

City of Laguna Beach

Creative Placemaking Assessment

September 12, 2018



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1. Introduction

Introduction

In August 2017, the City of Laguna Beach appointed AEA Consulting to deliver a Creative Placemaking Assessment. The purpose of the Assessment is to:

1. Determine the feasibility and potential for the development of a new, multi-use, flexible facility with performance and exhibit capability, classroom and studio spaces, an outdoor plaza venue and technical capability for digital programming.
2. Explore better uses of existing cultural spaces in Laguna Beach; and
3. Assist the City in determining whether to pursue a public/private partnership(s) to develop new, or retrofit existing, cultural infrastructure.

The first part of this report summarizes findings from AEA's research and consultation. The second part presents an inventory of cultural assets in Laguna Beach and Orange County, and details capacity utilization of the primary cultural venues in Laguna Beach. The third

section contains the feasibility assessment of a new cultural facility, and the final section explores additional Creative Placemaking strategies to enhance Laguna Beach's profile as a creative community. A summary of the study's process is included on the next slides.

The Creative Placemaking Assessment was overseen by Siân Poeschl, Cultural Arts Manager for the City of Laguna Beach and the Cultural Arts Steering Committee whose members are: Mayor Kelly Boyd, Mayor Pro Tem Rob Zur Schmiede, Arts Commission member Suzi Chauvel, and Planning Commission member Susan Whitin.

The AEA team for the assignment included Libby Ellis, Managing Principal; Daniel Payne, Principal; Paul Parkhill, Senior Associate; and Hannah Yudkin, Consultant. We extend our thanks to Siân, members of the Arts Commission and the community of Laguna Beach for their enthusiasm, ideas and support throughout the process.



Introduction

Process

Over the course of eight months, the AEA team:

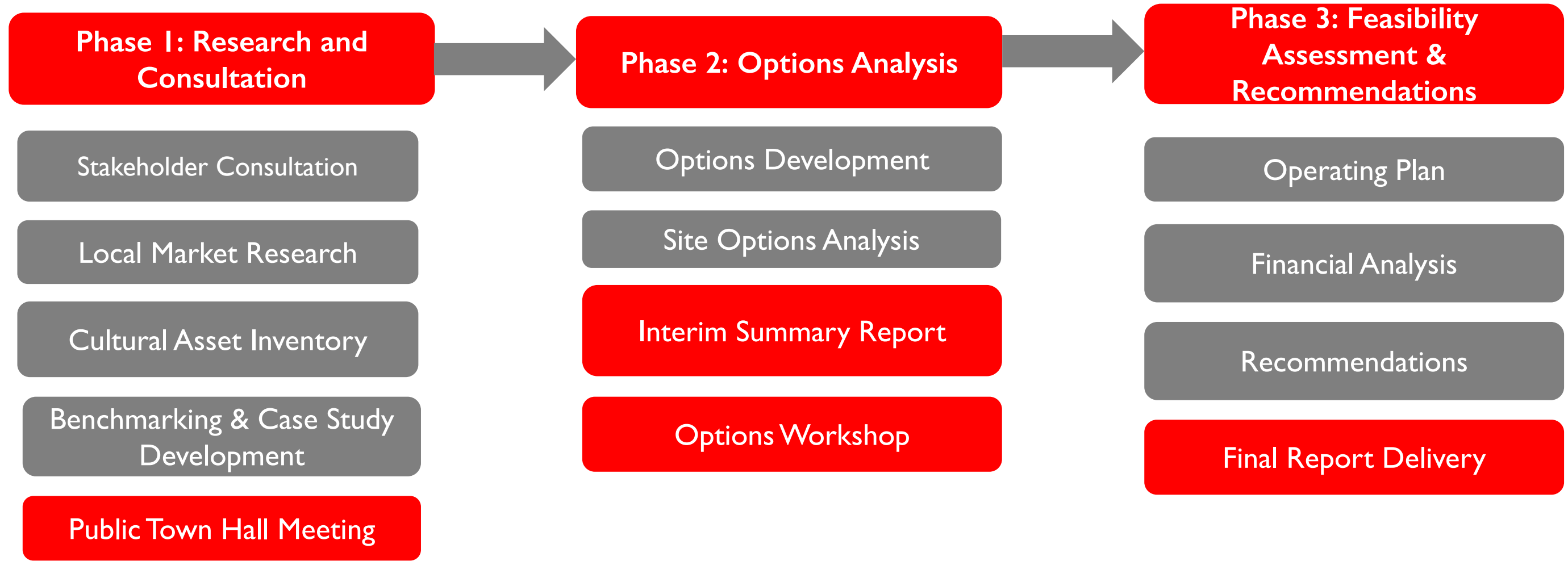
- Conducted stakeholder consultation with 47 members of the Laguna Beach community, including arts leaders, artists, business owners, government representatives, developers, and other community members (listed at Appendix I);
- Undertook local market research, including benchmarking and a cultural asset inventory of Laguna Beach and Orange County;
- Conducted a survey of Laguna Beach arts organizations with facilities to understand current venue utilization;
- Surveyed additional arts organizations to understand their programming calendars and space use needs;
- Developed case studies on trends in cultural facilities and creative placemaking strategies nationally and internationally;
- Presented case studies and sought input from the community in a public Town Hall meeting on November 8, 2017;
- Presented an *Interim Summary Report* at a public *Options Workshop* on January 20, 2018;
- Conducted an analysis of potential sites as to their suitability for a new cultural facility or other placemaking initiatives;
- Tested the feasibility of a new culture venue by developing a robust model that demonstrates the financial and operational implications;
- Developed alternative Creative Placemaking Strategies;
- Developed recommendations on next steps; and
- Drafted and delivered the final Creative Placemaking Assessment.



Introduction

Process

The process involved three stages: 1) Research & Consultation; 2) Options Analysis; and 3) Feasibility Assessment & Recommendations



2. Summary of Findings

Summary of Key Findings

1. Laguna Beach boasts unparalleled natural beauty and a proud history as a creative community with unique cultural offerings. Many stakeholders feel, however, that its creative identity is at risk and that there needs to be additional investment in Creative Placemaking to bolster it.
2. Stakeholders are mixed about whether there is genuine need (demand) for additional cultural infrastructure (supply) in Laguna Beach. Among those who feel there is demand, opinions are mixed as to whether additional supply should be new or adaptive reuse of existing facilities.
3. An assessment of the feasibility of a new, mixed-use cultural facility indicates that a 24,850 sq. ft. venue would cost approximately \$20 million to build, and \$2.6 million annually to operate. There are several risks to long-term viability:
 - The venue would likely operate at a deficit of approximately \$1.5 million annually;
 - There is no clear workable site option for such a facility;
 - There may not be an adequate supply of cultural programming of the appropriate quality in Laguna Beach to meet targets for venue utilization and earned income, and therefore to justify the capital investment;
 - There is no obvious candidate to operate such a venue, with the possible exception of the City of Laguna Beach. However, this scenario would require the City to invest substantially in programming, staffing and subsidizing the venue.
4. As an alternative to capital investment in a new, mixed-use cultural facility, the Assessment recommends that the City explore the following Alternative Creative Placemaking strategies:
 - Expand the Civic Arts District & strengthen as a designated, walkable cultural precinct that links key cultural activation sites.
 - Improve utilization of and public access to Festival of the Arts site
 - Designate two additional existing sites for cultural programming:
 - Main Beach Cobblestones
 - Village Entrance site
 - Animate the District with informal, spontaneous creative activity
 - Bring new artists and cultural programming into Laguna Beach through:
 - An enhanced public art program
 - An Artist-in-Residence program
 - Leverage, where possible, public-private partnership opportunities
 - Streamline regulatory framework to support cultural activity.



3. Themes from Consultation

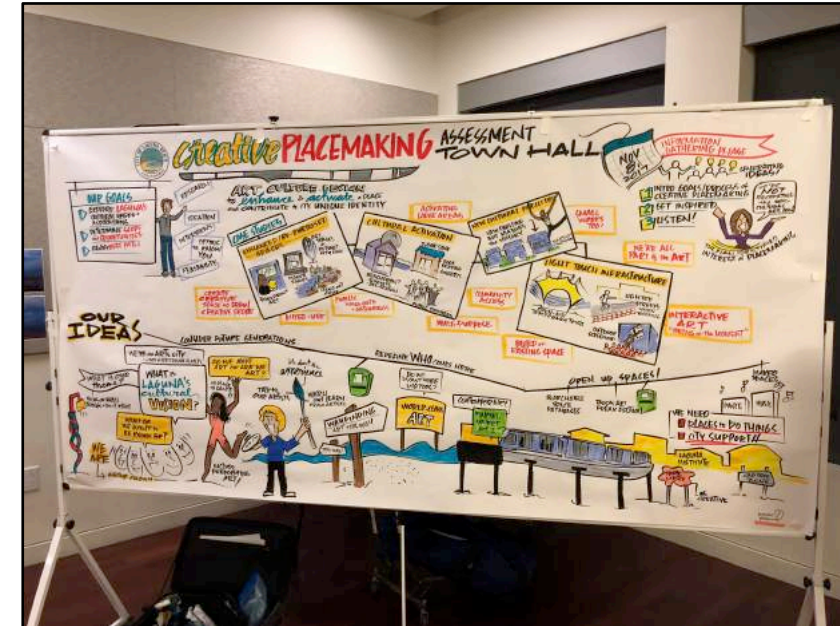
Creative Placemaking Assessment

Themes from Consultation

Consultation indicated wide enthusiasm for Creative Placemaking in Laguna Beach, especially for:

- Initiatives that **enhance quality of life** for residents
- Creating **community focal points**, places to gather downtown
- More **outdoor, walkable places** where **informal creative activity** can happen
- More **animation** on or near the beach
- **Upgrading and improving utilization of and access to the City's existing cultural facilities**
- **“Raising the bar” on aesthetic quality** – including design of the public realm
- **New cultural offerings and activities**, both formal and informal
- Spaces and activities that **help attract and retain youth**
- Leveraging Laguna Beach's **beauty and climate**

Opinions were mixed on whether there is demand for a new, mixed-use cultural facility, with most people voicing support for more outdoor programming, physical enhancements to the village, and adaptive re-use of existing facilities where possible.



4. Cultural Asset Inventory

Cultural Asset Inventory

Overview

AEA undertook an analysis of cultural activities, not-for-profit cultural organizations, venues and their utilization in Laguna Beach to understand the supply of cultural “content,” where cultural activities take place, and how often cultural venues are being utilized throughout the year.

We analyzed:

- Number of cultural programs and events that occur throughout the year
- Number of not-for-profit organizations
- Venue ownership status
- Number of facilities used exclusively and non-exclusively for cultural activity
- Breakdown between commercial vs. non-commercial uses in cultural facilities
- Orange County cultural facilities

The Cultural Asset Inventory then provides an overview and additional detail on the major not-for-profit cultural facilities – including operator, uses, operating budget, utilization, and general observations.




Cultural Asset Inventory

Laguna Beach Cultural Activities

In terms of cultural activities, from December 2016 to December 2017 Laguna Beach offered **146** discrete arts and culture-focused programs and activities to residents and visitors, of which **7** are festivals.*

- The largest number of cultural programs occur in June (22); the fewest take place in November (10)
- These programs took place 360 days of the year, with many events often overlapping and almost 60% occurring over the course in the summer months, May to September.

 *This figure counts programs that span several days, such as an art exhibition, a festival, or a play's run, as one single program. First Thursdays Art Walk is counted once per month, as each is considered a "unique" program. Classes are not included in this figure. The 7 festivals are Festival of Arts, Pageant of the Masters, Laguna Art-A-Fair, Laguna Beach Music Festival, Laguna Dance Festival, Sawdust Art Festival, and Laguna Plein Air Painting Invitational. Please refer to Laguna Beach's monthly cultural calendars between December 2016 and December 2017, published by Laguna Beach Arts Alliance, for list of cultural activities utilized to conduct analysis.

Cultural Asset Inventory

Not-for-profit Cultural Organizations

There are at least 21 not-for-profit cultural organizations in Laguna Beach. Eight of these are dedicated to performing arts, 10 to visual arts, and 3 to other. Three organizations own their own venue.

Organization:	Dedicated Venue?	Owns Venue?	Venue Owner
Laguna Playhouse	X	N	City of Laguna Beach
Festival of the Arts, Inc.	X	N	City of Laguna Beach
Community and Susi Q Center	X	N	City of Laguna Beach
Laguna Art-a-Fair	X	N	Tivoli Two
No Square Theater	X	N	American Legion
Laguna Art Museum	X	Y	
Sawdust Art Festival	X	Y	
Laguna College of Art and Design	X	Y	
Community Art Project		N	
First Thursday's Art Walk		N	
Laguna Beach Arts Alliance		N	
Laguna Beach Chamber Singers		N	
Laguna Beach Chorale		N	
Laguna Beach Live!		N	
Laguna Beach Plein Air Painters Assoc.		N	
Laguna Beach Sister Cities Assoc.		N	
Laguna Community Concert Band		N	
Laguna Craft Guild		N	
Laguna Dance Festival		N	
LagunaTunes Community Chorus		N	
LOCA Arts Education		N	



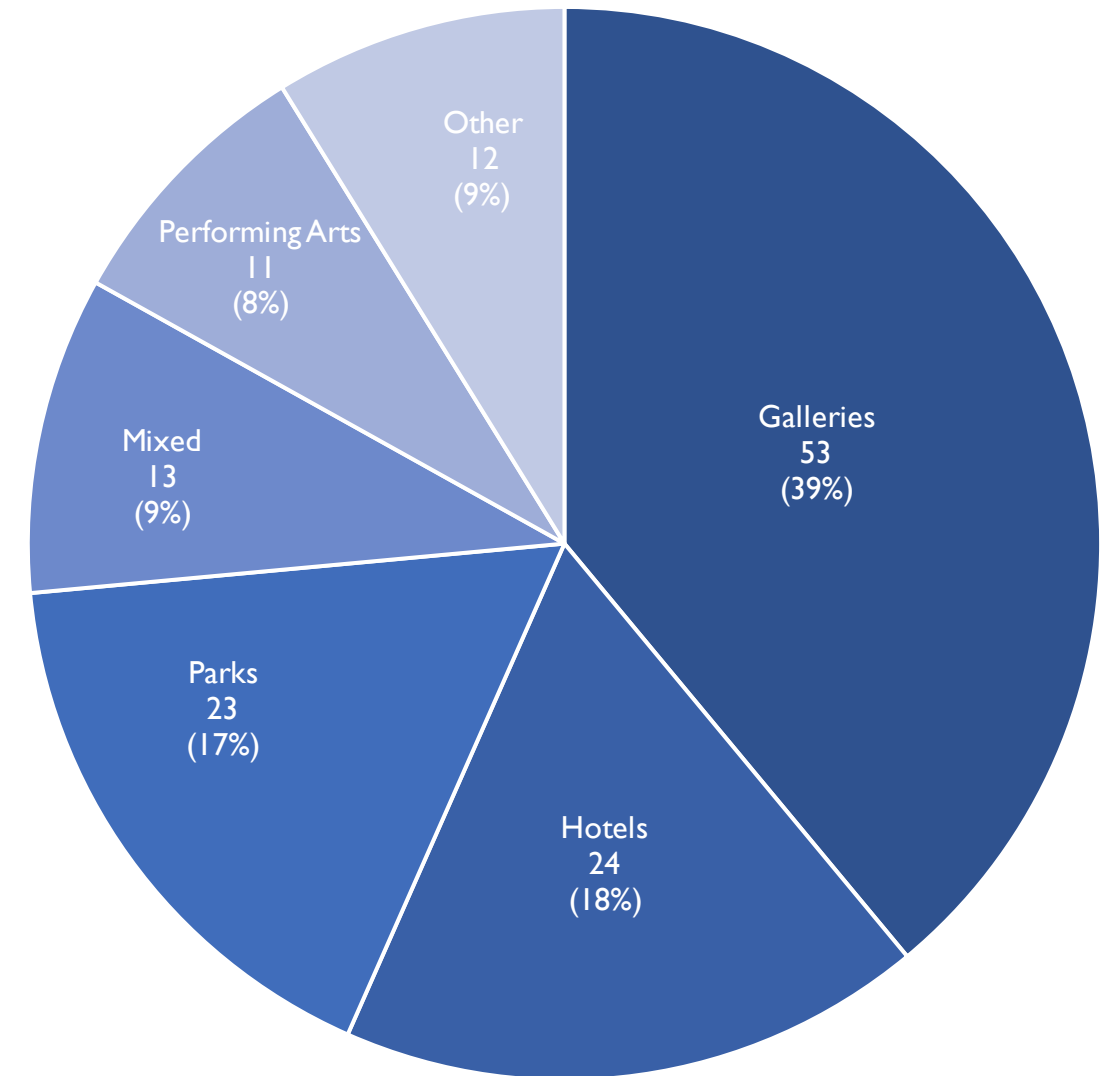
Cultural Asset Inventory

Laguna Beach Cultural Venues

Laguna Beach contains venues dedicated exclusively to arts and cultural activities, as well as others (parks, hotels, commercial art galleries) that are used non-exclusively for cultural activities.*

The inventory reveals that:

- There are at least **136** venues that serve arts and culture in Laguna Beach, including those used exclusively and non-exclusively for arts and culture.
- These include **53** galleries, **24** hotels, **23** parks, **13** mixed-use spaces (e.g. restaurants, bars), **11** performing arts spaces, and **12** additional other venues.

