

"CURTAINS UP"

RESOURCE ANALYSIS

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- Common denominator - \$\$\$\$\$
- How much \$ will it **cost**?
- How much \$ do we **have** and **need**?
- **When** will we need \$?
- How much \$ to **open/get started**?
- How much \$ to **keep doors open**?
- How much \$ can we **generate** each year?
- How much \$ to the **community**?

RESOURCE ANALYSIS

- Quantification of results of studies
- Road map to measure progress
- Communication tool
- Continually changing and updated
- Good business management

RESOURCE ANALYSIS

GENERAL TERMS

- Project Budget
- Capital Budget
- Project Sources and Uses
- Project Cash Flow (by Month)
- Annual Budget
- Annual Budget by Month
- Operations Projections (Multi-yr.)
- Economic Impact

PROJECT COSTS

- Acquisition-control of facility
- Hard Costs
- Architecture & Engineering Costs
- Other "Soft Costs"
- Financing Costs and Reserves
- Tax Credit Fees and Reserves
- Fundraising and Development Costs

PROJECT COSTS-DON'T FORGET:

- Environmental
- Special Consultants
- Professional Fees
- Financing Costs
- Furniture, Fixtures
- Equipment
- Start Up
- Chandeliers
- Surveys, Testing
- Appraisals
- Signage
- Marquee
- Phone & Data
- Construction Pd. Operations Costs
- CONTINGENCIES

POSSIBLE SOURCES OF CAPITAL FUNDING

- Donors-Corporate, Private, Foundations
- Grants
- State-Grants for the Arts, General Budget
- Local Funding-Grants, Bonds, TIF, Gen. Budget
- Federal Funding
 - HUD
 - Save America's Treasures
 - National Endowment for the Arts
 - Federal Tax Credits
- Loans-Bridge Loans and Permanent Loans
- Other Investors?

PROJECT SOURCES & USES

- Total sources need to meet/exceed uses
- Shortfalls need to be addressed
 - Temporary/Permanent Loans
 - Revision of Project Scope
- Communicated Selectively
 - Communications strategy
 - Credibility as options refined
 - Market changes in costs
 - Only hospitals/clinical facilities cost more!

PROJECT CASH FLOW

- Not enough that total sources=uses
- Need to pay bills every month
- Need a construction period "Credit Line"
- Spread every source by month received
- Include estimated pledge timing
- Spread every cost out by month
 - Construction contract costs are not flat
 - Several other costs "front" or "rear" end loaded
 - Use architect's experience
- Calculate monthly difference Update frequently

ANNUAL BUDGETS

- Quantification of Policies and Programs
- Comprehensive-operations, capital, financing
- Continually updated and evolving
- Cash Management Tool
- Cycle the first year-Assess needs
 - Personnel
 - Cash
- 7-10 year projections

STAFFING & OPERATIONS PLAN

Initial Policies

- Internal or External Management
- Types & Frequency of Programs
- Ticket Pricing Structure
- Ticket Sales-By Whom & Where
- Concessions – Liquor? Other Offerings?
- Rental Rates-For Profit vs Non-profit
- Security Needs
- Which work is contracted vs. employee
- Equipment Rentals and Staff Usage Charges

STAFFING & OPERATIONS PLAN

People-Initial Assumptions

- Compensation policies and rates
- Work Schedule Assumptions
- Organizational Chart
 - Front of House Staff
 - Ushers
 - "Back of House" Staff/Union Requirements
 - Janitorial Needs
 - Systems Maintenance Personnel
 - Security
 - Bartenders

ANNUAL BUDGETS-INCOME

- Document Assumptions
 - No. of each type of “program”
 - Avg. Ticket Price
 - Avg. Attendance
- Ticket Revenue Forecast
- Facility Maintenance Fees on Tickets
- Facility Rental Income
- Equipment & Staff Usage Charges
- Concessions Income
- Merchandise Sales
- Possible Grants
- Parking Fees
- Advertising & Event Sponsorships

ANNUAL BUDGETS-EXPENDITURES

- Program Costs
- Operating Costs
 - To Maintain Facilities
 - Administration
- Financing Carrying Costs
- Capital Expenditures
 - Major Repairs/Replacements
 - Upgrades

ANNUAL BUDGETS

Program Costs

- Booking Fees
- Talent Expense, Hospitality, Limos, etc.
- Production Expenses
- Event Advertising
- Credit Card Costs
- House Labor
- Film Rentals, Booking & Presentation Costs
- Security
- Sound/Lights
- Equipment Rentals
- Concession & Merchandise Costs

ANNUAL BUDGETS

Operating Costs

- Facility Expenses
 - Regular Systems Maintenance
 - Preventive Maintenance
 - Real Estate Taxes
 - Property Insurance
 - Janitorial Cleaning & Supplies
 - Utilities
- Administrative Expenses
 - Office & Admin Personnel & Supplies
 - Legal & Accounting
 - Liability Insurance
 - Telephone

ANNUAL BUDGETS

FINANCING & CAPITAL COSTS

- **Financing Costs:**
 - LOC Fees
 - Interest-Financing Loans
 - Interest-Lines of Credit for Operations
 - Asset Management Fees (Tax Credit)
 - Priority Returns (Tax Credit)
- **Capital Costs:**
 - Major Repairs & Replacements
 - Upgrades
 - Reserves for Future Costs

ECONOMIC IMPACT ANALYSIS

- Necessary if competing for “NMTCs”
- Addresses Construction Period & Ongoing Ops
- Direct, Indirect & Induced Impact
- FTE Jobs during both periods
- Environmental Impact
- Also: educational, cultural & community impact
- Several tools available to help
 - Americans for the Arts
 - ImPlan