhaps all paid by the Dept of Rec |
| Internet | \$3,600 | \$3,708 | \$3,819 | |
| Janitorial/Snow Removal | \$18,000 | \$18,540 | \$19,096 | |
| Building Repairs & Maint. | \$10,000 | \$10,300 | \$10,609 | |
| Telephone | \$8,000 | \$8,240 | \$8,487 | |
| Gas and Electric | \$16,000 | \$16,480 | \$16,974 | |
| Water | \$2,500 | \$2,575 | \$2,652 | |
| Trash service | \$3,000 | \$3,090 | \$3,183 | |
| Alarm System | \$5,000 | \$5,150 | \$5,305 | |
| Staff Meals & Travel | | | | |
| Staff Meals/Business Meetings | \$3,000 | \$3,090 | \$3,183 | |
| Staff Travel | \$3,000 | \$3,090 | \$3,183 | |
| Office Expense | | | | |
| Postage and Delivery | \$5,000 | \$5,150 | \$5,305 | |
| Gifts | \$500 | \$515 | \$530 | |
| Office Supplies/Software | \$15,000 | \$15,450 | \$15,914 | |
| Dues and Subscriptions | \$1,500 | \$1,545 | \$1,591 | |
| IT & Computer Maintenance | \$12,000 | \$12,360 | \$12,731 | |
| Website, Server & Email Hostin | \$15,000 | \$15,450 | \$15,914 | |
| Patron Service Database | \$50,000 | \$51,500 | \$53,045 | Must have ticketing and donor database combined |
| Insurance | | | | |
| General Liability | \$15,000 | \$15,450 | \$15,914 | Assuming the nonprofit operator already has D&O |
| Other | \$2,000 | \$2,060 | \$2,122 | |
| Professional Fees | | | | |
| Accounting, Tax Return, Audit | \$10,000 | \$10,300 | \$10,609 | |
| Legal Fees | \$5,000 | \$5,150 | \$5,305 | Draft rental contracts |
| Marketing and Promotional | \$20,000 | \$20,600 | \$21,218 | Website design, branding |
| Total Fixed Expenses | \$858,266 | \$884,014 | \$910,534 | |
| TOTAL EXPENSES | \$1,024,766 | \$1,055,509 | \$1,087,174 | |

| REVENUE | Year 1 | Year 2 | Year 3 | NOTES |
|-----------------------------------|--------------------|--------------------|--------------------|-------|
| Earned Income | | | | |
| Event Revenues | \$9,375 | \$9,656 | \$9,946 | |
| Art Facility Rental Revenues | \$195,736 | \$201,608 | \$207,656 | |
| Office Space Rental Revenues | \$200,000 | \$206,000 | \$212,180 | |
| Merchandise Sales | \$1,000 | \$1,030 | \$1,061 | |
| Concessions Revenue | \$5,000 | \$5,150 | \$5,305 | |
| Class Fees | \$15,000 | \$15,450 | \$15,914 | |
| Interest Income | \$100 | \$103 | \$106 | |
| Total Earned Income | \$426,211 | \$438,997 | \$452,167 | |
| Contributions Income | | | | |
| Individuals | \$100,000 | \$103,000 | \$106,090 | |
| Foundations | \$200,000 | \$206,000 | \$212,180 | |
| Corporate Sponsorship | \$50,000 | \$51,500 | \$53,045 | |
| Govt Grants | \$250,000 | \$257,500 | \$265,225 | |
| Total Contributions Income | \$600,000 | \$618,000 | \$636,540 | |
| TOTAL INCOME | \$1,026,211 | \$1,056,997 | \$1,088,707 | |
| NET SURPLUS/DEFICIT | \$1,445 | \$1,488 | \$1,533 | |
| <i>Earned Income</i> | | | 42% | |
| <i>Contributed Income</i> | | | 59% | |

Revenues

The new facility will require a mix of rental income and ticket revenue; however, PAFP predicts that at least 59% of the funding will need to come from contributed sources. Below is an outline of the income potential from renting the spaces as well as from ticket sales.

Earned revenue categories include:

- Ticket revenue
- Resident organization office and performance space rentals
- Non-profit rentals
- Commercial rentals
- Concessions sales
- Merchandise sales

The shortfall between earned revenue and operating expenses will most likely be covered by fundraising initiatives from the following:

- Individual gifts
- Institutional gifts (foundations)
- Governmental support (federal, state, county)

- Corporate support

Rental Rates & Totals

The pro forma operating budget includes revenue based on rentals by resident and outside organizations. The calculation is based on rental rates proposed for the new facilities that are commensurate with rates for other comparable venues in the area, such as those listed by Prince George’s County’s Arts & Cultural Heritage Division, Brentwood Arts Exchange facility. Considering the need for affordable arts space in Wheaton, the rates are priced to accommodate a range of users, including those with smaller budgets. All rental rates are calculated hourly at a minimum of four hours per day. We used the four-hour rate to capture the majority of use and to match other comparable facilities’ rate structures; however, there may be many other more nuanced ways to meet the budget and allow for uses of the space that include shorter time periods. Ticket buyer projections are based on 75% of total capacity for the performance and studio spaces and on the number of performances projected annually at the new arts facility. These rates and usage totals are illustrated in the charts below.

