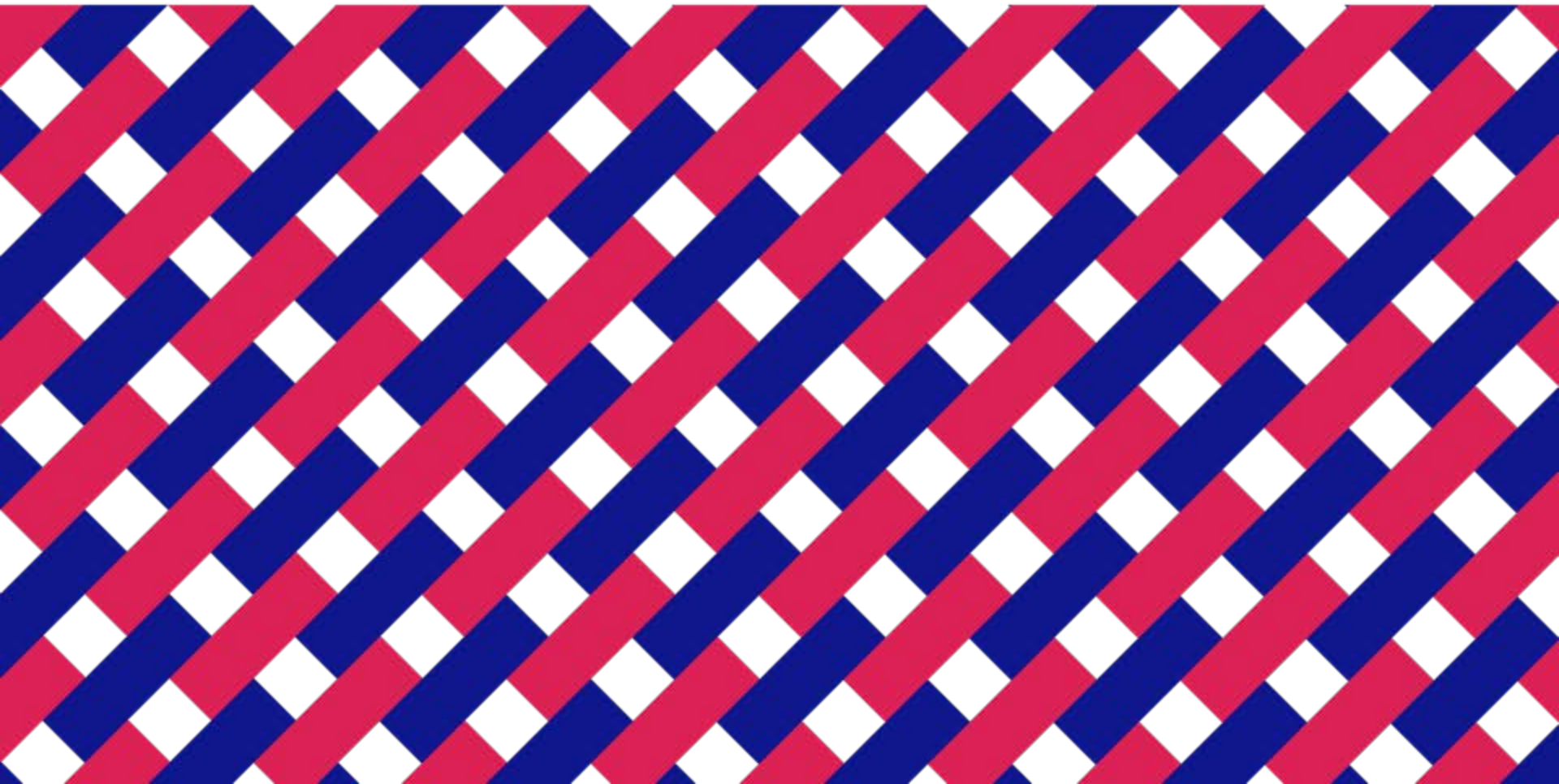


August 17, 2017

Cultural Facility Business Planning

Completed for The Woodlands Township Board of Directors



Agenda

- * Review of assessment conclusions and recommendations
- * Brief for Phase 2 business planning
- * Science/nature museum business plan
- * Arts center business plan
- * Next steps



Conclusions

- * Our assessment suggested that there is a case to develop cultural facilities in and for The Woodlands based on:
 - * **The Market:** The local market is growing, affluent and well-educated, indicating a propensity to support the traditional performing arts and culture;
 - * **Community Support + User Demand:** The community survey indicates that there is support for new cultural facilities;
 - * **Facility Supply:** Our inventories suggest that there are gaps to be filled by new or improved facilities;
 - * **Benefits + Impacts:** The Woodlands would benefit from the presence of cultural programs and facilities in terms of various broader goals.