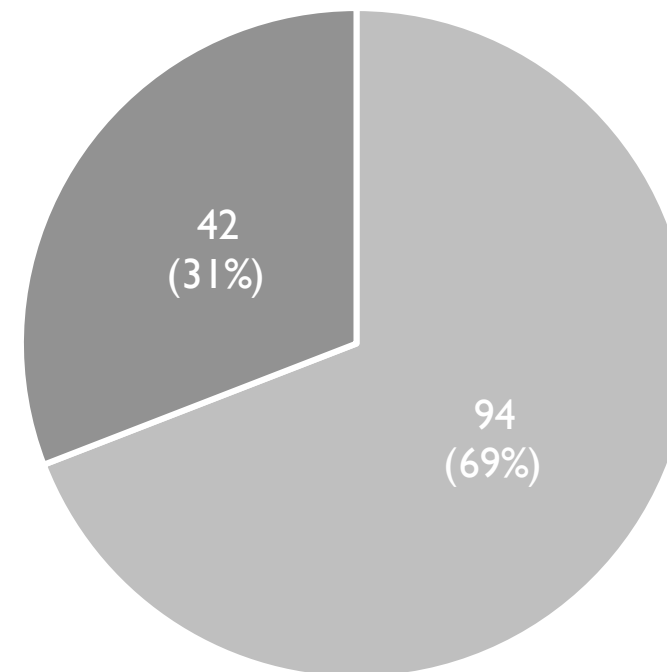
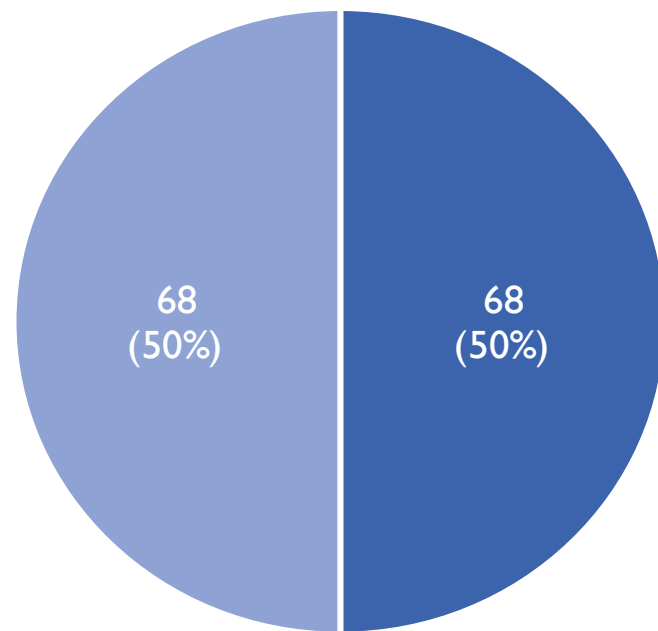


*This work builds upon research found in the 2016 Cultural Plan – Appendix, and the 2011 Laguna Beach Alliance for the Arts Inventory of Cultural Art Venues in Laguna Beach. For a full inventory of cultural assets, see Appendix.

Cultural Asset Inventory

Laguna Beach Cultural Venues

- The 136 venues are **evenly split** between those dedicated specifically to arts and cultural activities, and those that are not.
- Of the total, **94 (69%)** are commercial enterprises, and **42 (31%)** are non-commercial.
- Of the 69 venues dedicated specifically to arts and cultural activities, the majority (**53, or 78%**) are commercial art galleries, while **8 (12%)** serve as a permanent home for Laguna-based not-for-profit arts organizations.
- The slides that follow provide detail on the largest venues dedicated to not-for-profit arts organizations.



■ Exclusively Cultural Venues ■ Non-Exclusively Cultural Venues

■ Commercial ■ Non-Commercial

Cultural Asset Inventory

Festival of the Arts, Inc.

Overview

- Comprises Irvine Bowl, Forum Theatre and Festival grounds
- Home to annual Pageant of the Masters and juried Festival Art Show 7/1 – 8/31
- Site owned by City of Laguna Beach; Festival of the Arts, Inc. has long-term lease. Festival sub-leases Tivoli Terrace (food & beverage space) to private operator
- Pageant, founded in 1928, major tourist draw: majority of visitors come from outside Laguna Beach/Orange County: Los Angeles County (20%), San Diego County (11%), Out of State (11%), Riverside County (5%)

Budget size: \$8 million (2016)

Capacity: 2,600 (Irvine Bowl); 230 (Forum Theatre)

Average annual attendance: 209,000



Cultural Asset Inventory

Festival of the Arts, Inc.

Utilization

- FoA has exclusive access 5/1 – 9/22
- Irvine Bowl available to outside users 68 days as per lease (9/23 – 12/1)
- Forum Theatre available to outside users 219 days (9/30 – 4/30)
- Festival grounds available to outside users 219 days (9/30 – 4/30); otherwise as public park 9am – 5pm during those months
- Outside users must be not-for-profits
- Low utilization – most performing arts venues aim for minimum 70% utilization

Venue:	Irvine Bowl	Forum Theatre	Festival Grounds
# Days Potentially Available	364	364	364
Utilization:			
Festival of the Arts*	150	159	147
Outside Users	<u>4</u>	<u>6</u>	<u>10</u>
<i>Total:</i>	154	165	157
Utilization Rate	42.3%	45.3%	43.1%

AEA Observations

- Both venues incompatible with needs of Laguna Beach cultural not-for-profits – but potential for redevelopment.
 - Irvine Bowl, at 2,600 seats, appropriate for amplified music & performance; too large for most Laguna Beach cultural not-for-profits; does not support dance, unamplified music / theatre.
 - Forum Theatre requires renovation – designed for puppet theater; lacks dressing rooms, “green” room, rehearsal space, sprung floor and stage wings (to accommodate dance), state-of-the-art lighting & technology, ADA compliance.
- Potential for higher utilization of all venues during non-Festival months, but facilities condition, lack of available lighting / rigging / sound / tech (which results in increased cost and logistical complexity for outside users) reduce demand (e.g., recent issues with mold in Forum Theatre forced cancellation of bookings by outside users).
- FoA not incentivized to increase utilization by outside users due to obligation to maintain grounds; requirement to sublease only to not-for-profits; and financial self-sufficiency.



Cultural Asset Inventory

Laguna Playhouse

Budget size: \$4.7 million (2016)
 Capacity: 420 Seats (Theatre)
 Average annual attendance: 92,000

Overview

- Oldest continually operating theatre on the West Coast – six mainstage productions annually
- Audience members reside primarily in the 92651 ZIP code, with 22% of ticket holders participating in subscription packages

Utilization

- In 2017, the Playhouse had very high 96% utilization rate
- Main renters are Laguna Dance Festival and Laguna Beach Live!

Name of Space	# of Days Programmed by Playhouse (including load-in / load-out)	# of Days Rented	# of Days Dark
Theatre	340	14	11

AEA Observations

- High utilization
- Condition of building has taken a toll as a result
- Limited rehearsal facilities
- Lobby / patron amenities worn out / dated
- Relatively high rental rate compared to some peers
- Parking an issue



*Note that a remodel of the facility has been approved by the Planning Commission in June 2018.

Cultural Asset Inventory

Sawdust Art Festival

Budget size: \$2.1 million (2016)

Capacity: 2,500 (Grounds); 10 (SAC Classroom); 2 (Glass-Blowing Area); 12 (Healy House); 2-4 (Ceramics Center)

Average annual attendance: 132,325

Overview

- Non-juried festival taking place over nine weeks in the summer and for five consecutive weekends in the winter, offering classes year-round
- Local artists only
- Own the prominent, Laguna Canyon Road site
- Audience resides primarily in 92651 ZIP code



Cultural Asset Inventory

Sawdust Art Festival

Utilization

- Sawdust Festival Grounds utilized 2/3 of the year, including load-in and load-out; smaller spaces reserved for classes; used about 30% of the time during the year
- Spaces rented only to cultural users; main renters include Laguna Beach Arts Alliance, LOCA, and Sister Cities

Name of Space	# of Days Programmed by Sawdust (including load-in / load-out)	# of Days Rented	# of Days Dark
Sawdust Festival Grounds	245	n/a	120
Sawdust SAC Classroom	120	n/a	245
Glass-Blowing Area	100	n/a	265
Heally House	100	n/a	265
Ceramics Center	120	n/a	245

AEA Observations

- Excess capacity in outdoor spaces in non-festival months
- Rental opportunities unavailable to non-arts renters
- Potential to serve community more by making grounds available in off-season; however, as organization owns site there is no obligation nor incentive to do so



Cultural Asset Inventory

Community and Susi Q Senior Center

Budget size: n/a

Capacity: n/a

Average annual attendance: 700-800 weekly

Overview

- Founded 2009
- Gallery Q – 6 exhibitions annually
- Meeting rooms, art studios, dance studios, classrooms
- Owned and operated by the City
- Regarded as “filling a gap” for arts organizations that lack a facility



*Note that the Susi Q Center is often closed for additional days in any given year. In November 2017, for example, the Center was closed 3 additional days. As such, 296 is likely a higher estimate than the actual amount of days available for programs and rentals in any given year.

Cultural Asset Inventory

Community and Susi Q Senior Center

Budget size: n/a
 Capacity: n/a
 Average annual attendance: 700-800 weekly

Utilization

- High utilization – approximately 174 events weekly
- Spaces fully utilized Monday-Friday and at capacity during core hours 9am-4pm; has turned down requests for space rentals
- Some rental availability on Saturday; closed on Sundays
- Spaces rented to Laguna Tunes, LOCA, Laguna Beach Live!, and others

Name of Space	Capacity	# of Days Programmed by your org. per year (incl. load-in / load-out)	# of Days Rented	# of Days Dark	# of Weekly Programs
Art Room	n/a	296	n/a	68	n/a
Community Room	n/a	296	n/a	68	n/a
Dance Studio #1	n/a	296	n/a	68	n/a
Dance Studio #2	n/a	296	n/a	68	n/a
Game room	n/a	296	n/a	68	n/a
Laguna room	n/a	296	n/a	68	n/a
Tech room	n/a	296	n/a	68	n/a
Multi-purpose room	n/a	296	n/a	68	n/a
Total					174

AEA Observations

- Parking restrictions
- High utilization
- High quality spaces
- Addition of auditorium / performance space could further serve demand



*Note that the Susi Q Center is often closed for additional days in any given year. In November 2017, for example, the Center was closed 3 additional days. As such, 296 is likely a higher estimate than the actual amount of days available for programs and rentals in any given year.

Cultural Asset Inventory

Laguna Art Museum

Overview

- Founded in 1920 with focus on works of art created by California artists or that represent the history of the state
- Collection of 3,000 objects
- 8-10 exhibitions annually, complemented by education/family programs, films, tours, special events
- Recent successful public art installations/performances on beach
- Visitors reside primarily in 92651 ZIP code

*See Appendix for 2017 list of exhibitions

Budget size: \$2 million (2016)
Capacity: 1010 (Museum); 120 (Steele Gallery)
Average annual attendance: 40,000



Cultural Asset Inventory

Laguna Art Museum

Budget size: \$2 million (2016)
 Capacity: 1010 (Museum); 120 (Steele Gallery)
 Average annual attendance: 40,000

Utilization

- Exhibitions on view 280 days in 2017 (about 76%)*
- Main renters include Laguna Beach Live! (~12 events annually), Laguna Dance Festival (1 event), Pacific Symphony (1 event), Laguna College of Art & Design (1 event), and other private events

AEA Observations

- Most appropriate for smaller-scale performances / screenings
- Dense exhibition calendar, making rental of gallery spaces to outside users challenging
- Lack of parking is limiting

Type of Programming	User	# of Days Programmed	# of Days Rented
Exhibitions	Museum	280	
Opening Receptions	Museum	3	
Organized Tours	Museum	69	
Family art studios	Museum	12	
Summer camp days	Museum	20	
Lectures	Museum	17	
Special Events	Museum	8	
Evening for educators	Museum	2	
Films	Museum	13	
Joint Program	Museum / Laguna Beach Live!	10	
Rehearsal	Laguna Dance Festivals		1
Joint Program	First Thursday Art Walk		11
Rented Space	Private Event (compensated)		22
Rented Space	Private Event (not compensated)		10



*See Appendix for 2017 list of exhibitions

Cultural Asset Inventory

Laguna College of Art and Design

Budget size: \$15.7 million (2016)
Capacity: 50 (Gallery), 60 (Housing), 200 (Main Campus), 85 (East Campus)
Average annual enrollment: 496

Overview

- Accredited not-for-profit college providing degrees at the undergraduate and graduate levels in the visual arts
- Operates two campuses on Canyon Road and a gallery in town that showcases student artwork
- Students live both in Laguna Beach and surrounding areas to the north
- Newly-opened gallery at The Hive

Utilization

- Utilization data unavailable
- Classrooms / meeting rooms rented exclusively to arts users at no charge
- Available only during summer months when class not in session
- Outside users include LOCA and Laguna Beach Live!

AEA Observations

- Main spaces are small, include classrooms and small meeting rooms
- However, meets need part of year for affordable space for meetings



Cultural Asset Inventory

Laguna Art-A-Fair / Tivoli Too! Site

Budget size: n/a

Capacity: 50 – 300 guests for meetings

Average annual attendance: 50,000

Overview

- Juried fine arts festival in summer (66 days), with daily art workshops, live music performances, and food
- Art-a-Fair rents venue
- Operates separate foundation that facilitates art education and sponsorship in Southern California

Utilization

- Utilization data unavailable
- Art-A-Fair main lessee in July and August
- In turn, Art-a-Fair rents exclusively to arts users during the festival period (LPAPA rents once per year)
- Site utilized and marketed almost exclusively for weddings during the non-festival season

AEA Observations

- Prime location
- Facility in need of upgrades
- Site requires total build-out and tear down of Art-a-Fair exhibit space every season
- Some performance space for intimate gathering
- Live music prohibited
- Depending on ownership status, could be opportunity to re-develop site to focus on cultural / community events beyond just weddings



Laguna Beach Cultural Assets

Laguna Beach Live!

Budget size: \$330,823 (2016)

Number of performances annually: 34-47

Average annual attendance: ~5,700

Overview

- Laguna Beach Live! Brings live music, from jazz to classical to rock, to Laguna
- High-quality, nationally recognized performers
- No dedicated venue; LBL partners with venues all over the city for performances

AEA Observations

- Of the 30 concerts in 2017 where sell-out rates are known, just under 90% were sold out – indicating a healthy interest in programming
- Given lack of space, substantial organizational focus / energy spent securing locations for programs
- Potentially unmet demand

Locations of Performances	Number of Performances	Did you sell out? (Approximation fine, too)	Further Details
Laguna Art Musuem	12	90%	Chamber Music
Rose Garden at Laguna Hotel	6	100%	Jazz
Seven Degrees	6	90%	Winter Jazz
Seven Degrees	1	90%	Benefit Concert
Laguna Playhouse	3	60%	Music Festival, co-presented with Philharmonic Society of Orange County
LCAD Parking Lot	1	100%	Bluegrass Festival
Montage	1	100%	Outdoor Concert
Boys and Girls Club	10	n/a	Free Monthly Concert
Susi Q	1	n/a	Free Concert Coinciding with Music festival
Woman's Club / Private Home	4	n/a	Music Insights Adult Education
Artist's Theater (at High school)	n/a	n/a	n/a
The Ranch	n/a	n/a	n/a



Laguna Beach Cultural Assets

Laguna Dance Festival

Overview

- Founded in 2006 with mission to “present world-class dance performance, increase public appreciation for the art, and provide quality dance education.”
- Itinerant organization with no permanent home. In 2017, performed at Laguna Art Museum, Laguna Playhouse, [seven degrees], Laguna Beach High School, Dawson Cole Fine Art, and saltfineart.
- Presents high-quality, nationally recognized performers (Paul Taylor Dance Company, dancers from Joffrey Ballet, American Ballet Theater) & master classes
- Some performances free, i.e., during ArtWalk

Budget size: \$324,000 (2017)

Number of programs annually: 15-17

Average annual attendance: n/a



Laguna Beach Cultural Assets

Laguna Dance Festival

Budget size: \$324,000 (2017)
Number of programs annually: 15-17
Average annual attendance: n/a

Utilization

- Number of annual tickets sold and attendees not available
- According to IRS Form 990 (2016) 3,000 people are served

AEA Observations

- Short runs – some programs only 1-2 performances
- Substantial organizational focus / energy spent securing locations for programs
- Small organization with no venue management experience
- Track record of successfully presenting contemporary dance performances outdoors in Laguna Beach, near beach / boardwalk, as opposed to in bespoke, traditional performing arts venue



Orange County Cultural Assets

AEA researched the cultural infrastructure landscape in Orange County and spoke with external stakeholders from The Bowers Museum, South Coast Repertory, and The Source, in order to better understand arts and cultural assets across the county.* Our research revealed the following key findings:

- Major cultural venues include the Segerstrom Center for the Arts (Costa Mesa), South Coast Repertory Theatre (Costa Mesa), Orange County Museum of Art (Newport Beach), and The Irvine Museum (Irvine).
- Segerstrom Center for the Arts is considered the premier County venue to present touring performances and performers (Broadway tours, classical music concerts, etc.).
- There are recent museum developments focused on California art:
 - The Hilbert Museum of California Art at Chapman College (Orange, CA) – opened March 2016
 - Transfer of The Irvine Museum’s collection to the new Irvine Museum Collection at UCI – November 2016; new museum facility planned
- Pockets of cultural activity appear strong in places where real estate prices are lower (i.e., Santa Ana).
- Orange County residents tend to be loyal to the cities where they reside and are more likely to patronize local cultural activities.
- In Laguna Beach, Laguna Art Museum and Laguna Playhouse are viewed especially favorably.



*Additional Orange County cultural venues were contacted, but unresponsive. Capacity utilization information was unavailable.