| RATES & TOTALS | | | | | | |
|---|-------------------------|--------------------|-------------------------|-----------------------|-------------------------|--|
| RENTAL RATES* | | | | | | |
| Space | Non-Profit Rental Rates | | | | Commercial Rental Rates | |
| | Resident Performance | Resident Rehearsal | NonResident Performance | NonResident Rehearsal | For Profit Event | |
| Performance Space | \$300 | \$200 | \$360 | \$260 | \$2,000 | |
| Studio Space | \$200 | \$200 | \$260 | \$260 | \$800 | |
| Classroom 1 | NA | NA | \$180 | \$180 | \$600 | |
| Classroom 2 | NA | NA | \$180 | \$180 | \$600 | |
| Gallery Space | NA | NA | \$260 | NA | \$800 | |
| *All uses are approximately 4 hours minimum per day | | | | | | |
| INTERNAL PROGRAMMING TICKET REVENUE | | | | | | |
| Space | # of Events | Total Seats | % of Seats | Sales Projection | Tkt Price | |
| Performance Space | 16 | 225 | 169 | \$6,750 | Avg. \$20 | |
| Studio Space | 24 | 100 | 75 | \$2,625 | Avg. \$15 | |
| TOTAL | 40 | 325 | 244 | \$9,375 | | |

| USAGE | | | | | | |
|--------------------------|-------------------------|---------------------------|-----------------------|-----------------------|------------|--|
| | Internal Arts Events | Resident Organizations | Non-Profit Rentals | Commercial Rentals | TOTALS | |
| Performance Space | | | | | | |
| Performance | 0 | 46 | 46 | 0 | 92 | |
| Rehearsal | 0 | 63 | 63 | 0 | 126 | |
| Special Events | 16 | 13 | 13 | 12 | 54 | |
| Total Use Days | 16 | 122 | 122 | 12 | 272 | |
| Income | \$0 | \$30,300 | \$17,256 | \$24,000 | \$71,556 | |
| Studio Space | | | | | | |
| Performance | 0 | 46 | 46 | 0 | 92 | |
| Rehearsal | 0 | 84 | 84 | 0 | 168 | |
| Special Events | 24 | 8 | 8 | 10 | 50 | |
| Total Use Days | 24 | 138 | 138 | 10 | 310 | |
| Income | \$0 | \$27,600 | \$35,880 | \$8,000 | \$71,480 | |
| Classroom 1 | | | | | | |
| Meetings | 45 | 15 | 15 | 15 | 90 | |
| Workshops | 45 | 72 | 72 | 0 | 189 | |
| Total Use Days | 90 | 87 | 87 | 15 | 279 | |
| Income | \$0 | \$0 | \$15,660 | \$9,000 | \$24,660 | |
| Classroom 2 | | | | | | |
| Meetings | 45 | 15 | 15 | 15 | 90 | |
| Workshops | 45 | 72 | 72 | 0 | 189 | |
| Total Use Days | 90 | 87 | 87 | 15 | 279 | |
| Income | \$0 | \$0 | \$15,660 | \$9,000 | \$24,660 | |
| Gallery | | | | | | |
| Special Events | 0 | 313 | 13 | 0 | 326 | |
| Total Use Days | 0 | 313 | 13 | 0 | 326 | |
| Income | \$0 | \$0 | \$3,380 | \$0 | \$3,380 | |
| Rental Income | | \$57,900 | \$87,836 | \$50,000 | \$195,736 | |

CONCLUSIONS AND NEXT STEPS

This report and operating plan began with a series of questions that the study was designed to address. Each question is addressed below with associated conclusions. The conclusions and recommendations have been developed in the context of the new arts facility goals and opportunities for success.

What are the component parts of a new cultural facility in Wheaton, such as size, and configuration?

PAFP recommends the new arts facility include a performance space seating 150-300 people, a smaller studio with a capacity of 100 for events and small performances, two classrooms, an art gallery space that can also be located in a lobby or other common space, and 6-10 workstations for resident organizations as well as 6-10 workstations for the operator's administrative staff.

What is the organizational operating plan for the new arts facility?

The arts incubator model selected by the County is a public-private partnership in which Montgomery County owns and maintains the facility and a facility operator is selected to operate the building and provide program content.

What are the financial operating estimates for the anticipated facility?

PAFP estimates that the new facility will require an expense budget of approximately \$1.024 million the first year with a projected increase of at least 3% per year. This includes approximately \$166,500 in costs for events and programs and \$858,266 in fixed expenses for office expenses, payroll, insurance, professional fees, and building expenses.

Who (what entity) will operate the new cultural facility in Wheaton?

The Montgomery County Department of Recreation will undergo an extensive process for selecting the operator for the facility. PAFP recommends that they consider operators that will uphold the mission and vision for the Arts Incubator program and provide equal access to the spaces in an inclusive environment to diverse populations. The Department of Recreation can underscore in their RFP process the core competencies necessary for the operating entity to thrive, including skills in the following: performing arts facilities management; arts and arts education programming development and production; customer and stakeholder engagement; box office and ticketing; marketing and branding; entrepreneurship; philanthropic fundraising for both administrative and artistic production; and program evaluation.

What programs, services and opportunities exist for a cultural facility in Wheaton?

Programming in the new facility encompasses an Arts Incubator program and a robust rental program for resident organizations and other outside rentals. The Arts Incubator program includes professional development initiatives for artists and their businesses, while also offering opportunities for artists to produce and teach in the new arts facility.

Next Steps

Once the programming plan is approved and an appropriate entity is selected to operate the facility, the implementation of this report will require careful planning and strategy. PAFP can be retained to facilitate that process by creating an implementation plan that includes a fundraising plan, and ensuring a smooth transition from the visioning stage to opening the doors of the new arts facility to a welcoming and enthusiastic public.

END