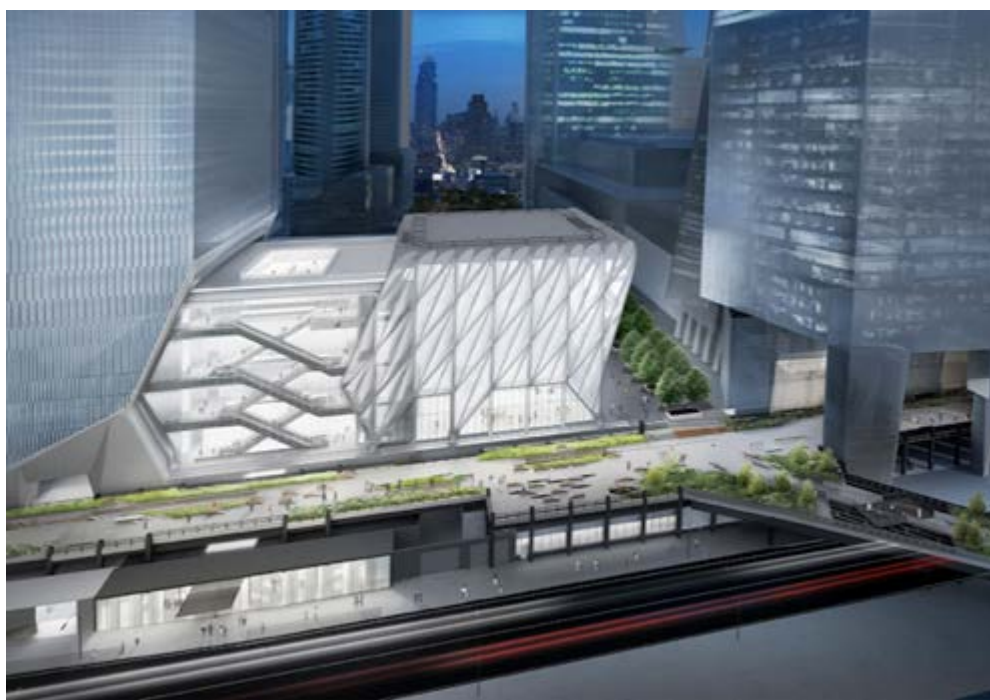
Science/nature center

- * Our previous work in The Woodlands recommended that the Township work with the Houston Museum of Nature and Science to develop a satellite location. There is still an opportunity for such a project and that the Museum of Nature and Science is still interested in being involved with it.



Meeting and event space

- * This recommendation is for a large, open, and flexible space for events that range from large exhibits to community gatherings. A facility like this does not exist in The Woodlands, although it does share some similarities with the House of Blues/ice rink at the Cynthia Woods Mitchell Pavilion.



Nonprofit performance, rehearsal + teaching spaces

- * This recommendation is for a set of facilities that respond to local and regional demand for performance, rehearsal, and teaching spaces.
- * Such a facility does not currently exist in the region and will serve the cultural development of The Woodlands.



Nonprofit exhibition space

- * In addition to nonprofit performance space, we also recommend the creation of a nonprofit exhibition space to showcase local and regional nonprofit artists.
- * Such a facility could be developed on its own or, more likely, as part of a larger project.



Digital media center

- * Spaces for digital creativity (such as computer labs, spaces for recording and broadcast, equipment lending, and teaching) do not currently exist in The Woodlands.



Healing arts center

- * The healing arts is a growing discipline, and The Woodlands is becoming a medical hub with major hospitals coming online this year joining other long-time facilities. A healing arts center could include space for performance, teaching, exhibition, rehearsal and research on the relationship between health and the arts.



Pieces

- NP Perform, rehearse, teach
- Nonprofit exhibit space
- Local history museum
- Museum of Science and Nature
- Exhibit + Event Hall
- Digital Media Center
- Culinary Arts Center
- Healing Arts Center
- Neighborhood Program Spaces

Projects

- Performing Arts Center
- Arts District
- Community Arts Center and Library
- Events Center
- Museum of Science and Nature

Partners

building creativity

- Private Developers**
- Lone Star or other College**
- The Woodlands Arts Council**
- Montgomery County**
- Convention Center**
- Hospitals**
- Museum of Nature and Science**
- Cynthia Woods Mitchell Pavilion**



Business planning for two facilities

- * We agreed to develop physical and business plans for two distinct facilities: one an arts center and the other a science center.
- * Those two facilities could be combined into one.
- * But they could also be developed as different facilities in different locations with different partners and operating models.
- * For purposes of this exercise we will develop two business plans.



Business planning for a science/nature center

- * This is a unique situation, based on a partnership with Houston MNS.
- * The basic deal structure is that the Township takes responsibility for raising the capital necessary to build the Center. As a part of this, it would be beneficial to have HMNS agree to support and participate in a capital campaign, having their leadership join the campaign team for both public and private sector fundraising.
- * Then, once the facility opens, HMNS takes all responsibility for programming, operating and sustaining facilities.
- * These initial terms should be articulated in a Memorandum of Understanding. As the work advances, the Township and HMNS should develop a contract with operating goals, as follows:
 - * Busy;
 - * Accessible;
 - * Impactful.
- * The City of Sugar Land has a 50-year lease with HMNS. There are broad undertakings about programs and content, but no firm requirements and information delivered annually to the City.