Orange County Cultural Assets (cont'd)

Listed below are the major cultural assets in Orange County, which represent a mix of visual arts, performing arts, and other mixed-use spaces. *Venues that serve several functions and are not used exclusively for cultural activities are highlighted in blue.*

Facility / Space	Location	Primary Purpose	Type
Anaheim Convention Center	Anaheim	Performing Arts	Commercial
Anaheim Packing House	Anaheim	Other	Commercial
Camino Real Playhouse	San Juan Capistrano	Performing Arts	Not-For-Profit
Casa	Costa Mesa	Performing Arts	Commercial
Cerritos Center for the Performing Arts	Cerritos	Performing Arts	Not-For-Profit
Fullerton Museum Center	Fullerton	Visual Arts	Not-For-Profit
Heritage Museum of Orange County	Santa Ana	Other	Not-For-Profit
Hilbert Museum of California Art	Orange	Visual Arts	Not-For-Profit
House of Blues	Anaheim	Performing Arts	Commercial
Irvine Barclay Theatre	Irvine	Performing Arts	Not-For-Profit
Marconi Automotive Museum	Tustin	Other	Not-For-Profit
Maverick Theater	Fullerton	Performing Arts	Not-For-Profit
Muzeo Museum and Cultural Center	Anaheim	Other	Not-For-Profit
Ocean Institute	Dana Point	Other	Not-For-Profit
Orange County Center for Contemporary Art	Santa Ana	Visual Arts	Not-For-Profit
Orange County Museum of Art	Newport Beach	Visual Arts	Not-For-Profit
Richard Nixon Presidential Library & Museum	Yorba Linda	Other	Not-For-Profit
Segerstrom Center for the Arts	Costa Mesa	Performing Arts	Not-For-Profit
Soka Performing Arts Center	Aliso Viejo	Performing Arts	Not-For-Profit
South Coast Repertory	Costa Mesa	Performing Arts	Not-For-Profit
The Bowers Museum	Santa Ana	Visual Arts	Not-For-Profit
The Irvine Museum Collection	Irvine	Visual Arts	Not-For-Profit
The Source	Buena Park	Other	Commercial
The Yost	Santa Ana	Other	Commercial



5. New Mixed-Use Cultural Facility: Feasibility Assessment

New Mixed-Use Cultural Facility: Feasibility Assessment

This section explores the feasibility of developing a new mixed-use, flexible cultural facility in Laguna Beach. The facility would have performance and exhibit capability, classroom and studio spaces, an outdoor plaza venue, and the technical capability for digital programming.

To determine feasibility and long-term viability of such a venue, items considered include:

- Functional space requirements
- Demand for such a venue
- Programming strategy
- Site options
- Annual income and expenditure
- Management model
- Capital cost
- Potential funding strategies



New Mixed-Use Cultural Facility: Feasibility Assessment

Concept

The new Cultural Facility is envisioned as a new community destination for Laguna Beach – an active gathering place for both residents and visitors that reflects and projects the city’s identity as a creative community. It would be a flexible, multi-purpose cultural venue that could serve as an attractive village focal point and a destination for both formal and informal cultural activity.

Key elements of the facility include:

- **400-seat outdoor, flexible amphitheater space**
- **Public plaza** for public gathering, dining, and temporary **public art installations**
- **Lobby / event space** with capability for **art display**
- **Outdoor film screening** capability
- Indoor-outdoor **café**
- **Flexible creative production spaces**
- **“Back of house”** spaces – conference room, offices, storage, etc.

Potential Uses

- Music, Theatre and Dance Performance
- Rehearsals
- Artist-in-Residence Program
- Temporary Public Art Installations
- Art Exhibitions
- Film Screenings
- Poetry Readings
- Indoor-Outdoor Café / Food Trucks
- Private Rental Events
- Farmers’ Markets



New Mixed-Use Cultural Facility: Feasibility Assessment

Preliminary Space Program

A preliminary space program suggests an initial requirement of 24,850 gross sq. ft. (19,310 net sq. ft.), plus an additional 3,000 sq. ft. dedicated to the public plaza.*

Performance Spaces

- 400-seat outdoor amphitheater
- Lighting control + audio booth
- Associated storage

Production Spaces

- Rehearsal hall
- Studio space (with room for up to 3 artists to work)
- Loading dock
- Performer / crew support

Front of House Public Areas

- Flexible event / lobby space
- Indoor-outdoor café
- Box office
- Catering kitchen
- Public restrooms

Administrative / Work Spaces

- Conference room
- Office space for 10 employees

Outdoor Plaza

- Gathering area
- Embedded infrastructure

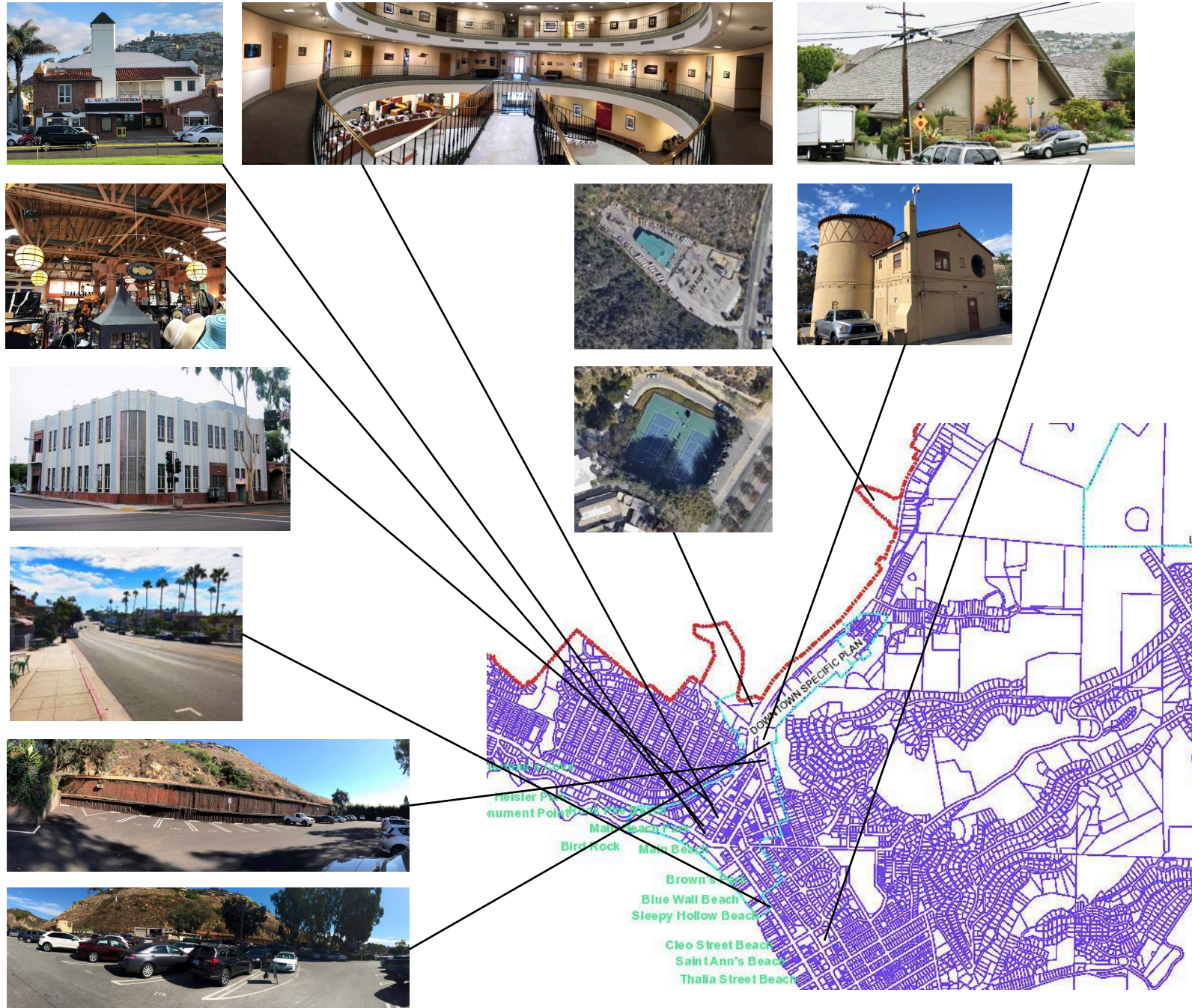
SPACE SUMMARY:	
Performance Spaces	8,385
Front of House Public Areas	5,330
Performer / Crew Supported Backstage Areas	2,340
Production / Rehearsal Space	6,325
Administrative Space	2,470
TOTAL GROSS AREA	24,850 GSF



*The size and scope of the facility is responsive to the findings from our consultation and additional research, reflecting the cultural asset inventory and the needs described to us by stakeholders and community members.

New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis



The following ten sites were analyzed for their suitability to accommodate cultural activities of various types and scales. Given the footprint of the proposed new cultural facility, only three of these options – Lot 11, Lot 12, and the ACTV Lot – are large enough to accommodate this specific plan.

1. South Coast Theater Building
2. Laguna Drug Building
3. Wells Fargo Bank Building
4. Act V Lot
5. Lot 11 (Forest/Laguna Canyon)
6. Water Treatment Tower (“Historic Digester”)
7. Lot 12 (Lumberyard Lot)
8. Festival of Arts Site Tennis Courts
9. Verizon / General Telephone Building
10. Congregational Church

Each site is discussed in the slides that follow.



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: South Coast Theater Building



Address: 162 South Coast Highway

Current Use: Vacant

Size: 9,381 SF

Owner: Leslie Blumberg

Pros:

- Prime Coast Highway location near Main Beach
- Community desire to restore cinema use

Cons:

- Private owner asking very high price (\$16M*)
- Questions about compatibility with other cultural uses
- Inadequate parking

Assessment:

- Owner does not appear inclined to sell at a market price
- Cost and configuration of property are more likely to require new cinema use rather than creative or cultural uses

*as of January 2018



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Laguna Drug Building



Address: 239 Broadway St
Current Use: Laguna Drug
Size: 14,378 SF
Owner: Fritz Duda

Pros:

- Central location
- Appropriate scale
- High ceilings/open floor plan/wide spans
- Ample light

Cons:

- Private, out-of-town ownership
- Unclear path for lease or acquisition

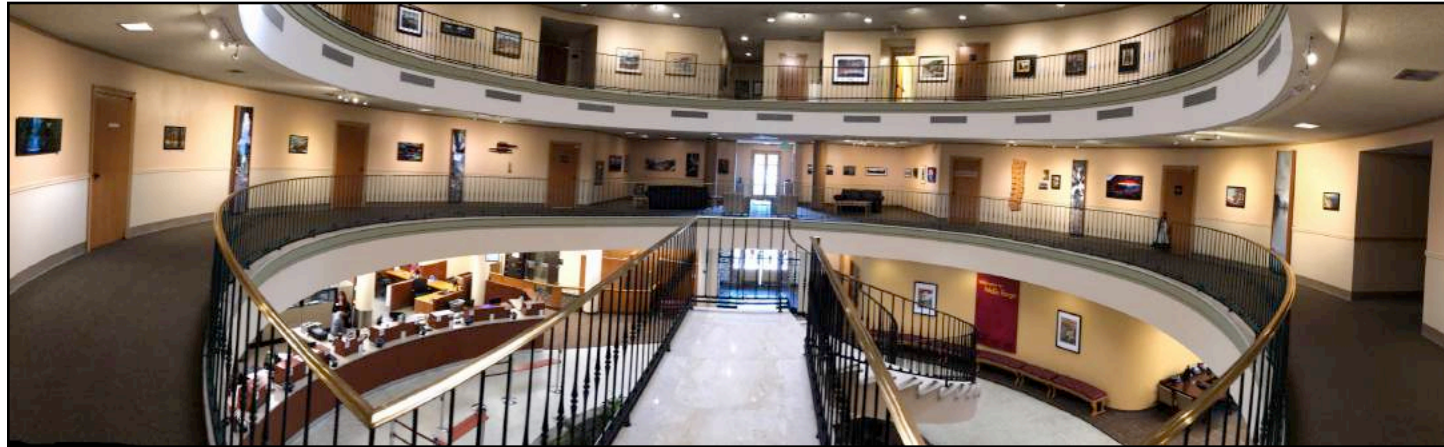
Assessment:

- Good potential for a mix of cultural uses; could accommodate a range of performance, community, and flex uses
- Not clear whether owners would consider a non-retail use
- Questions remain about lease or acquisition options and costs



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Wells Fargo Building



Address: 260 Ocean Ave

Current Use: Wells Fargo Bank

Size: 30,425 SF

Owner: Wells Fargo

Pros:

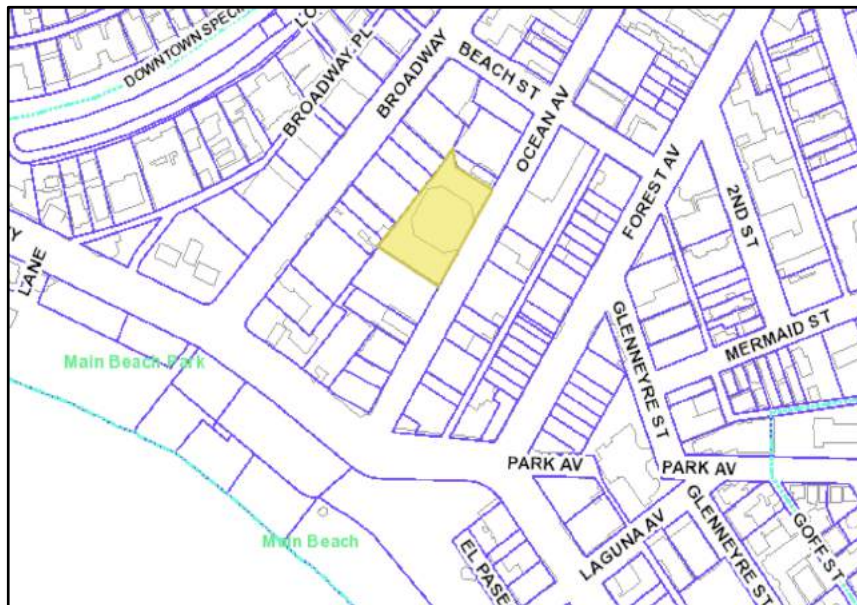
- Ample, underutilized site that already accommodates arts and community uses
- Central location
- Good parking

Cons:

- No indication from Wells Fargo that building is available for lease or sale
- Potential environmental abatement scope

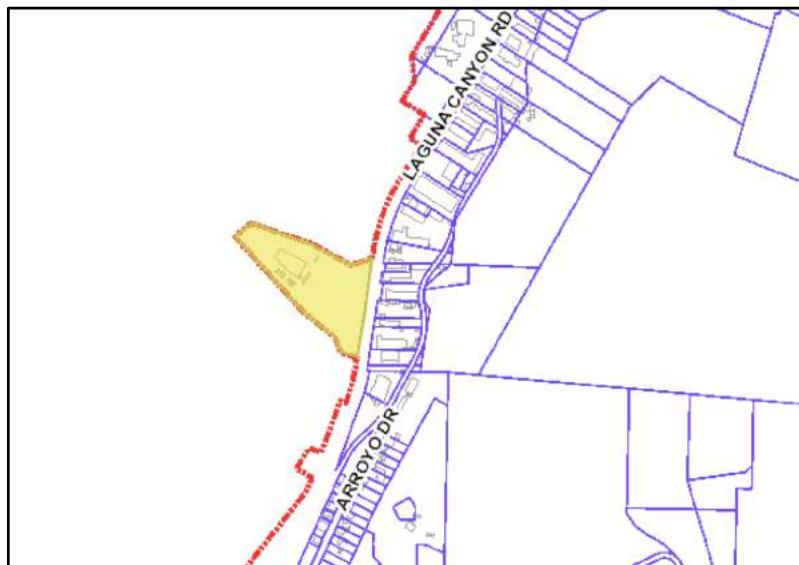
Assessment:

- Wells Fargo is already an asset to the visual arts community and Laguna Beach residents, providing exhibit and meeting spaces
- Retrofitting the building to accommodate performing arts uses would require the bank to vacate the space, and could represent an expensive renovation



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Act V Lot



Address: 1900 Laguna Canyon Rd

Current Use: Municipal Parking and Bus Depot

Size: 241,791 SF

Owner: City of Laguna Beach

Pros:

- Large site
- City ownership
- Scale potentially allows for a range of cultural uses while still preserving space for cars and buses

Cons:

- Isolated; no complementary uses / supporting infrastructure
- Disconnected from downtown
- Not accessible by foot
- Existing parking and bus depot uses critical, especially in summer

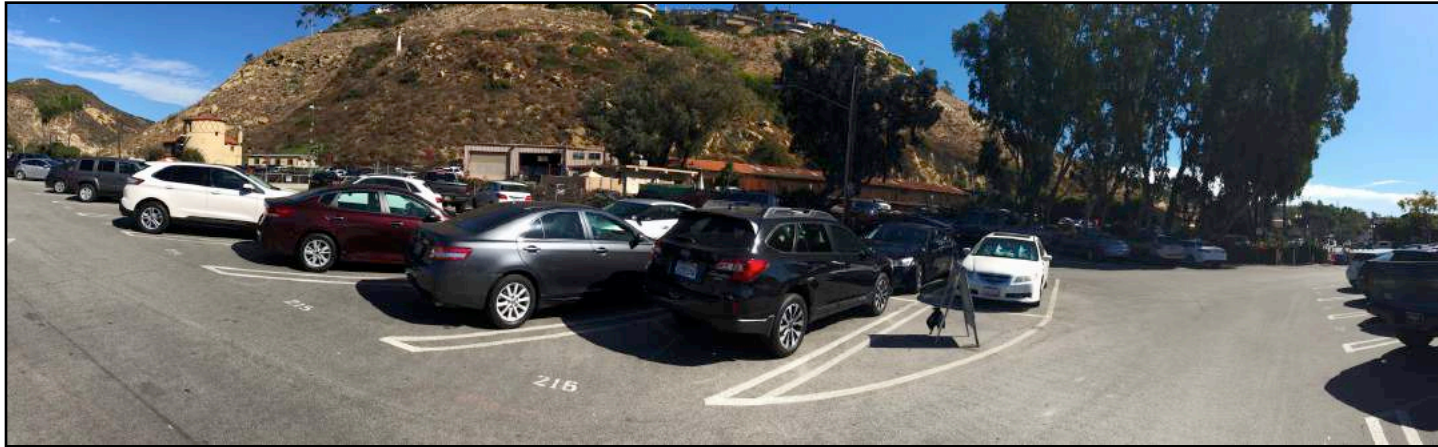
Assessment:

- Isolation & lack of connection to Civic Arts District and downtown = risk



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Lot 11 (Forest / Laguna Canyon)



Address: 551 Forest Ave / 625 Laguna Canyon Rd

Current Uses: Parking lot / city maintenance

Size: 175,183 SF (including maintenance areas)

Owner: City of Laguna Beach

Pros:

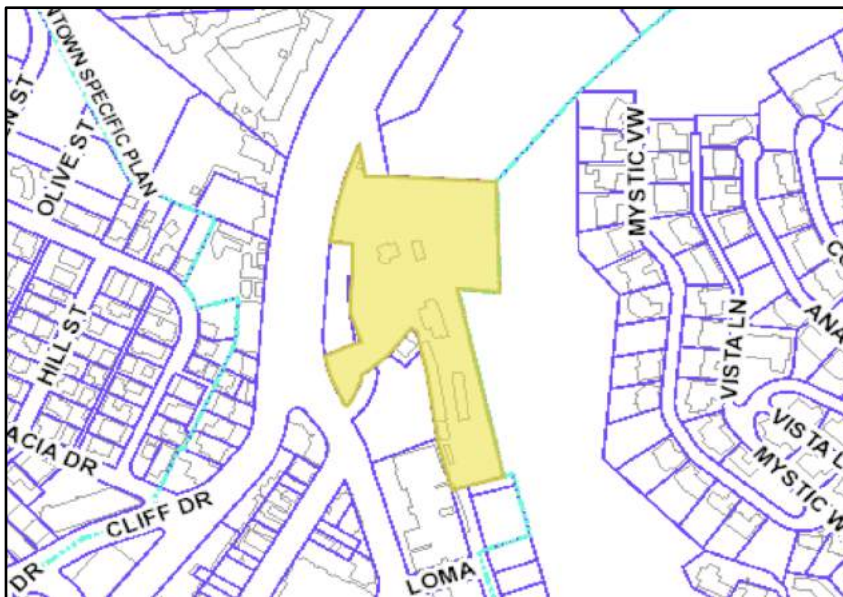
- Ample site at crossroads of downtown and Civic Arts District
- Scale permits a variety of cultural options while preserving parking

Cons:

- Existing parking for 165 cars
- Part of Village Entrance Plan, which would reduce parking for new landscaping and may limit cultural use options

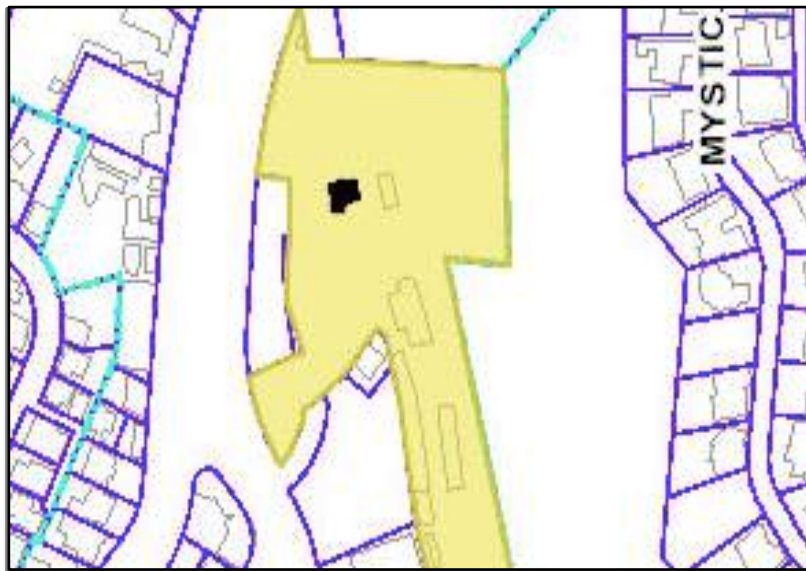
Assessment:

- Strong potential to realize a range of cultural uses while creating a new “town square”
- Potential to create new connections between downtown/beach areas, Civic Arts District and Laguna Canyon
- May not be possible to amend Village Entrance plan at this point



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Water Treatment Tower



Address: 1635 Laguna Canyon Rd

Current Use: Storage

Owner: City of Laguna Beach

Pros:

- Underutilized public building
- Part of historic fabric of Laguna Beach

Cons:

- Small structure
- Unusual footprint
- Restoration/clean-up of building may be costly

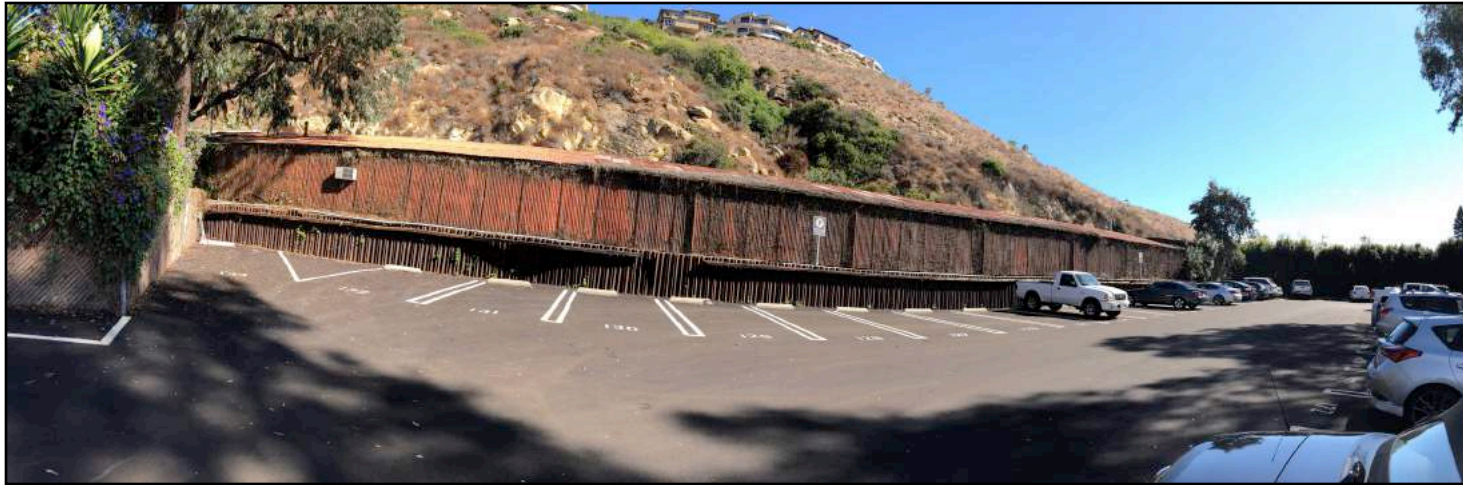
Assessment:

- The building is not large or versatile enough to meet most of the cultural needs identified by Laguna Beach residents and cultural organizations
- Particularly in conjunction with a larger cultural space project within Lot 11 or Lot 12, the building may have potential as an exhibit or public art space
- May not be possible to amend Village Entrance plan at this point



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Lot 12 (Lumberyard Lot)



Address: 551 Forest Avenue
Current Use: Parking
Size: 28,768 SF
Owner: City of Laguna Beach

Pros:

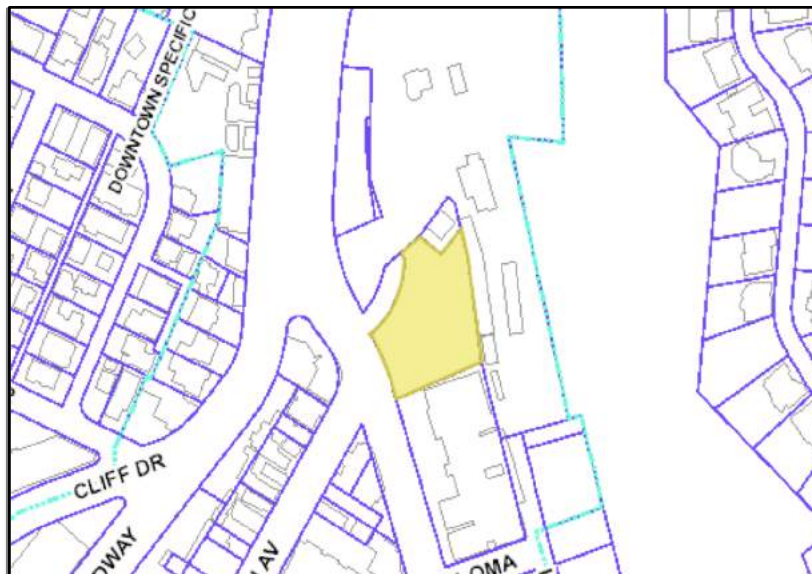
- Ideal location
- Ample enough to accommodate program / cultural space opportunities

Cons:

- Existing parking for 84 cars
- Part of the Village Entrance Plan, which would reduce parking for new landscaping and may limit cultural use options

Assessment:

- Strong potential to realize a range of cultural uses while creating a new town square
- Potential to create new connections between the downtown/beach areas, Civic Arts District and Laguna Canyon
- May not be possible to amend Village Entrance plan at this point



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Tennis Court (Festival of the Arts Site)



Address: 650 Laguna Canyon Rd.

Current Use: Tennis Courts

Owner: City of Laguna Beach

Pros:

- Good location

Cons:

- Active tennis courts
- On Festival of Arts grounds
- Site may not be big enough to accommodate all prospective users
- Inadequate parking

Assessment:

- The relatively small scale of the site and the fact that it sits on Festival of Arts grounds may be limiting factors



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Verizon / General Telephone Building



Address: 295 Broadway St
Current Use: Switching station
Size: 8,495 SF
Owner: Verizon

Pros:

- Historic art deco building
- Prime location

Cons:

- Unclear whether Verizon plans to sell building
- Configuration and scale of building may preclude some cultural uses

Assessment:

- Too small to accommodate program, and questions remain about how the site might be acquired, the physical limitations of the interior (particularly for performing arts uses), and the costs of retrofitting the building



New Mixed-Use Cultural Facility: Feasibility Assessment

Site Options Analysis: Congregational Church



Address: 340 St. Ann's Dr.

Current Use: Church

Size: Sanctuary/Bridge Hall capacity of ~300

Owner: Church Neighborhood

Pros:

- Space currently rented out to community and arts groups at affordable rates

Cons:

- Church uses will take priority
- Not centrally located

Assessment:

- The church represents an existing asset to Laguna Beach artists and residents, but is likely too small for many of the proposed cultural uses
- Active church use limits availability and flexibility for range of cultural uses



New Mixed-Use Cultural Facility: Feasibility Assessment

Operating Income and Expenses – Global Assumptions

AEA built a financial model to project a *pro forma* operating budget for the proposed facility. The income and expense projections are based on the following global assumptions:

- All figures are in 2018 dollars; inflation is excluded in order to highlight underlying impacts of key business drivers.
- The facility would be open and fully operational in 2022.
- The facility would be open to the public 347 days of the year, closed July 4th, Thanksgiving Day, and two weeks during winter holidays.
- The third year of operations (2024) is considered the “stable year” – when visitation reaches normalized levels after an opening year “bounce;” venue rental business is established in the marketplace; and any post-opening issues with building operations are resolved.
- The model assumes 87 number of private event rentals annually, with a mixed fee schedule for different space and user types (see *Appendix for detail*).

Benchmark Data

Benchmark data were drawn from:

San Jose Theatre
La Mirada
Art on the Outside Public Art Program
Fine Arts Museums of San Francisco
Susi Q Community Center
Pacific Amphitheater
Pearson Park Amphitheater
Solvang Festival Theater
Irvine Bowl
Fullerton Museum
Laguna Art Museum
Segerstrom Center for the Arts
South Coast Repertory
Bowers Museum

Benchmarks were selected based on:

- Similarity to the proposed facility
- Orange County or greater California marketplace
- Data availability

Additional sources for information include ISPA, eVenues, Laguna Beach’s adopted budget FY17-FY19, PNP Staffing Group, Form 990s, and others. All data sources are noted where necessary or indicated in the appendix.



New Mixed-Use Cultural Facility: Feasibility Assessment

Programming Assumptions

Amphitheater

The model assumes that the amphitheater would feature a range of events across dance, theater, music, performance art, spoken word, and more. These events are categorized as:

- **Productions** - Events entirely produced and co-produced by the facility's artistic staff.
- **Presentations** - Presented performances that are produced by outside arts organizations (i.e., regional or national music, theatre and dance organizations) but that take place in the new facility.
- **“Light touch” programs** – film screenings, lectures, community events

Between 99 and 107 total events would take place annually in the amphitheater space, which would also be available for private events when not in use for cultural programming. The model assumes 87 rentals annually (25% utilization). After taking into account all curated programs, load-in and load-out, and rentals, the space would be utilized 85% of all available days.

It is assumed that many shows would be free of charge or low cost, to ensure the facility is accessible to the community. Presenters would have control over their ticket pricing.

Public Programs

Public programs that could take place in the facility include talks and panel discussions that may be related to scheduled performances, or topics of relevance to the community.

Public Art

The facility would support an expansion of the City's public art program. This would require hiring a dedicated public art curator as well as additional annual programming investment.

Artist-in-Residency Program

The facility would have studio space that could support an artist-in-residency program. The model assumes 1-3 artists-in-residence per season for a total of 10 weeks. The program would offer studio space inside of the facility and a daily stipend; housing would not be provided.

See Appendix for detailed programming assumptions.



Operational & Financial Feasibility

Management & Staffing Plan

- The new cultural facility would require a total of 14 full-time equivalent staff – 8 administrative and programming staff and 6 dedicated to facilities operations. Certain administrative functions such as finance, IT and human resources administration could potentially be outsourced or handled by the City, depending on the operating and governance model chosen.
- The staffing model does not assume full-time event security guards and ushers, but rather contract labor as needed.
- A security manager would be stationed on site full time, and a state-of-the-art security system is envisioned for the facility.
- In terms of the sequence of staff recruitment, it is assumed that the Director of Public Programs / Public Art and the Director of Production be appointed first, followed by Manager, Event Sales, and Facilities Director. Remaining staff could be appointed 6 months prior to the facility opening. See Appendix 2 for full detail of HR costs and benefits.

	Annual Salary	Number of FTE
Admin. & Public Programming		
Director of Public Programs / Public Art	\$100,000	
Director of Production	\$100,000	
Administrative Assistant	\$50,000	
Marketing Manager	\$60,000	
Manager, Sponsorships	\$90,000	
Manager, Event Sales	\$85,000	
Events Operations Manager	\$66,000	
Events Booker	\$55,000	
Operations		
Facilities Director / Director of Facility Operations	\$110,000	
Facility Maintenance Technician	\$69,000	
Front of House Manager	\$80,000	
Back of House Manager	\$75,000	
Box Office Staff / Visitor Services (1 FT)	\$45,000	
Manager, Security	\$72,000	



	Y1	Y2	Y3	Y4	Y5
Income					
Rentals	\$ 601.5	\$ 603.4	\$ 610.3	\$ 617.6	\$ 623.0
Programming Income (Ticketing)	417.7	412.4	410.4	411.4	412.4
F&B (cafe and lunch room)	38.5	38.9	39.2	39.5	39.8
Total Earned Income	1,057.7	1,054.7	1,059.9	1,068.6	1,075.3
Expenses					
<u>Program Expenses</u>					
Programming - Curated Shows	\$ 715.7	\$ 686.0	\$ 677.3	\$ 688.3	\$ 699.4
Programming - Curated Shows (Support Costs)	37.5	36.8	36.5	36.6	36.8
Programming - Public Art	156.0	156.0	156.0	156.0	156.0
Programming - Residency	24.0	24.0	24.0	24.0	24.0
Program Expenses	933.2	902.8	893.8	904.9	916.2
<u>G&A</u>					
Salaries	\$ 1,057.0	\$ 1,057.0	\$ 1,057.0	\$ 1,057.0	\$ 1,057.0
Benefits	297.1	307.8	318.8	330.3	342.2
Total HR Costs	1,354.1	1,364.8	1,375.8	1,387.3	1,399.2
Training, Travel and Dues	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1	\$ 2.1
Natural Gas	3.7	3.7	3.7	3.7	3.7
Electricity	43.1	43.1	43.1	43.1	43.1
Water	10.8	10.8	10.8	10.8	10.8
Telephone	0.7	0.7	0.7	0.7	0.7
Materials and Supplies	12.4	12.4	12.4	12.4	12.4
General Insurance	4.8	4.8	4.8	4.8	4.8
Printing	13.8	13.8	13.8	13.8	13.8
Postage	5.9	5.9	5.9	5.9	5.9
Maintenance & Custodial (Indoors)	81.9	81.9	81.9	81.9	81.9
Outside Landscaping & Maintenance	23.1	23.1	23.1	23.1	23.1
Additional Indoor Maintenance	4.0	4.0	4.0	4.0	4.0
Additional Outdoor Grounds Costs	10.0	10.0	10.0	10.0	10.0
Total Building Costs	216.2	216.2	216.2	216.2	216.2
Marketing Costs	104.3	103.5	103.6	104.5	105.5
Total G&A	1,674.7	1,684.5	1,695.6	1,708.1	1,721.0
Total "Cash" Expenses	2,607.9	2,587.3	2,589.5	2,612.9	2,637.1
Capital Expenditure	49.7	49.7	49.7	49.7	49.7
Projected Contributed Income Needs	(1,500.5)	(1,482.9)	(1,479.8)	(1,494.7)	(1,512.2)

- The facility's projected operating budget is \$2.6 million in a stable operating year.
- Earned income is projected to be just over \$1 million, resulting in an annual operating deficit before any contributed income or subsidy, of approximately \$1.5 million.



New Mixed-Use Cultural Facility: Feasibility Assessment

Capital Cost Estimate

The two capital development scenarios presented here represent schematic models designed to present order-of-magnitude estimates about capital costs and development sources.

Scenario 1 represents a model in which only public subsidy sources are utilized, reducing overall development costs by eliminating the need for bond and debt initiation fees, legal costs, and private developer fees. This model assumes the City would manage the development project directly.

Scenario 2 offers an alternative model based on a combination of sources – public subsidy, developer equity, bond proceeds, and private debt. Combined bond and debt sources represent 75% of total development costs. This scenario assumes that the City would partner with a private developer to realize the project.

ASSUMPTIONS	
LOT AREA	30000 GSF
PROGRAM SUMMARY:	
Performance Spaces	8385 GSF
Front of House Public Areas	5330 GSF
Performer / Crew Supported Backstage Areas	2340 GSF
Production / Rehearsal Space	6325 GSF
Administrative Space	2470 GSF
GROSS PROGRAM AREA	24850 GSF
OPEN SPACE	
Plaza	2000 GSF
Other outdoor circulation	1000 GSF
GROSS OPEN SPACE	3000 GSF
Construction Cost Assumptions	
Site Prep/Civil Cost	\$75 PSF
Exterior Performance Space Construction Cost	\$350 PSF
Interior Construction Cost	\$400 PSF
Open Space Constuction Cost	\$100 PSF



New Mixed-Use Cultural Facility: Feasibility Assessment

Capital Cost Estimate – Scenario 1: Subsidized

The fully subsidized scenario estimates total development costs of approximately \$19.54 million.

SOURCES		
Subsidy and Equity Sources:		
Public Subsidy	\$	19,540,169
Total Subsidy/Equity	\$	19,540,169
Total Sources	\$	19,540,169

USES		
Hard Costs		
Site Work	\$	2,250,000
Exterior Performance Space Construction		2,934,750
Interior Space Construction		6,586,000
Open Space Construction		300,000
<i>Hard Cost Subtotal</i>	\$	<i>12,070,750</i>
General Conditions		1,207,075
Contractor Profit and Overhead		1,207,075
Contractor Insurance		241,415
Payment and Performance Bond		362,123
Construction and Design Contingency		1,810,613
Total Hard Costs	\$	16,899,051

Soft Costs		
Architect/MEP Engineering	\$	1,267,429
Civil Engineering		150,000
Cost Estimating		15,000
Geotechnical Report		18,000
Traffic and Parking Study		15,000
Appraisal		8,000
Survey		5,000
Phase I		5,000
Engineering Review and Draw Reviews		4,500
Construction Period Insurance		30,000
Filing		20,000
Construction Period Utilities		25,000
Legal		40,000
Title Fees		35,000
Project Manager/Owner's Rep		50,000
<i>Soft Costs Subtotal</i>	\$	<i>1,687,929</i>
Soft Cost Contingency		253,189
Total Soft Costs	\$	1,941,118
Start-Up, Reserves and Escrows		
Furniture, Fixtures and Equipment	\$	600,000
Operating Reserves (Capitalized)		50,000
Replacement Reserve (Capitalized)		50,000
Total Start-Up, Reserves and Escrows	\$	700,000
Total Development Cost	\$	19,540,169



New Mixed-Use Cultural Facility: Feasibility Assessment

Capital Cost Estimate – Scenario 2: Combination of Sources

USES	
Hard Costs	
Site Work	\$ 2,250,000
Exterior Performance Space Construction	2,934,750
Interior Space Construction	6,586,000
Open Space Construction	300,000
Hard Cost Subtotal	\$ 12,070,750
General Conditions	1,207,075
Contractor Profit and Overhead	1,207,075
Contractor Insurance	241,415
Payment and Performance Bond	362,123
Construction and Design Contingency	1,810,613
Total Hard Costs	\$ 16,899,050

Annual debt service in this scenario adds an additional \$1.1 million to the project's carrying costs, for a total development budget of approximately \$20.65 million.

Soft Costs	
Architect/MEP Engineering	\$ 1,267,429
Civil Engineering	150,000
Cost Estimating	15,000
Geotechnical Report	18,000
Traffic and Parking Study	15,000
Appraisal	8,000
Survey	5,000
Phase I	5,000
Phase II	-
Engineering Review and Draw Reviews	4,500
Construction Period Insurance	30,000
Filing	20,000
Construction Period Utilities	25,000
Legal	40,000
Title Fees	35,000
Project Manager/Owner's Rep	\$ 50,000
Soft Costs Subtotal	1,687,929
Developer Fee	\$ 825,840
Soft Cost Contingency	\$ 253,189
Total Soft Costs	\$ 2,766,958
Financing Costs	
Bond Initiation Fees	200,000
Loan Initiation Fees	\$ 30,000
Bond Counsel	\$ 40,000
Lender Legal	\$ 10,000
Total Financing Costs	\$ 280,000
Start-Up, Reserves and Escrows	
Furniture, Fixtures and Equipment	\$ 600,000
Operating Reserves (Capitalized)	\$ 50,000
Replacement Reserve (Capitalized)	\$ 50,000
Total Start-Up, Reserves and Escrows	\$ 700,000
Total Development Cost	\$ 20,646,008

SOURCES	
Subsidy and Equity Sources:	
Public Subsidy	\$ 4,161,502
Developer Equity	\$ 1,000,000
Total Subsidy/Equity	\$ 5,161,502
Bond/Debt Sources:	
Bond Proceeds	\$ 10,000,000
Private Debt	\$ 5,484,506
Total Debt	\$ 15,484,506
Total Sources	\$ 20,646,008
Total Annual Debt Service	
Bond (3.5% @ 20 Years)	\$ 695,952
Private Debt (6%, 25 Years)	\$ 424,041
Total Annual Debt Service	\$ 1,119,993



New Mixed-Use Cultural Facility: Feasibility Assessment

Conclusion

The Feasibility Assessment does not support developing a mixed-use cultural venue that can accommodate performing arts (music, dance, theatre, comedy/improv, children's theatre), rehearsal spaces, exhibition space, and community gathering space, due to the following risks to long-term viability:

Supply and Demand

There is not evidence of sufficient demand for a new, mixed-use cultural facility such as the one envisioned, nor sufficient supply of locally-generated cultural content to animate the facility year-round and justify the capital investment. The Festival of the Arts venues are under-utilized and offer potential for upgrading, increased utilization and programmatic collaboration (*this is discussed below under "Alternative Creative Placemaking Strategies"*).

While some of the performing arts organizations in Laguna Beach would enjoy the opportunity to perform in a new, state-of-the-art, centrally located venue, the reality is that their collective annual programming would still leave much of the annual calendar of the amphitheater vacant – or filled with non-revenue generating activities such as rehearsals.

For example, Laguna Dance Festival programs for just one to two weeks and attracts approximately 3,000 ticket buyers; Laguna Beach Live attracts approximately 5,000 attendees across 35-40 performances annually, or approximately 143 ticket buyers per performance. No Square Theatre requires 11 weeks of rehearsals for *Spamalot*, an upcoming youth production with just 6 performances at Legion Hall.

The supply of ticketed performances generated by Laguna Beach cultural organizations would likely need to be supplemented by the operator, who would fill the calendar by investing in its own programs, or presenting programs from other organizations / promoters from outside of Laguna Beach. The costs of operations, moreover, whether borne by cultural organizations or the operator, would significantly exceed income generated by limited runs and accessible ticket prices.

Other expressed demand for space came from organizations requiring "back of house" spaces such as rehearsal rooms, meeting rooms and storage space. These needs could likely be met elsewhere and are not so critical as to justify millions of dollars of investment.



New Mixed-Use Cultural Facility: Feasibility Assessment

Conclusion

Site

There is not a clearly identifiable site that would fit the proposed venue and is also in a location that would contribute to the overall placemaking goals identified by our assessment. Sites that are large enough for the venue are situated away from the main corridors of Laguna Beach; sites close by are too small, have other existing or planned uses, and/or are privately owned.

Capital Funding

AEA Consulting did not undertake a capital fundraising feasibility study. Notwithstanding, the strategy for raising the capital funding for a new cultural facility is not immediately apparent. The City has indicated limited appetite for bond financing, and limited potential to raise the Business Improvement District tax, having raised it recently.

Furthermore, it is not clear the extent to which the arts organizations in Laguna Beach have the capacity or inclination to raise significant capital sums. Arts organizations in Laguna Beach are small – not surprising, considering the size of the community – and have limited experience with major capital campaigns. Festival of the Arts has recently raised over \$17 million for the revamped outdoor plaza and likely not in a position to launch another capital campaign currently.



New Mixed-Use Cultural Facility: Feasibility Assessment

Conclusion

Management and Governance

Identifying a competent and adequately capitalized operator is critical to the success of the cultural facility. There is no obvious candidate.

- It is difficult to pinpoint an existing not-for-profit entity in Laguna Beach that has the organizational and financial capacity to operate such a venue. Most of Laguna Beach's not-for-profits – including those who have expressed demand for space – have budgets that range from under \$100,000 annually to \$2 million. Many are heavily reliant on volunteers, and the majority do not have experience with managing cultural facilities, especially a facility that supports a mix of cultural uses.
- The City could potentially operate it; however, this would require a significant expansion of the budget of Cultural Arts Department to cover additional staff, programming, marketing, facilities operations, etc.
- A consortium of local not-for-profits could potentially create a new entity to operate the facility; however, this would inevitably be a complex legal, financial and operational undertaking and it is not immediately clear who the candidate consortium members would be, and whether they have either the appetite or capacity for such an undertaking.
- In terms of a commercial operator, a 400-seat performance venue presents challenges to the financial model. Therefore, they would almost certainly require an ongoing grant from the City – or at least some form of risk-sharing to take it on. A commercially viable venue would require a significantly larger footprint, with all the planning complexities associated with it.



6. Alternative Creative Placemaking Options

Alternative Placemaking Options

Summary

Instead of developing a new, mixed-use cultural facility, below we lay out seven alternative Creative Placemaking Options that the City could consider.

1. **Expand the Civic Arts District & strengthen as a designated, walkable cultural precinct that links key cultural activation sites.**
2. **Improve utilization of and public access to two sites: the Festival of the Arts site and the Sawdust site.**
3. **Designate two additional existing sites for cultural programming:**
 - **Village Entrance site**
 - **Main Beach Cobblestones**
4. **Animate the District with informal, spontaneous creative activity.**
5. **Bring new artists and cultural programming into Laguna Beach through:**
 - **An enhanced public art program**
 - **A new Artist-in-Residence program**
6. **Leverage, where possible, public-private partnership opportunities**
7. **Streamline regulatory framework to support cultural activity.**

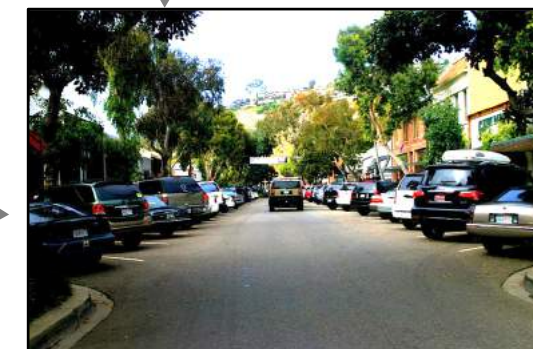


Creative Placemaking Assessment: Alternative Options

1: Expand the Civic Arts District

The Civic Arts District could be expanded by connecting and highlighting key cultural sites in Laguna Beach, and encouraging walkability between them. The CAD could stretch from Heisler Park and the Laguna Art Museum southeast to the Main Beach Cobblestones / Hotel Laguna area, and then north through Forest Avenue, the Village Entrance Site, Laguna Playhouse, Festival of the Arts site, and the Sawdust Grounds (and, potentially, 777 Laguna Canyon Road, which is slated for redevelopment).

Strengthening the branding of the CAD and installing attractive, consistent signposting throughout will be essential. Laguna should also consider prioritizing funding allocations to organizations that actively use and activate the areas in and around the sites.



**LAGUNA BEACH
CULTURAL CONNECTIONS AND OPPORTUNITIES**



- CULTURAL DEVELOPMENT OPPORTUNITY SITES
- EXISTING CULTURAL INFRASTRUCTURE
- PROPOSED PEDESTRIANIZED OR PARTIALLY PEDESTRIANIZED STREETS
- ←
→
CULTURAL PATH CONNECTIONS



Creative Placemaking Assessment: Alternative Options

1: Expand the Civic Arts District

The Civic Arts District would be enhanced by full or partial pedestrianization of Forest Avenue – building upon the City's recent experiment with Park Plaza. This could be approached in several ways:

- Full closure of Forest Avenue during certain hours or days of the week utilizing retractable bollard barriers to close off traffic
- Widening walkable areas to allow for more limited car traffic at all times
- Closure at certain points of the street, with the possibility of creating mini plazas

Pedestrianization will not only create a natural pathway between the cultural anchor sites, but also:

- Help to support retail and commerce in Laguna Beach, as ease of shopping increases and an arts crowd develops. The most recent AEP survey indicated that the average arts visitor spent \$86.54 in 2016; this is \$30 higher than the typical day tripper that comes only to visit the beach

(\$56.64, according to the recent *Visit Laguna Beach* tourism data)

- Encourage informal, "pop up" creative activity (e.g. sketch artists, art fairs, food festivals, etc.)
- Reduce the environmental impact of traffic



Forest Avenue



Alternative Placemaking Options

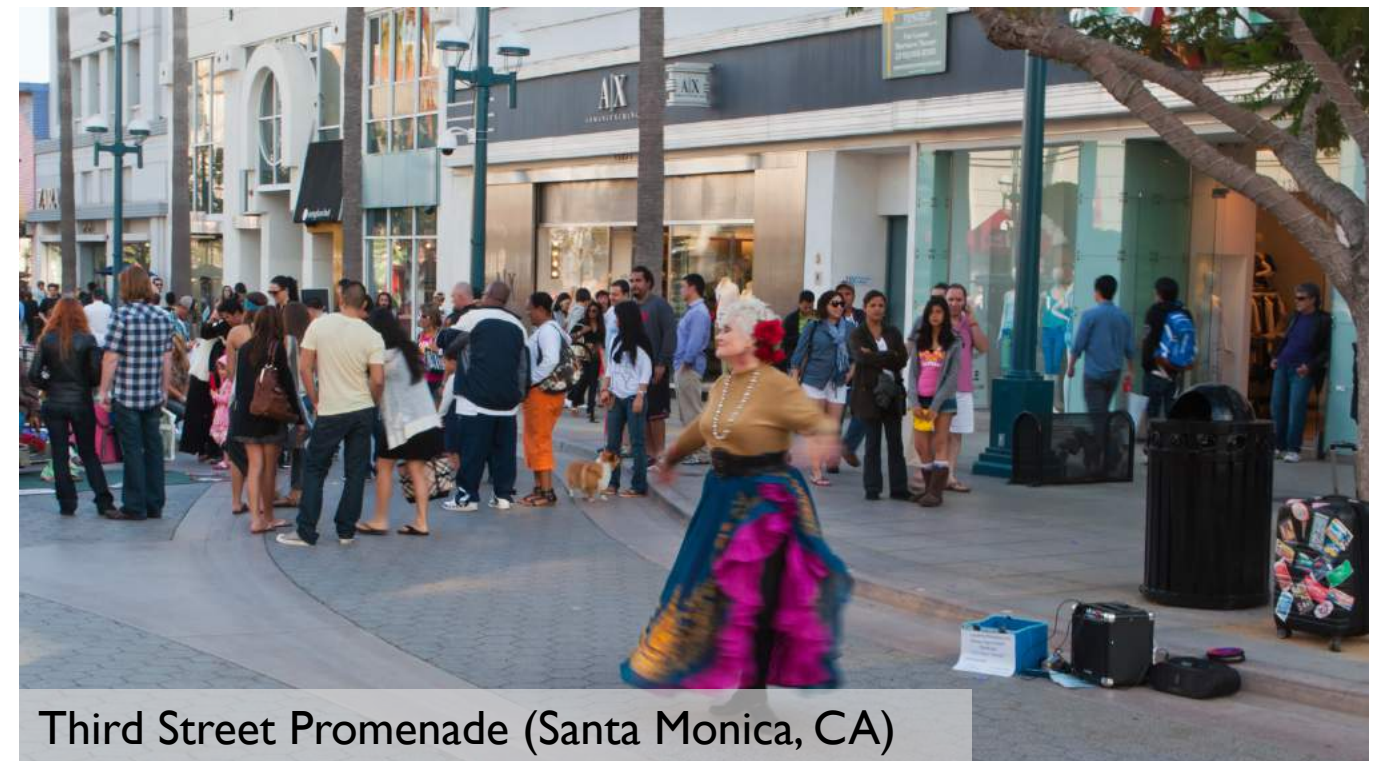
Benchmarks: Pedestrianization



Rocks Market
(Sydney, Australia)



New Road
(Brighton, UK)



Third Street Promenade (Santa Monica, CA)



Alternative Placemaking Options

2: Improve utilization of, and public access to, Festival of the Arts site

- The Festival of Arts, encompassing the Irvine Bowl, the Forum Theater, and the Festival Grounds, represents Laguna Beach's most established and versatile cultural space. As noted in our analysis, however, these public resources are underutilized during non-summer months.
- The entire site could be reconceived as a civic park and the centerpiece of the Civic Arts District, with Festival of the Arts as anchor tenant.
- Streamlining the process through which off-season community-based events, programs, and performances can gain access to FOA's space resources represents an important first step toward better utilization.
- In addition, reconsidering the City's versus FoA's responsibilities towards cleaning, maintenance and security of site in light of its mandate as a public park should be explored.



Festival grounds, Friday, April 20, 2018 during "public park" hours



Alternative Placemaking Options

2: Improve utilization of, and public access to, Festival of the Arts site

- The Festival grounds are also technically available from 9-5 as a public park during the off-season, but the grounds do not currently “signal” that to the public, nor offer adequate incentives for general public use, apart from the tennis courts.
- FoA recently invested \$17 million in upgrading the grounds, so guarded about general public use, as FoA is currently responsible for maintenance and cleaning of grounds.