Business planning for a new arts center

- * Operating goals
- * Governance structure
- * Comparable projects
- * Programming strategy
- * Marketing strategy
- * Activity profile
- * Facility management
- * Staffing and leadership
- * Pro-forma operating budget
- * Annual funding plan
- * Economic impact analysis
- * Critical path plan



Arts center components

- * Large performance space
- * Smaller more flexible performance space
- * Multipurpose room
- * Three classrooms
- * Two galleries
- * Digital media center



Operating goals

- * Present high-quality arts and entertainment programming of interest to the resident population and visitors to the area.
- * Provide affordable access to well-equipped performance, rehearsal, and support spaces to users working towards the cultural development of The Woodlands.
- * Support local businesses, government, the CVB, and citizens with professional meeting and event facilities.
- * Contribute to the economic vitality of The Woodlands with active facilities that drive economic and community development.
- * Utilize a sustainable business model primarily driven by earned income.



Governance principles

- * Ownership is simply a matter of funding—choose the owner most likely to attract the required renovation capital.
- * The interests of the owner can be well-served by a range of different operators, including a new nonprofit, a dominant user, an educational partner, a third-party operator, or local government itself.
- * Success depends on the process used to put the operator in place and the strength of the lease/contract.
- * There are also elements of operation that can be outsourced, including ticketing, food service, and presenting.



Operator recommendations

- * In this case we recommend that an educational partner be solicited and engaged to act as operator for recommended facilities, for the following reasons:
 - * Colleges are experienced facility developers and managers;
 - * College use of recommended facilities increases their viability;
 - * College partners will support capital and annual fundraising needs.
- * It may also be appropriate to create a new foundation to work with the Township and College partner through the development process, raising funds and providing guidance to the Township as the project advances.
- * Once the Center opens, a foundation can play an ongoing role in fundraising for annual support and taking some responsibility for programming, education, and outreach. That promise of an ongoing role will be important to drive private sector financial support of the Center.
- * We also see an important role for the Arts Council as the project advances: preparing the arts community to succeed in new facilities, developing an arts district that might include the Arts Center, and delivering programs and partnerships in areas like the healing arts.



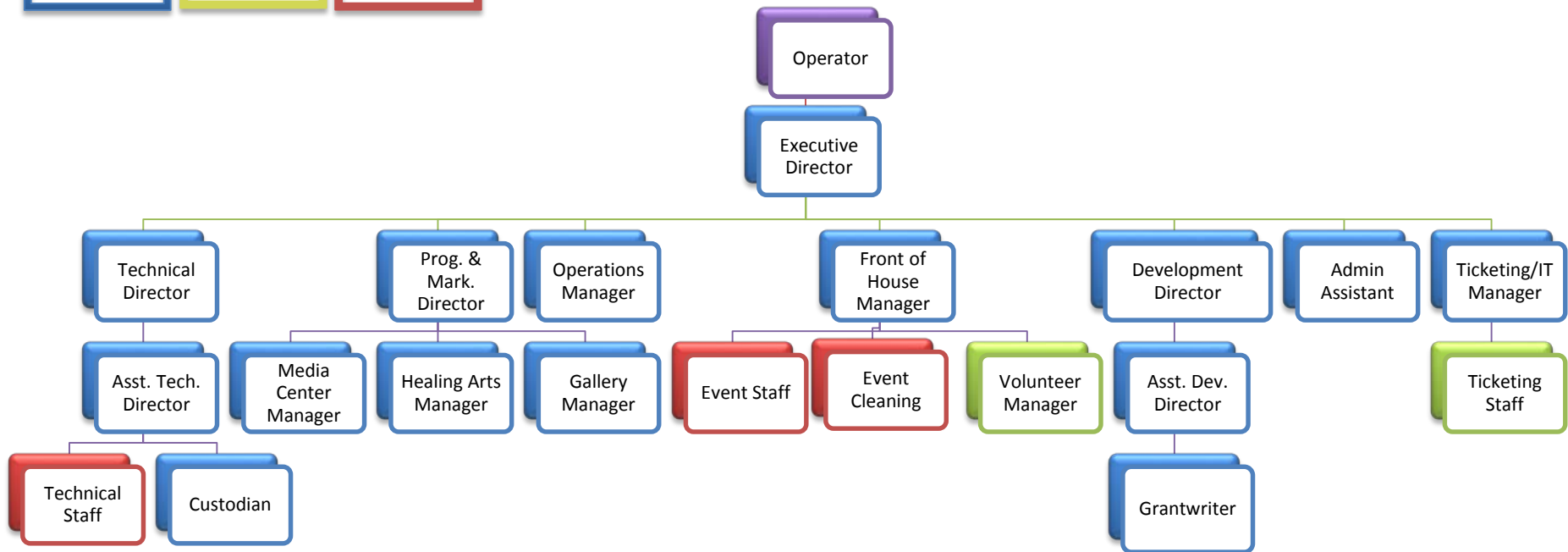
Staffing plan

Legend:

=full-time staff

=part-time staff

=event staff



Pro-forma operating budget

Pro-forma Budget Summary	Pre-Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Earned Income						
Ticket Sales		317,400	286,508	332,090	373,333	416,855
Rental Income		666,975	688,956	729,738	769,349	812,943
Theater User Fees		433,534	447,822	474,330	500,077	528,413
Digital Media Center		125,000	138,210	173,799	190,757	231,349
Healing Arts Center		144,010	154,234	165,184	176,912	189,472
Food Service		135,595	136,609	150,801	162,349	176,406
Miscellaneous Income		356,785	351,459	382,693	409,226	441,452
		2,179,299	2,203,798	2,408,635	2,582,003	2,796,890
Contributed Income						
Individual Contributions	50,000	100,000	105,000	110,250	115,763	121,551
Corporate Contributions	50,000	100,000	105,000	110,250	115,763	121,551
Foundation Grants	25,000	50,000	52,500	55,125	57,881	60,775
Government	100,000	200,000	210,000	220,500	231,525	243,101
Endowment Revenue	0	22,500	24,750	27,225	29,948	32,942
Digital Media Sponsorships		50,000	55,000	60,500	66,550	73,205
Healing Arts Grants		75,000	82,500	90,750	99,825	109,808
	225,000	597,500	634,750	674,600	717,254	762,933
Total Income	225,000	2,776,799	2,838,548	3,083,235	3,299,257	3,559,822
Operating Expenses						
Total Personnel	708,500	1,834,625	1,906,604	1,994,833	2,083,165	2,179,137
Programming Costs	0	291,525	269,626	306,347	340,860	374,950
Fundraising	10,000	20,000	20,800	21,632	22,497	23,397
Box Office	0	136,236	132,829	143,709	153,851	166,351
Administration	133,500	267,000	275,010	283,260	291,758	300,511
Occupancy Costs	0	440,000	448,800	457,776	466,932	476,270
Total Operating Expenses	852,000	2,989,386	3,053,668	3,207,557	3,359,063	3,520,616
Result of Operations	-627,000	-212,587	-215,120	-124,322	-59,806	39,206
Allocation from Capital Budget	700,000	250,000	250,000	150,000	60,000	0
Allocation to Capital Reserve	0	0	0	0	0	25,000
Final Result	73,000	37,413	34,880	25,678	194	14,206
Earned Income/Op. Expenses	0	73%	72%	75%	77%	79%



Annual funding

- * Starting at \$225,000 in the pre-opening year and growing over time.
- * Corporate and individual support more likely than foundation support.
- * We are assuming an operator with the skills and resources to raise these funds.
- * Note the additional requirement of \$1.4M from the capital campaign to fund early year operations.
- * We have also included a small endowment that grows over time with a 3% rate of return.



Economic impacts

- * Calculating the economic impacts of building and operating new facilities in The Woodlands.
- * Informed by RIMS Type II multipliers purchased from the Federal Bureau of Labor for Montgomery County.
- * Direct, indirect, and induced impacts of construction, operations, and audiences.
- * Operating impacts are based on the third year of operations.



Economic impacts

Summary of Economic Impacts on County

Construction Impacts	Input (Local Expenditure)
	\$1,767,403
	Jobs Created (annual) 54



Economic impacts

There are additional qualitative impacts, including:

- ✳ Catalytic projects for The Woodlands and its regional competitive positioning;
- ✳ Attracting companies, workers, and residents to the community;
- ✳ Key attractions within a downtown district.



The Woodlands Township

Cultural Arts Center Feasibility Study

Board of Directors Presentation

August 17, 2017

Project A: Arts Center

Project Components

- **Primary program:** Mid-size and small performance and rehearsal spaces
- **Other recommended components:**
 - Non-profit gallery, exhibition, and teaching spaces
 - Digital media arts spaces and programs
 - Healing arts spaces and programs

Potential Users:

- Schools & universities
- Local community groups
- Touring groups



Arts Center Program

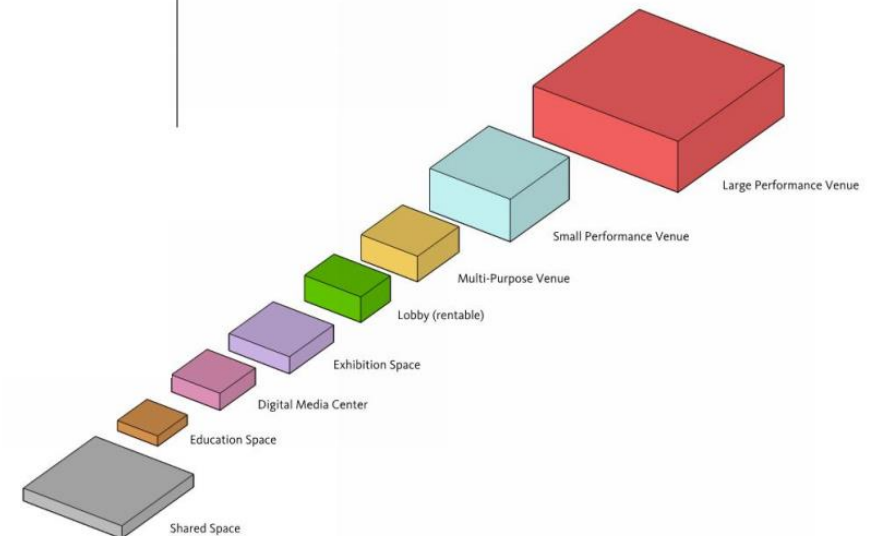
	Area	Capacity	Activity
Large Performance Venue			
House	13,000 SF	1,000	Classical Music
Stage	4,500 SF		Popular Music
Green Room	750 SF	50	Dance
Loading & Storage	1,100 SF		Musical Theatre
FOH Restrooms	1,502 SF		Speakers/Lectures
Misc. Corrolary Spaces	11,776 SF		Film
Total	32,628 SF		Comedy
Small Performace Venue			
House	3,250 SF	250	Classical Music
Stage	2,000 SF		Popular Music
Loading	600 SF		Modern Dance
FOH Restrooms	375 SF		Dramatic Theater
Misc. Corrolary Spaces	3,488 SF		Speakers/Lectures
Total	9,713 SF		Film
Multi-Purpose Venue			
Stage + Seating	2,500 SF	150	Popular Music
FOH Restrooms	311 SF		Modern Dance
Misc. Corrolary Spaces	1,780 SF		Dramatic Theater
Total	4,591 SF		Speakers/Lectures
Exhibition Spaces			
Large Gallery	2,400 SF	200	Rehearsals
Small Gallery	1,200 SF	100	Special Events
Gallery Prep / Storage	400 SF		
Misc. Corrolary Spaces	1,400 SF		
Total	5,400 SF		
Shared Space			
Lobby (rentable)	3,500 SF	500	
Box Office + Storage	500 SF		
Catering	800 SF		
Large Rehearsal Room	2,400 SF	125	
Small Rehearsal Room	1,200 SF	75	
Dressing Rooms	4,200 SF	60	
Administration Suite	3,348 SF	14	
Misc. Corrolary Spaces	6,672 SF		
Total	22,620 SF		

Education Spaces	
Wet Studio Classroom	750 SF
Dry Studio Classroom	750 SF
Standard Classroom	750 SF
Misc. Corrolary Spaces	788 SF
Total	3,038 SF

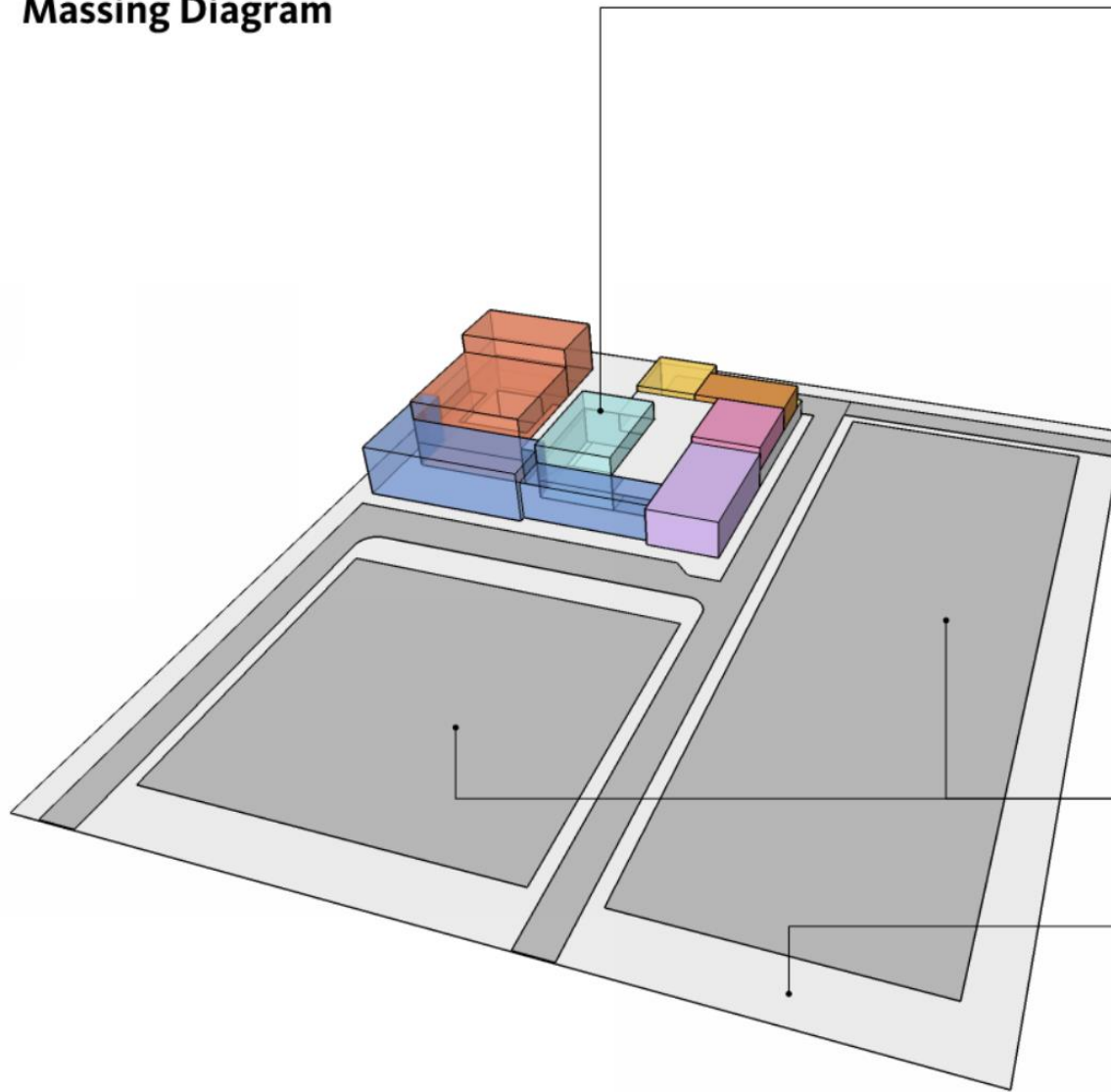
Digital Media Center	
Large Studio	1,000 SF
Small Studio	600 SF
Workpaces	500 SF
Control Room	200 SF
Misc. Corrolary Spaces	1,265 SF
Total	3,565 SF