Alternative Placemaking Options

2: Improve utilization of, and public access to, Festival of the Arts site

Both the Irvine Bowl and the Forum Theater require capital investments to help make these spaces more versatile and modern. The Irvine Bowl is too large for many events, but a variety of investments could create a more flexible space that will benefit both the Pageant of the Masters and other performances. Examples of these investments include:

- removable seating
- acoustical retrofits to the Irvine Bowl to address noise complaints by neighbors and accommodate smaller performances
- state-of-the-art digital technology
- outdoor screens for films
- a retractable canopy
- modular stage elements

The Forum Theater requires more general upgrades to make it into a modern performance space.

Working closely with the Board and Staff of FOA is a critical part of expanding use of the space, and will likely require commitments on the part of the City to invest in both capital and operational resources. Streamlining the approval process for other nonprofit cultural uses will also have a positive impact on overall activity.



Alternative Placemaking Options

2: Improve utilization of, and public access to, Sawdust site

- The Sawdust site is home to the annual Sawdust Festival, which lasts for two months over the summer. It also hosts a Winter Fantasy, which takes place in November and December for one month. Our analysis indicated that while the grounds are used about 2/3 of the year, smaller classroom spaces are only used for less than 1/3.
- While the Sawdust owns and operates its own site, it could open itself up for additional public use by providing venues for meetings and other cultural activities.
- By doing so, the Sawdust would become an important component to the development and expansion of the Cultural Arts District and importantly, to the animation of the area.



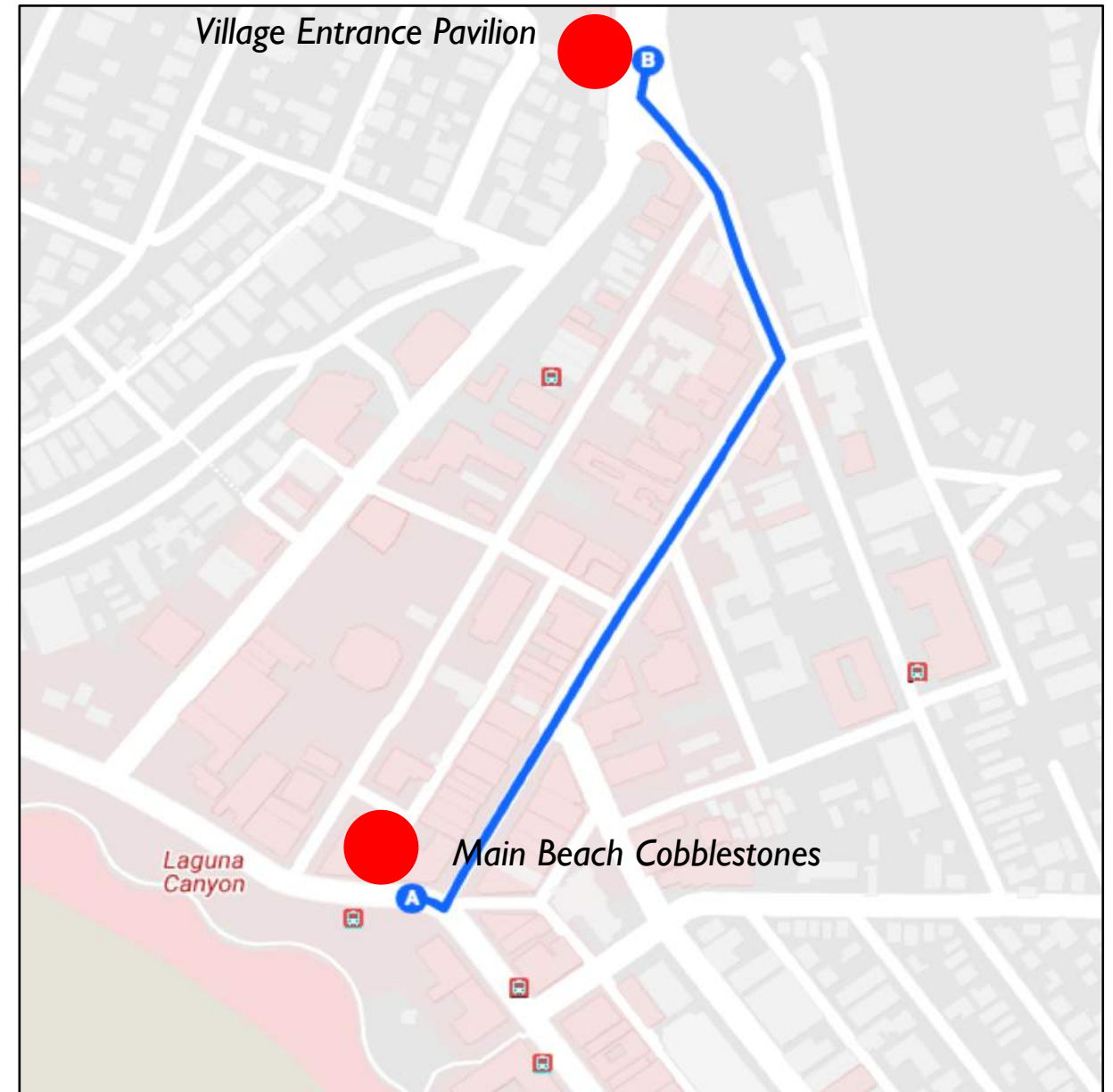
Alternative Placemaking Options

3. Highlight two additional sites for cultural activation

Two existing sites could be highlighted and designated as “anchors” or focal points within the expanded Civic Arts District:

1. **Main Beach Cobblestones** – The current cobblestone area near Main Beach and the Hotel Laguna could be expanded and enhanced to support cultural and family / community programming near the beach.
2. **Village Entrance Pavilion** – A flexible pavilion / tent structure could be situated at the Village Entrance Site.

Both focal points would serve as attractive new spaces for cultural activations, family programs, relaxed, informal leisure activities and simple community gathering.



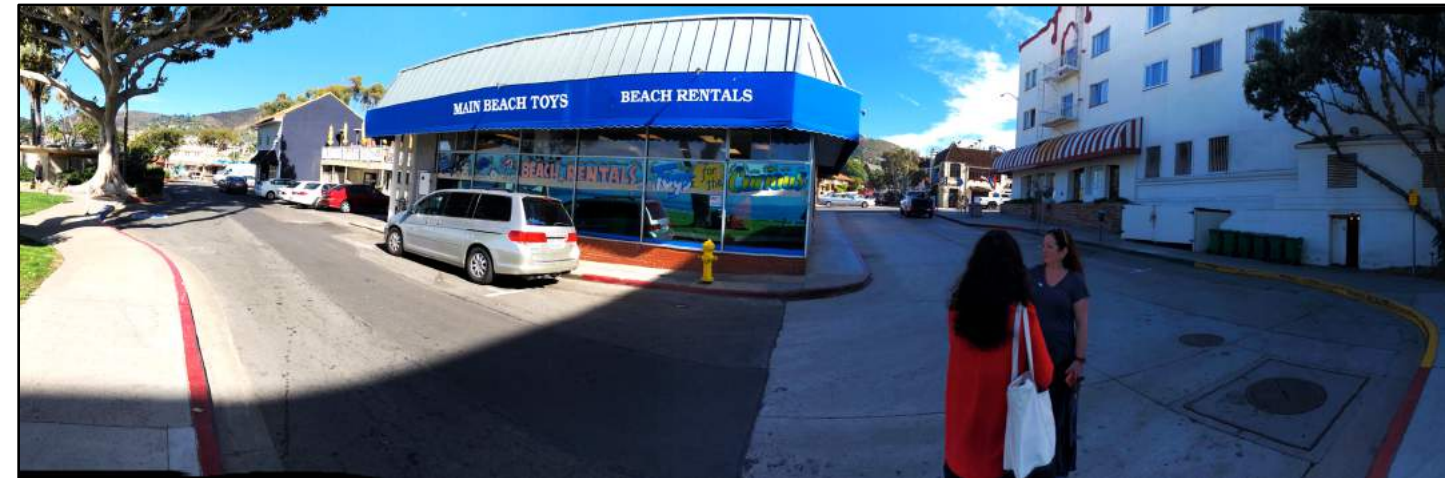
NB: “Main Beach Cobblestones” and “Village Entrance Pavilion” are working titles.

Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Main Beach Cobblestones

The Cobblestones area is flat hardscape at the southern edge of Main Beach, immediately adjacent to three volleyball courts and El Paseo, a small street featuring a turnaround that facilitates refuse pickup from Hotel Laguna and retail shops that front on the Pacific Coast Highway.




- The site has low visibility, lacks clear connection to either beach or street - but unbeatable location
- Hardscape does not lend itself well to cultural/recreational uses
- Lacking more programmed uses, area has become a magnet for the homeless population
- If enlarged, has potential to serve multiple functions including Public art installations, informal community gathering, yoga/wellness activities, poetry readings, outdoor film
- Upgrading and pedestrianizing El Paseo to support café tables, informal seating, and better access to retail



Alternative Placemaking Options: Main Beach Cobblestones

LAGUNA BEACH
COBBLESTONES SITE OPPORTUNITY MAP



-  PRIMARY AREA
-  SECONDARY AREA
-  TERTIARY AREA
-  PROPOSED PEDESTRIANIZED OR PARTIALLY PEDESTRIANIZED STREETS



Alternative Placemaking Options: Main Beach Cobbles

Benchmarks



Granary Square Steps
(King's Cross, UK)



Barangaroo Reserve
(Sydney, Australia)

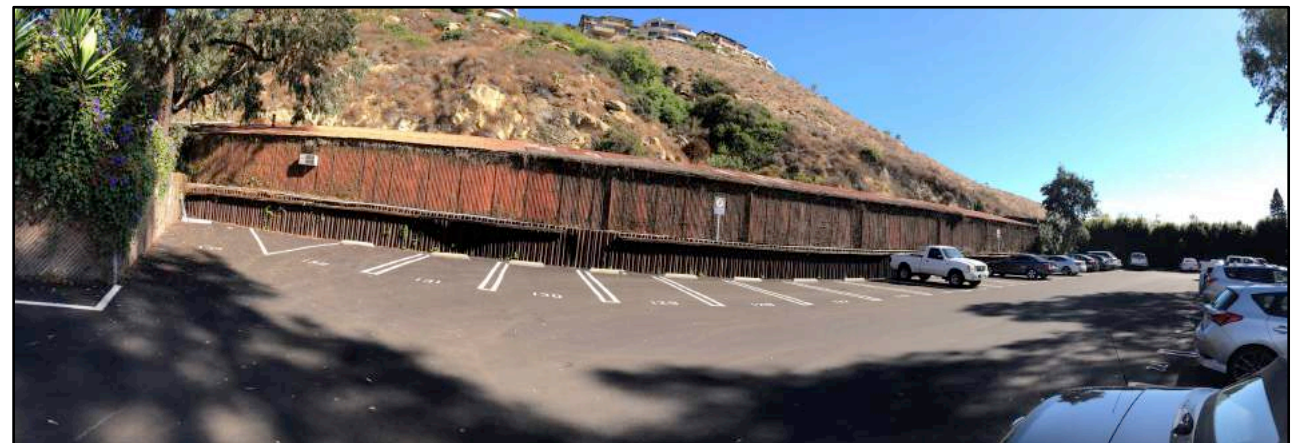
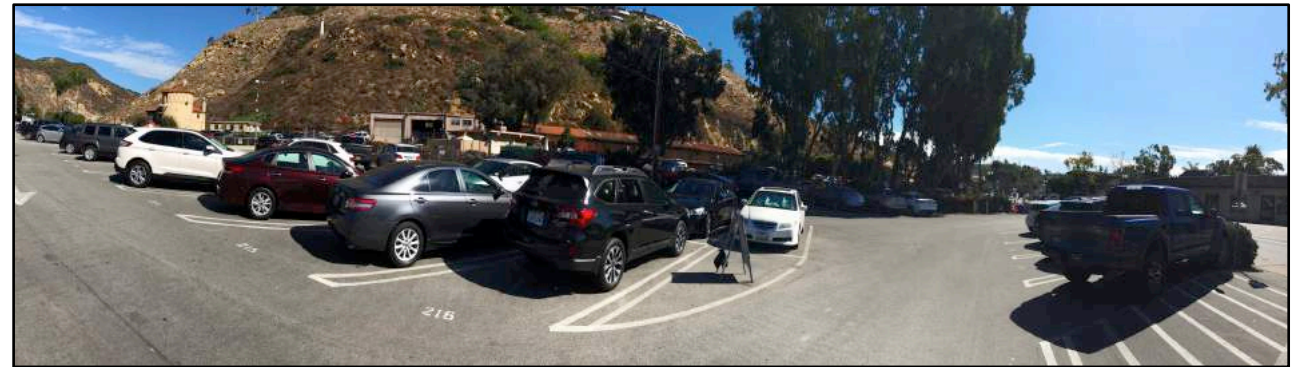
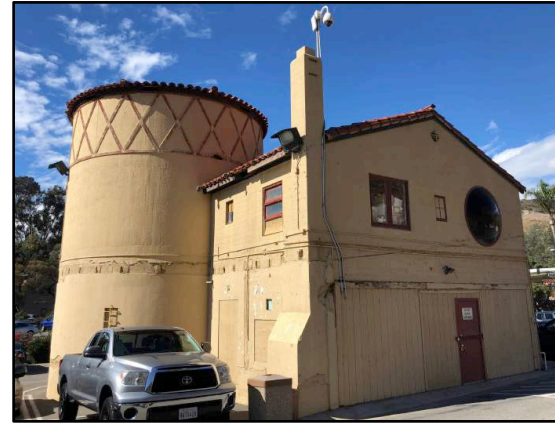


Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion

The Village Entrance site is located at the intersection of Broadway and Forest Avenue, near the current Civic Art District. It is utilized primarily for parking and storage, with some additional uses by the City. For several years, the site has been the center of a larger development project aimed at improving its aesthetics and broader use.

- A large and prominently located site that currently serves parking and municipal service functions. Currently slated for reconfiguration, elimination of municipal services, and landscaping
- Site of Water Treatment Tower, an underutilized structure that may have small-scale public art program potential
- Village Entrance plan represents a beautification strategy, but fails to create a magnet for activity, apart from parking
- While the plan itself does not signal Laguna Beach's cultural history, it is our understanding that a permanent Art in Public Places piece has been approved for the Village Entrance Site.



Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion

The *Village Entrance Pavilion* can serve as a highly-visible civic and cultural gathering space for Laguna Beach, and an anchor of an expanded Civic Arts District.

The *Village Entrance Pavilion* would be a flexible space for cultural and community events, featuring a dedicated small performance area, embedded infrastructure, and built-in seating. The addition of a removable tent could add character and iconic impact to the site. The Pavilion could be configured in various ways on the site – either on the North Site, South Site, near the Historic Digester, or spanning Laguna Creek – and would be a complimentary addition to the existing plans for an Art in Public Places work.

Potential uses include:

- Small-scale performances across dance, theater, music, performance art, spoken word
- Film screenings

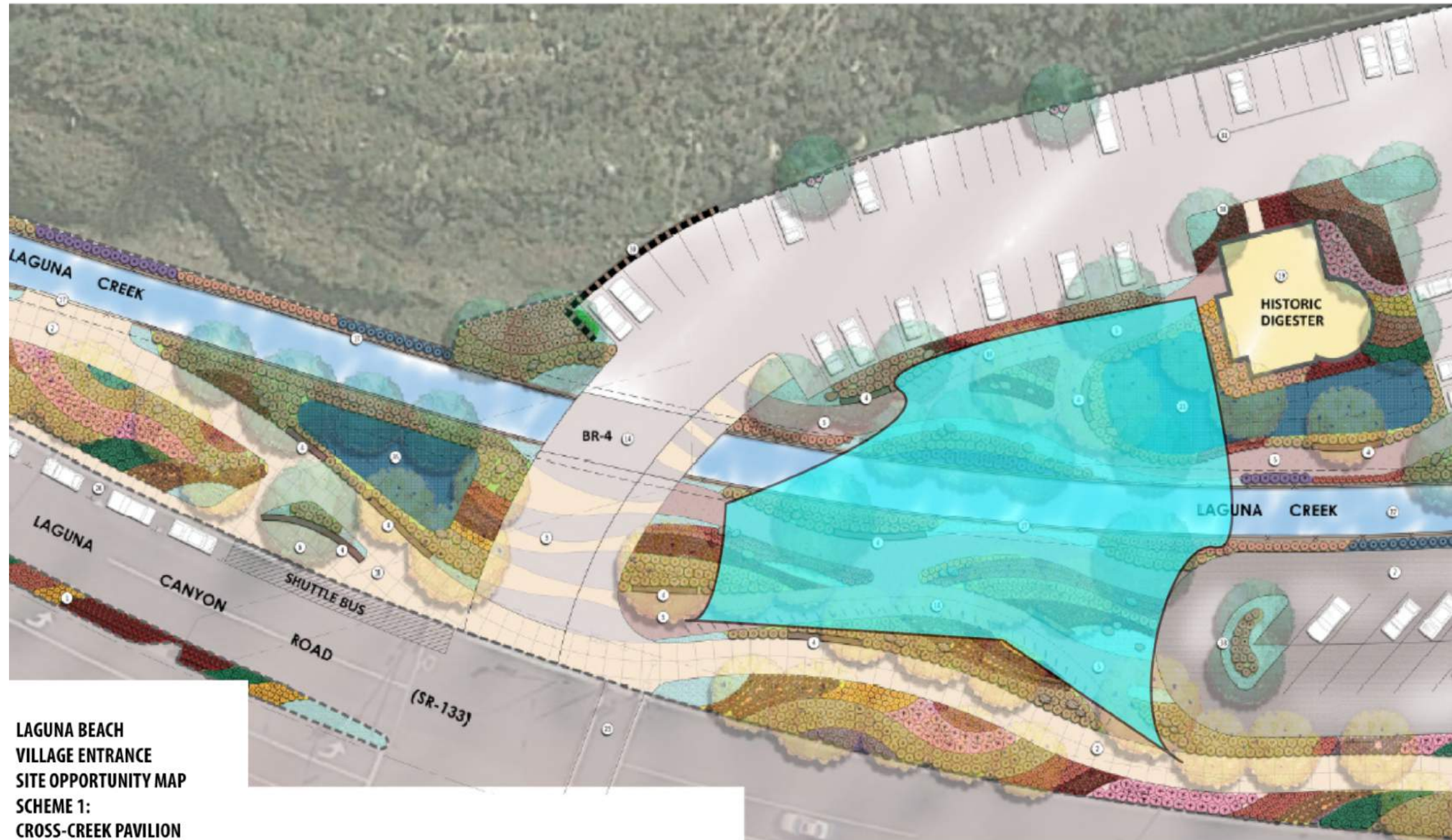
- Farmers' markets
- Food, arts and crafts fairs
- Community celebrations
- Passive gathering
- Public art installations

See next slides for four possible ways to accommodate a Village Entrance Pavilion as part of the current site.



Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion

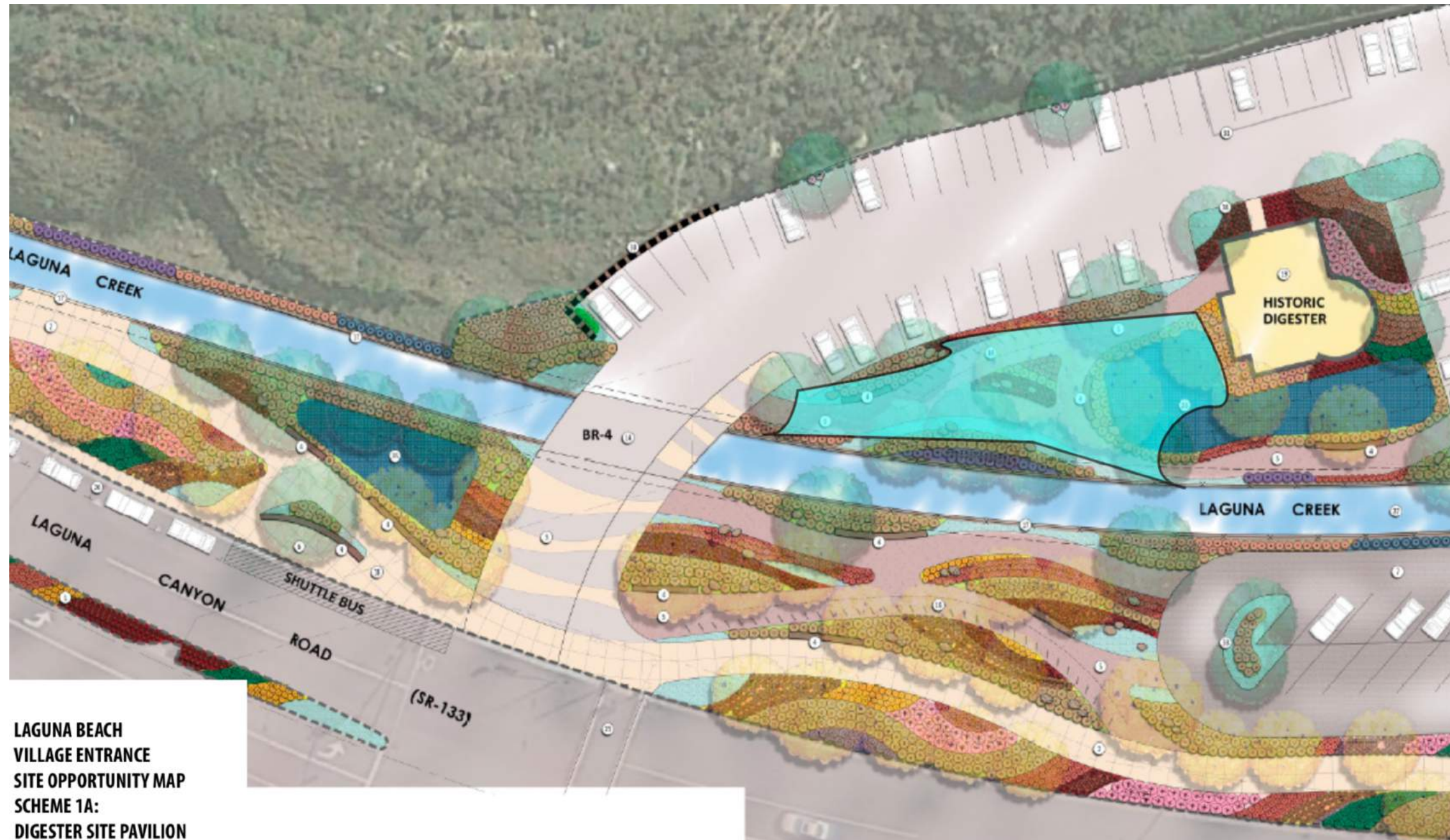


LAGUNA BEACH
VILLAGE ENTRANCE
SITE OPPORTUNITY MAP
SCHEME 1:
CROSS-CREEK PAVILION



Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion

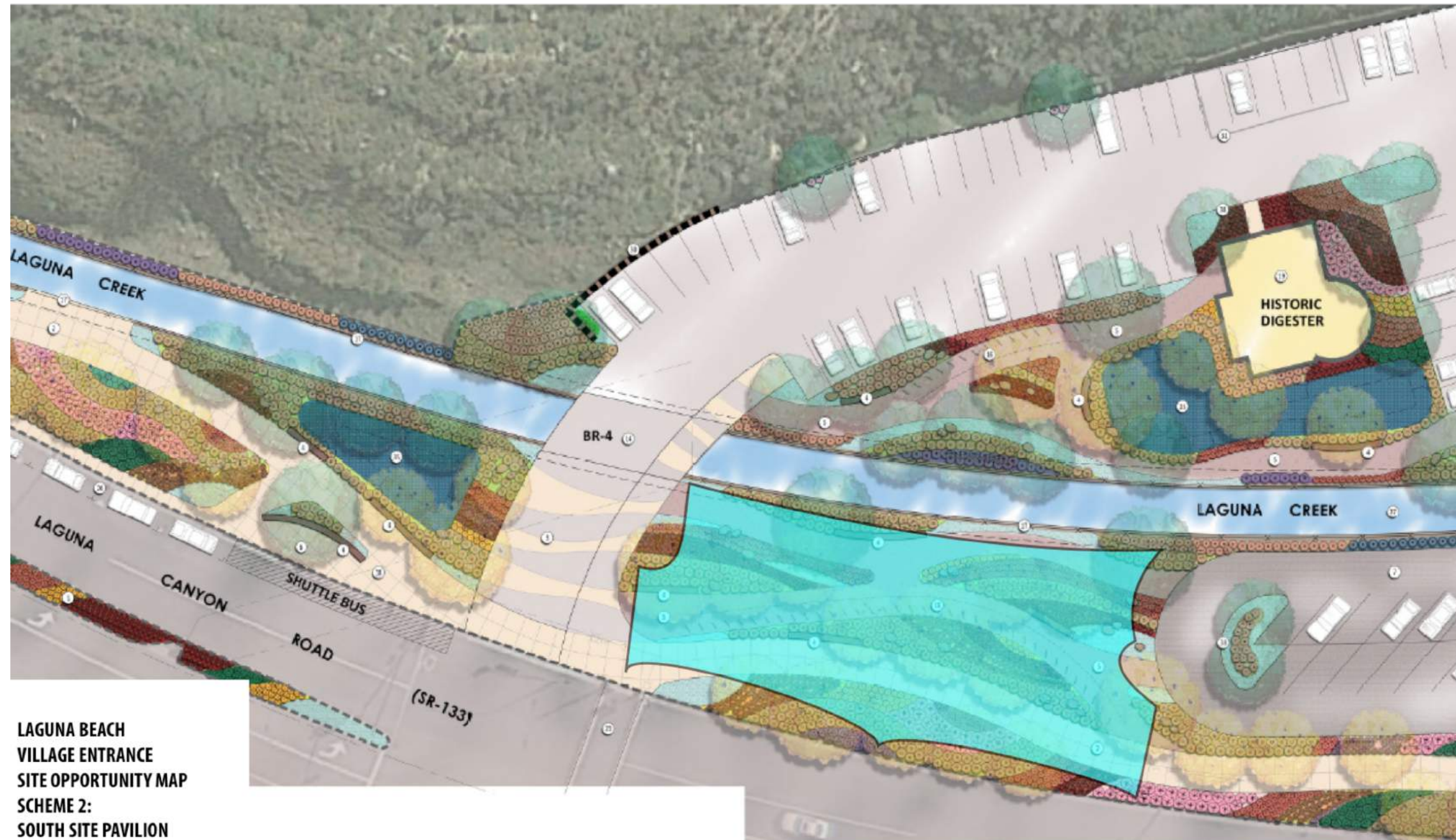


LAGUNA BEACH
VILLAGE ENTRANCE
SITE OPPORTUNITY MAP
SCHEME 1A:
DIGESTER SITE PAVILION



Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion

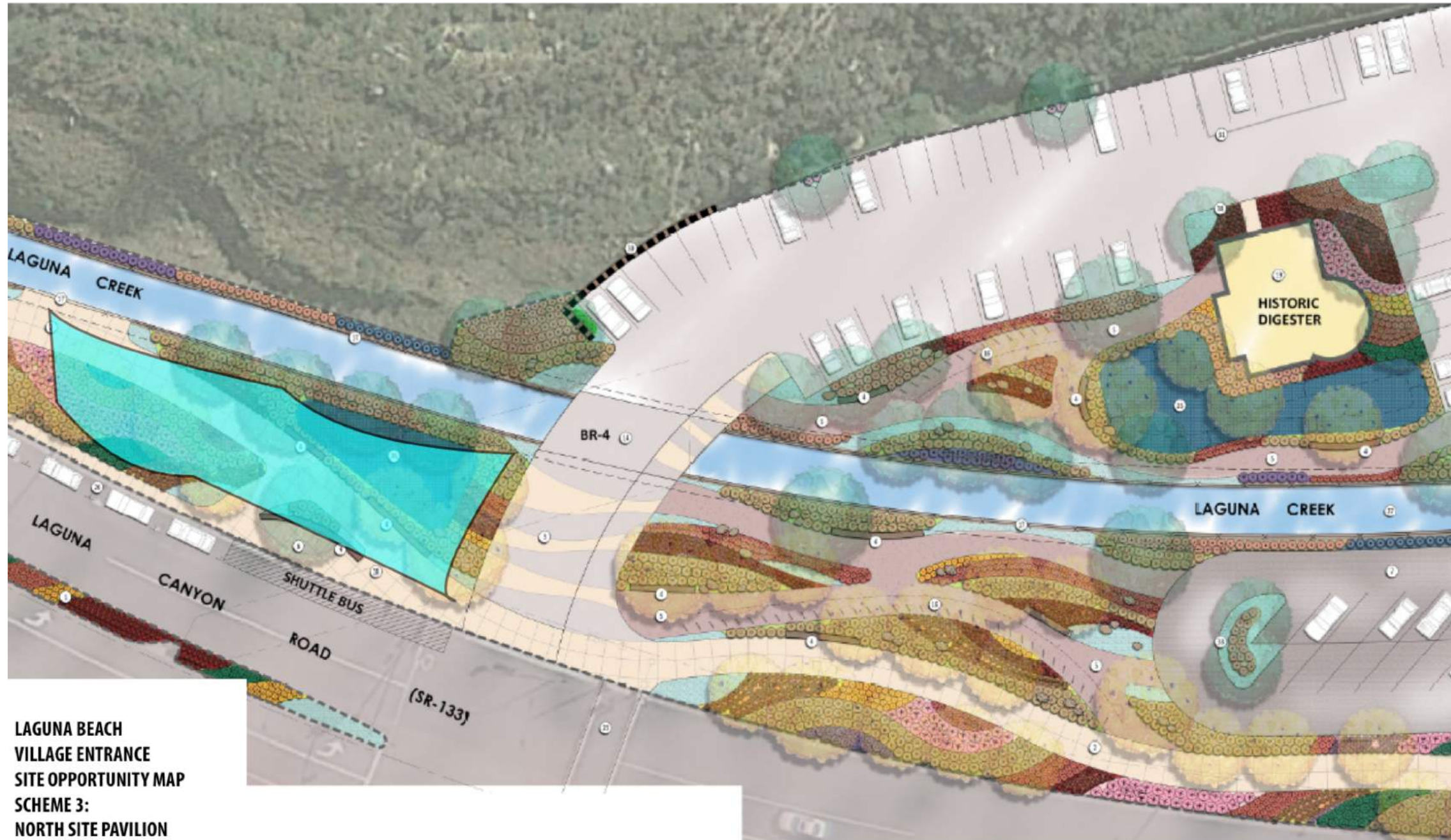


LAGUNA BEACH
VILLAGE ENTRANCE
SITE OPPORTUNITY MAP
SCHEME 2:
SOUTH SITE PAVILION



Alternative Placemaking Options

3. Highlight two additional sites for cultural activation: Village Entrance Pavilion



LAGUNA BEACH
VILLAGE ENTRANCE
SITE OPPORTUNITY MAP
SCHEME 3:
NORTH SITE PAVILION



Alternative Placemaking Options: Village Entrance Pavilion

Benchmarks



ZCB Bamboo Pavilion
(Hong Kong)



Hudson Valley Shakespeare Festival
(Garrison, NY)

Alternative Placemaking Options

4: Animate the CAD with spontaneous, informal activity

Cultural infrastructure within any cultural district needs to be complemented by spaces that support spontaneous, informal and flexible outdoor activities. These informal activities serve people of all ages, residents and visitors alike. They can leverage Laguna Beach's beauty and year-round ideal climate, creatively activate the public realm, encourage strolling and contribute to a relaxed, European-style village feel.

Ideas for activation include:

- Sketch artists / plein air painting
- Pop-up performances (mimes, "buskers," etc.)
- Food carts
- Children's puppet theatre
- Magicians



Sketch Artist, Florence, Italy



L'Arte del Gelato Cart, Lincoln Center, NY



Street Performance (Edinburgh, Scotland)



Alternative Placemaking Options

5: Bring new artists to Laguna Beach

The City of Laguna Beach could consider additional investment to bring new art and artists – including potentially national and international artists – to Laguna Beach to infuse the city with new creative energy every year.

This would help to strengthen the presence of artists in the community, mitigating against the decline in artists settling into Laguna Beach permanently due to rising housing costs.

Specific recommendations include:

1. **Expanding the City's public art program** to include more, higher-profile temporary art installations
2. **Developing a year-round Artist-in-Residence program**, potentially in partnership with Laguna Beach Sister City Association



Artist's Studio (Laguna Beach, CA)



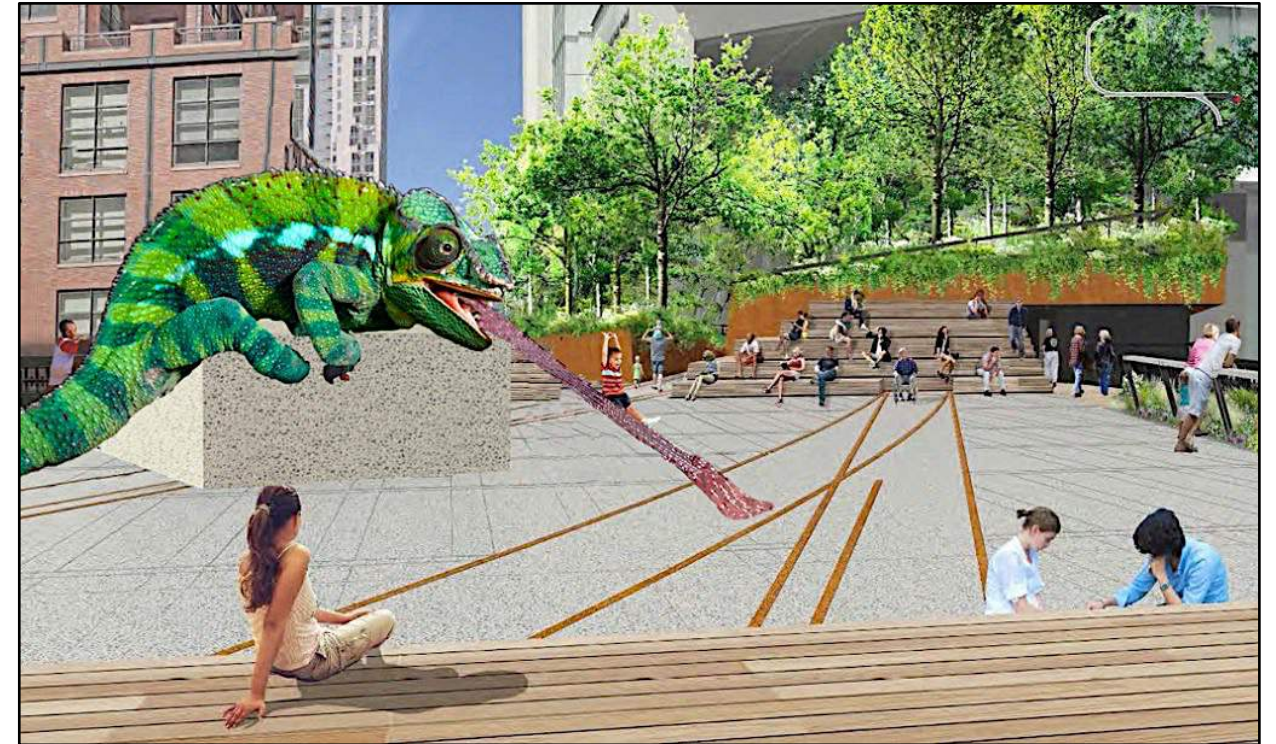
Alternative Placemaking Options

5: Bring new artists to Laguna Beach – Expand Public Art Program

Laguna Beach’s Art in Public Places program could be expanded, focusing on higher-profile, temporary public art installations around town that feature recognized and emerging contemporary artists from around the U.S. and internationally.