Total Building 81,555 SF

Parking 500 Spaces
162,500 SF



Massing Diagram



Arts Center Program

81,554 SF total

- 1,000 Seat Venue**
18,100 SF
- 250 Seat Venue**
5,250 SF
- 150 Seat Venue**
2,500 SF
- Front-of-House Spaces**
12,187 SF
- Exhibition Spaces**
5,400 SF
- Education & Studio Spaces**
3,038 SF
- Digital Media Studio**
3,565 SF
- Shared Support**
31,514

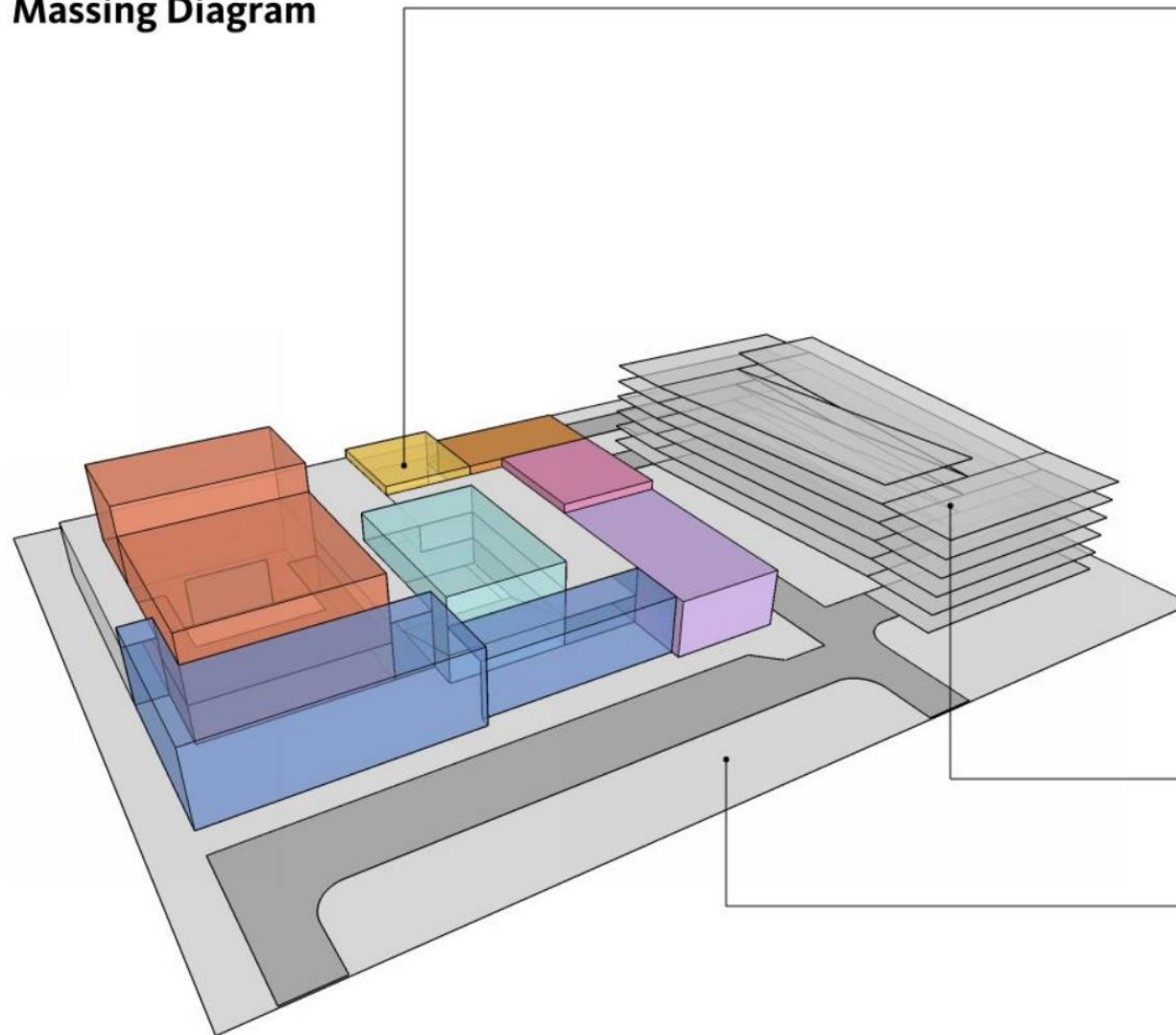
Surface Parking

500 spaces

Site

358,400 SF
8.5 acres

Massing Diagram



Arts Center Program

81,554 SF total

- 1,000 Seat Venue**
18,100 SF
- 250 Seat Venue**
5,250 SF
- 150 Seat Venue**
2,500 SF
- Front-of-House Spaces**
12,187 SF
- Exhibition Spaces**
5,400 SF
- Education & Studio Spaces**
3,038 SF
- Digital Media Studio**
3,565 SF
- Shared Support**
31,514

Structured Parking

500 spaces

Site

183,150 SF

4 acres

Project B: Natural Science Museum

Project Components

- **Primary program:** Exhibit, public, admin, and storage space as a satellite location for the Houston Museum of Nature and Science or a similar partner.
- **Other recommended components:** Flexible event space for public and private events



Medium Science Museum

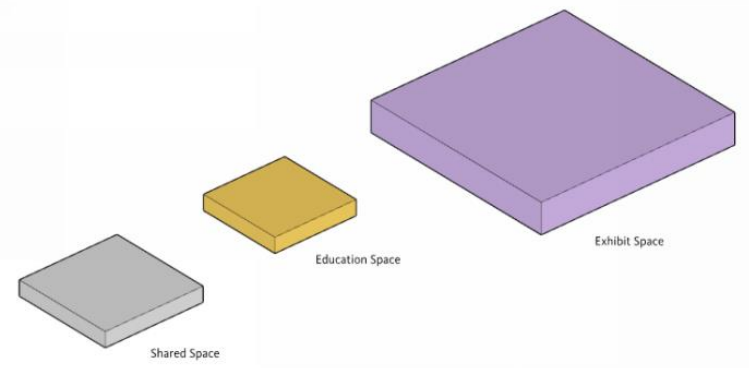
	Area	Capacity
Exhibit Spaces		
Temporary Exhibits	15,000 SF	
Permanent Exhibits	40,000 SF	
Workshop	2,000 SF	
Loading	1,500 SF	
Storage	4,400 SF	
Misc. Corrolary Spaces	9,435 SF	
Total	72,335 SF	
Education Space		
Classrooms (4)	3,000 SF	75-100
Small Meeting Rooms (2)	3,000 SF	150-210
Large Meeting Room	3,000 SF	300-420
Storage	540 SF	
Misc. Corrolary Spaces	3,339 SF	
Total	12,879 SF	
Shared Space		
Lobby	2,000 SF	280
Box Office	350 SF	
Gift Shop	1,200 SF	
Café	3,000 SF	200
Kitchen	1,250 SF	
Lecture+Stage	3,600 SF	200
Administration Suite	1,845 SF	
Misc. Corrolary Spaces	5,130 SF	
Total	18,375 SF	
Total Building	103,589 SF	

Parking **300 Spaces**
97,500 SF

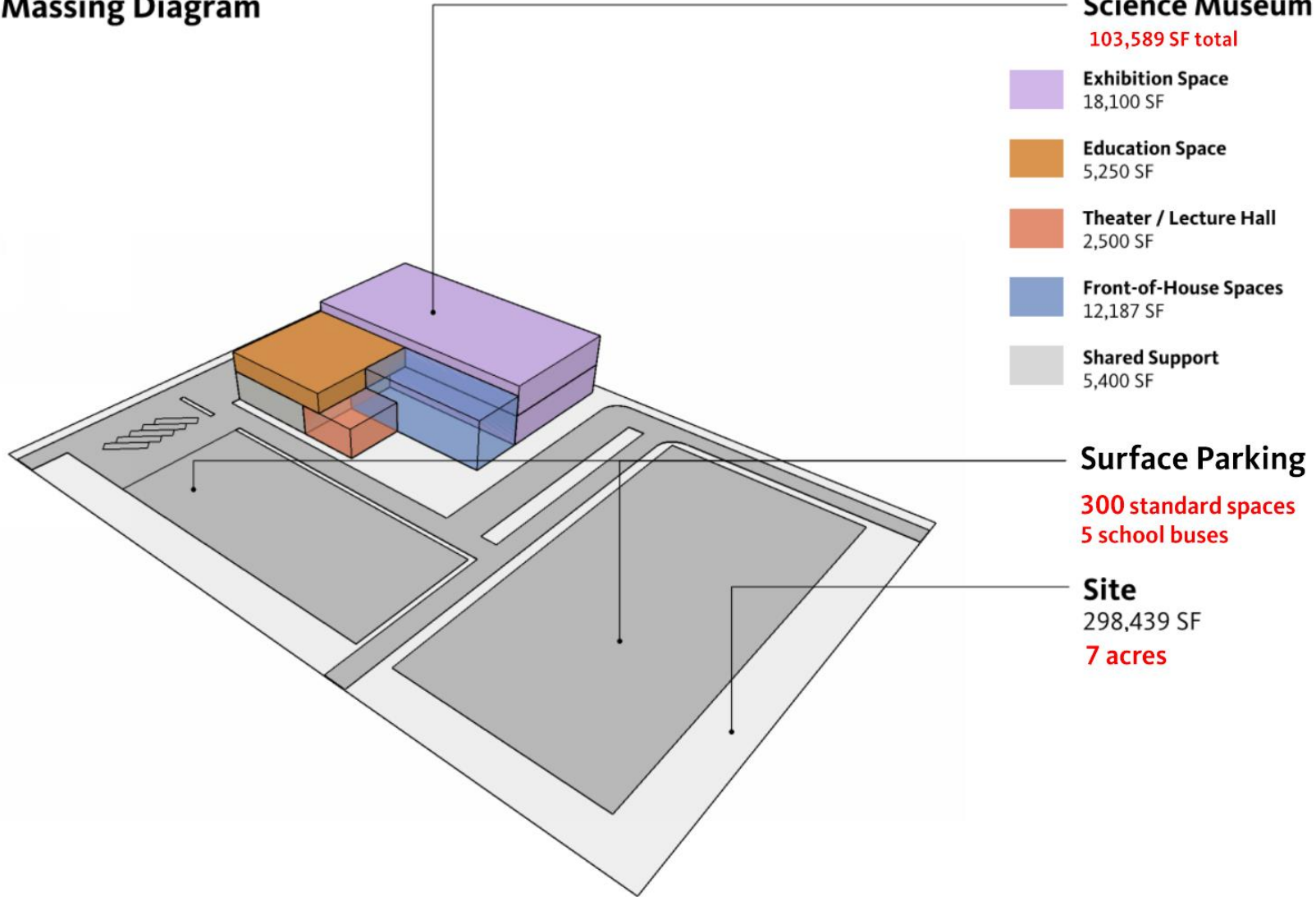
Science Museum Program Range:

Small Science Museum – 50,000 SF

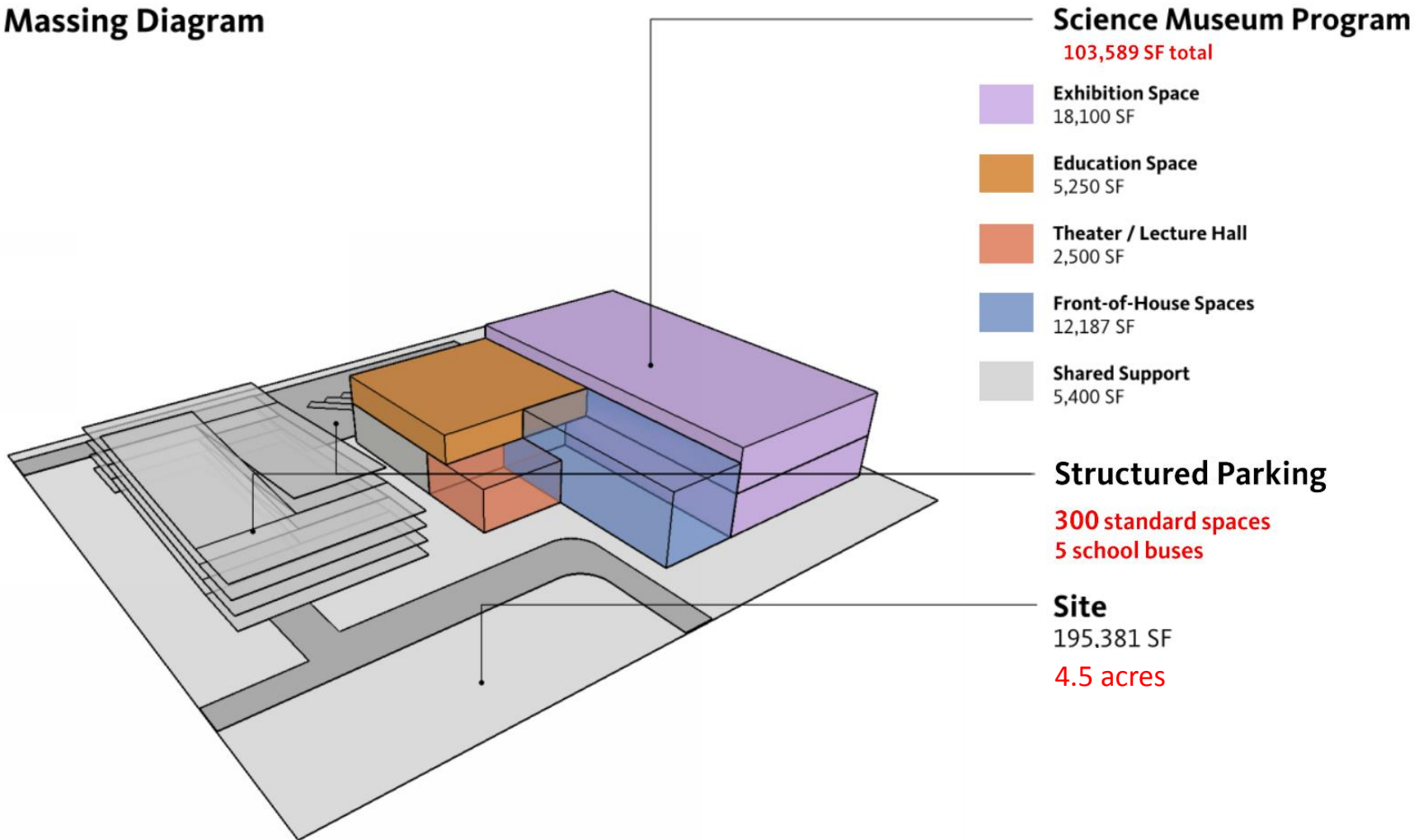
Large Science Museum – 150,000 SF – 250,000 SF



Massing Diagram



Massing Diagram



The Woodlands Township

Cultural Arts Center Feasibility Study

Board of Directors Presentation

August 17, 2017