The program could be led by an experienced and imaginative curator who could program multiple installations in key sites across Laguna Beach (i.e., Heisler Park, down Sleepy Hollow, at the new Cultural Anchors, and on Forest Ave.) that reflect trends in contemporary art and serve to inspire the City’s artists and residents.

- These installations would help to brand and pull people through the expanded Civic Arts District
- The Temporary Public Art Program could work in partnership with the leading national public art programs such as The High Line , Creative Time and Public Art Fund in New York; and Millennium Park in Chicago
- It can also feature related Artist Talks and “Installation Day” celebrations, and be supported by enhanced marketing and interpretative content



High Line Plinth
(New York, NY)



Alternative Placemaking Options

5: Bring new artists to Laguna Beach – Artist-in-Residence Program

Laguna Beach could also develop a high-quality **Artist-in-Residence Program** that can bring in celebrated artists and nurture new talent in the City.

This would also support the presence of working artists in Laguna Beach, and provide another vehicle through which national and international artists can both stimulate local artists, and vice versa.

- Artists would be awarded a daily stipend by the City, with housing / studio space to be provided by Laguna Beach residents.
- Public engagement can be encouraged through Artists' Talks / "Meet the Artist" Day, which could take place at the Village Entrance Pavilion and/or the Community Cobblestone area.
- Artists-in-Residence could exhibit their works to the public at the end of the residency, perhaps in partnership with the LAM or LCAD.
- The City could explore partnering with Laguna Beach Sister Cities Association to expand its residency program with its "sister cities" - Cornwall St. Ives (England), Menton (France), and San Jose del Cabo (Mexico)



Alternative Placemaking Options

6. Leverage, Where Possible, Public-Private Partnerships

The Cobblestones site and 777 Laguna Canyon Road (currently the location of Art-a-Fair) represent opportunities for the City of Laguna Beach to work with private developers to integrate cultural components into larger redevelopment initiatives.

777 Laguna Canyon Road Redevelopment

A privately-owned site and part of an assemblage where new development is anticipated, the Art-a-Fair site, at approximately 70,000 square feet, presents an opportunity to merge a community cultural hub with a variety of other potential uses, including housing, commercial or retail space, and other types of cultural uses, such as art studios, galleries, or rehearsal spaces.



Cobblestones & El Paseo/Hotel Laguna Redevelopment

As a public parcel, the City is in a position to redevelop the site directly. However, given emerging plans for the redevelopment of the Hotel Laguna, a significant historical community resource, it may make sense to work with the hotel owners and development team to devise a plan that dovetails with new activities and spaces within the hotel. Particularly if the Cobblestones site is integrated with a pedestrianization plan for El Paseo, the site offers an opportunity to create a programmable, pedestrian-friendly pathway to the boardwalk and Main Beach.



Alternative Placemaking Options

6. Leverage, Where Possible, Public-Private Partnerships

Potential advantages of public-private development partnership:

- Allows City to leverage private funds for public benefit projects, thereby reducing need for public capital investment and / or bond issuances.
- Allows for more streamlined regulatory review process with both the City and the California Coastal Commission, assuming the public benefit project will be folded into the larger development plan.
- Provides developers with opportunities to offset perceived environmental impacts through providing direct community benefits and investments.
- Likely reduces both hard and soft costs of public benefit portion of project.
- Potentially creates mechanisms for meeting long-term operational and programming costs of public spaces.
- Creates a framework for launching a capital campaign to solicit private donations.

Potential challenges of public-private development partnership:

- Requires clearly articulated MOU structure, approved by the City, to ensure terms of the redevelopment are mutually acceptable.
- Ties public benefit project to private redevelopment initiatives that may have a higher risk profile and more complex underwriting standards.
- Requires City to develop covenants and/or easement structures to ensure long-term protections of public spaces.
- May reduce City's leverage regarding planning and design requirements for both public and private components of the project.



Alternative Placemaking Options

7: Streamline Regulatory Framework to Support Arts & Cultural Activity

One of the most common concerns expressed by both the cultural and the development communities was the complexity and uncertainty of securing approvals and permits from the City.

One possible way to ensure that new cultural uses – facilities-related or not – can continue to thrive in Laguna Beach is to develop a new streamlined approval process to incentivize cultural activities.

While it is unrealistic to expect that cultural projects will be exempt from all regulations, expediting regulatory review through targeted exemptions will likely have a powerful effect on the speed of implementing new cultural projects, programs, and activities.

One example of this might be to create a framework for either the entire Civic Arts District or selected cultural venues and sites that sets out a list of as-of-right cultural activities exempt from approvals.

At present, Laguna Beach is working with MIG to update the Downtown Specific Plan. Part of this update includes the development of the Village Entrance site, located at the heart of the Civic Arts District, as well as changing the language and policies pertaining to the District. Laguna Beach may need to revisit some of the recent updates to make sure that they outline better approval processes that enhance and encourage cultural activity.



Next Steps

Next Steps

Below are suggested key steps that Laguna Beach should take in order to implement the placemaking options:

1. Hire a new city staff member dedicated to curatorial programming, ideally an individual with public art experience
2. Build permanent, flexible cultural infrastructure at the Village Entrance site
3. Re-focus city grants to encourage organizations to focus programming on sites within the expanded Civic Arts District
4. Establish quick permit approval for cultural activity; consider developing a framework that lists as-of-right cultural activities exempt from approvals
5. Create connectivity between sites and hubs by developing signage and attractive wayfinding
6. Refresh marketing and communications to help draw in visitors and locals to the cultural hubs
7. Hire a branding firm to develop a distinctive brand for the walkable Civic Arts District; it should incorporate a catchy name that accurately reflects Laguna Beach's lifestyle (e.g. "Laguna Art Beat")
8. Work with local artists to activate public spaces within the now-expanded Civic Arts District



Appendix 1 – Stakeholders Consulted

Appendix 1: Stakeholders Consulted

Faye Baglin, Community Art Project & Laguna Beach Arts Alliance

Bree Burgess Rosen, No Square Theatre

Jonathan Burke, Laguna College of Art and Design

Mike Cahill, Art-A-Fair Festival

Diane Challis Davy, Pageant of the Masters and Festival of Arts

Suzi Chauvel, Laguna Arts Commission

Ann Christoph, Landscape Architect; Former Mayor

Natalie Connor, Sawdust Art Festival

Steve Dicterow, Laguna City Council

Meredith Dowling, Chamber of Commerce

Jason Feddy, KX95.3

Monica Fuerst, Transition Laguna

Jodie Gates, Laguna Dance Festival

Rachel Goberman, Laguna Craft Guild

Sam Goldstein, Local Commercial Properties

Ann Haight

Joe Hanauer, Laguna Playhouse

Sharbie Higuchi, Pageant of the Masters and Festival of Arts

Toni Iseman, City of Laguna Beach

Ashley Johnson, Visit Laguna Beach

Robert Jones, Laguna Craft Guild

Peter Keller, Bowers Museum

Tom Lamb, Artist & FOA Board Member

Ludo Leideritz, Forest and Ocean Gallery

Greg MacGillivray, MacGillivray Freeman Films

Lisa Mansour, Artist; Former Arts Commissioner

Laura Mayo

Bob McGraw, Architect

Carla Meberg, LOCA

Mark Orgill, Property Developer

Mark Porterfield

Chris Prelitz, Transition Laguna

Patty Quilter, Suzi Q Community Cen

Michael Ray, Property Developer

Suzanne Redfearn, Writer & Restaurant Owner

Ellen Richard, Laguna Playhouse

Jason Roberts, The Art You Want

Tyler Russell, KX95.3

Fred Sattler, Treasurer, Festival of the Arts

Muffin Spencer-Devlin, Laguna Craft Guild

Rosemary Swimm, Laguna Plein Air Painters Association

Mike Tauber, LOCA

Chris Tebbutt, LGBT Committee/Realtor

Michael Thorstensen, Artist

Malcolm Warner, Laguna Art Museum

Bob Whalen, City Council

Kirsten Whalen, LOCA

Susan Whitin, Laguna Planning Commission



Appendix 2 – Financial Feasibility Study Details

Appendix 2: Financial Feasibility Study – Details

Earned Income – Facility-Curated Shows

	Y1	Y2	Y3	Y4	Y5
Capacity Utilization (for Co-producing)	60%	60%	60%	60%	60%
Average Capacity / Show	240	240	240	240	240
# Presented (Popular Music)	20	19	18	18	19
# Presented (non-Music)	20	19	18	18	19
# Co-produced (non-Music)	20	19	18	18	19
# Laguna-produced performance	20	19	18	18	19
# of Light Touch	26	28	29	28	28
Revenue from Presenting (Popular Music)	29,278	27,814	27,258	27,531	27,806
Revenue from Presenting (non-Music)	29,278	27,814	27,258	27,531	27,806
Revenue from Co-producing (non-Music)	93,690	89,006	87,225	88,098	88,979
Revenue from Piazza-produced performances	140,535	133,508	130,838	132,146	133,468
Revenue from Light Touch	124,920	134,289	137,849	136,105	134,343
Total Laguna Curated Performance Income	417,701	412,431	410,429	411,410	412,401

Total income from Facility-Curated Shows is projected to be \$410,000 by year 3 of operations.

Assumptions

- Close to 101 Laguna-curated performances and programs in the amphitheater annually, or about 8 performances a month (rental days and load-in / load-out have been taken into consideration)
- Assumed five different kinds of show “types” to be curated by the Facility, more than half of which are either produced or co-produced by the Facility: Presented (popular music); Presented (non-music); Co-Produced; Fully Produced; Light Touch Intervention
- For Facility-produced shows, have assumed 75% of the public is charged; for light-touch interventions, 50% of the public is charged; and for co-produced shows, have assumed 100% of the public is charged, with half of the income split with the partner organization
- Capacity utilization for seated performances assumed at 60% - note that adjusting this figure up to 80% impacts the possible income by \$120,000
- Weighted average ticket pricing is \$40, with a two-tier pricing scheme. \$45 for premium seating and \$35 for general seating, at a 50/50 distribution split.
- Presenters pay a flat rental fee of \$1,500 for the amphitheater and retain all ticketing income, with prices set by the presenter; all security, ushers, marketing, and other support is covered by the Facility



Appendix 2: Financial Feasibility Study – Details

Earned Income – Rentals

	Y1	Y2	Y3	Y4	Y5
Rehearsal Space	\$126,013.95	\$127,274.09	\$128,546.83	\$129,832.30	\$131,130.63
Studio Space	\$38,349.01	\$38,732.50	\$39,119.82	\$39,511.02	\$39,906.13
Event Space	\$224,336.17	\$223,270.41	\$227,174.22	\$231,471.35	\$233,786.06
Conference Room	\$19,041.69	\$19,232.10	\$19,424.42	\$19,618.67	\$19,814.85
Amphitheater					
Rental	\$115,634.92	\$116,791.27	\$117,959.18	\$119,138.78	\$120,330.16
Ticket fee	\$78,075	\$78,075	\$78,075	\$78,075	\$78,075
Amphitheater Total	\$193,709.92	\$194,866.27	\$196,034.18	\$197,213.78	\$198,405.16
Total Rental Income	\$601,450.74	\$603,375.37	\$610,299.48	\$617,647.11	\$623,042.83

Total income from rentals is projected to reach \$610,000 by year 3 of operations.

Assumptions

- Each space has its own rental price, with six categories of rental pricing per space, based on benchmarks and Laguna Beach’s own pricing distribution that is currently in use by the Susi Q and other government entities (in order of most expensive to least):
 - Non-Resident + Commercial
 - Resident + Commercial
 - Non-Resident + Private Citizen
 - Resident + Private Citizen
 - Non-Resident + Not-For-Profit
 - Resident + Not-For-Profit
- Each space has its own distribution of renters from the six categories
- Five spaces in total are available for rentals: rehearsal space, studio space, event space, conference room, and amphitheater, with respective per square foot pricing of \$.56, \$.56, \$1.46, \$1, \$.47 for the highest category (non-resident + commercial)
- There is a 5% discount with each category; rental prices increase by 1% YoY
- Assumed average utilization of 15% for studio space; 25% for event space, conference room, and amphitheater; and 50% for rehearsal space
- Assumed 75% of seats sold by amphitheater renters; ticket fee of \$3 per ticket charged for these renters

Rental pricing benchmarked against: Fullerton Museum, Laguna Art Museum, Segerstrom Center for the Arts, South Coast Repertory Theater, Bowers Museum, Pearson Park Amphitheater, Solvang Festival Theater, Irvine Bowl, and venues.com



Appendix 2: Financial Feasibility Study – Details

Earned Income – Rentals

	Y1	Y2	Y3	Y4	Y5
<u>Rehearsal Spaces</u>					
Rehearsal Space Rental Rate (Non-Resident + Commercial)	\$843.75	\$852.19	\$860.71	\$869.32	\$878.01
Rehearsal Space Rental Rate (Resident + Commercial)	\$801.56	\$809.58	\$817.67	\$825.85	\$834.11
Rehearsal Space Rental Rate (Non-Resident + Private Citizen)	\$761.48	\$769.10	\$776.79	\$784.56	\$792.40
Rehearsal Space Rental Rate (Resident + Private Citizen)	\$723.41	\$730.64	\$737.95	\$745.33	\$752.78
Rehearsal Space Rental Rate (Non-Resident + Not-for-profit)	\$687.24	\$694.11	\$701.05	\$708.06	\$715.14
Rehearsal Space Rental Rate (Resident + Not-for-profit)	\$652.88	\$659.41	\$666.00	\$672.66	\$679.39
Assumed Possible Rental Dates Annually	347	347	347	347	347
Assumed Annual Utilization (Rehearsal Space)	50%	50%	50%	50%	50%
Assumed Average Rentals (Rehearsal)	173.5	173.5	173.5	173.5	173.5
% Non-Resident + Commercial	13%	13%	13%	13%	13%
% Resident + Commercial	13%	13%	13%	13%	13%
% Non-Resident + Private Citizen	13%	13%	13%	13%	13%
% Resident + Private Citizen	13%	13%	13%	13%	13%
% Non-Resident + Not-for-profit	25%	25%	25%	25%	25%
% Resident + Not-for-profit	25%	25%	25%	25%	25%
	Y1	Y2	Y3	Y4	Y5
<u>Studio Spaces</u>					
Studio Space Rental Rate (Non-Resident + Commercial)	\$843.75	\$852.19	\$860.71	\$869.32	\$878.01
Studio Space Rental Rate (Resident + Commercial)	\$801.56	\$809.58	\$817.67	\$825.85	\$834.11
Studio Space Rental Rate (Non-Resident + Private Citizen)	\$761.48	\$769.10	\$776.79	\$784.56	\$792.40
Studio Space Rental Rate (Resident + Private Citizen)	\$723.41	\$730.64	\$737.95	\$745.33	\$752.78
Studio Space Rental Rate (Non-Resident + Not-for-profit)	\$687.24	\$694.11	\$701.05	\$708.06	\$715.14
Studio Space Rental Rate (Resident + Not-for-profit)	\$652.88	\$659.41	\$666.00	\$672.66	\$679.39
Assumed Possible Rental Dates Annually	347	347	347	347	347
Assumed Annual Utilization (Studio Space)	15%	15%	15%	15%	15%
Assumed Average Rentals (Studio)	52.05	52.05	52.05	52.05	52.05
% Non-Resident + Commercial	10%	10%	10%	10%	10%
% Resident + Commercial	10%	10%	10%	10%	10%
% Non-Resident + Private Citizen	25%	25%	25%	25%	25%
% Resident + Private Citizen	25%	25%	25%	25%	25%
% Non-Resident + Not-for-profit	15%	15%	15%	15%	15%
% Resident + Not-for-profit	15%	15%	15%	15%	15%



Appendix 2: Financial Feasibility Study – Details

Earned Income – Rentals

	Y1	Y2	Y3	Y4	Y5
<u>Event Space</u>					
Event Space Rental Rate (Non-Resident + Commercial)	\$2,928.57	\$2,957.86	\$2,987.44	\$3,017.31	\$3,047.48
Event Space Rental Rate (Resident + Commercial)	\$2,782.14	\$2,809.96	\$2,838.06	\$2,866.44	\$2,895.11
Event Space Rental Rate (Non-Resident + Private Citizen)	\$2,643.04	\$2,669.47	\$2,696.16	\$2,723.12	\$2,750.35
Event Space Rental Rate (Resident + Private Citizen)	\$2,510.88	\$2,535.99	\$2,561.35	\$2,586.97	\$2,612.84
Event Space Rental Rate (Non-Resident + Not-for-profit)	\$2,385.34	\$2,409.19	\$2,433.29	\$2,457.62	\$2,482.19
Event Space Rental Rate (Resident + Not-for-profit)	\$2,266.07	\$2,288.73	\$2,311.62	\$2,334.74	\$2,358.08
Assumed Possible Rental Dates Annually	347	347	347	347	347
Assumed Annual Utilization	25%	25%	25%	25%	25%
Assumed Average Rentals	86.75	86.75	86.75	86.75	86.75
% Non-Resident + Commercial	16.7%	16.7%	16.7%	16.7%	16.7%
% Resident + Commercial	16.7%	16.7%	16.7%	16.7%	16.7%
% Non-Resident + Private Citizen	16.7%	16.7%	16.7%	16.7%	16.7%
% Resident + Private Citizen	16.7%	16.7%	16.7%	16.7%	16.7%
% Non-Resident + Not-for-profit	16.7%	16.7%	16.7%	16.7%	16.7%
% Resident + Not-for-profit	16.7%	16.7%	16.7%	16.7%	16.7%
	Y1	Y2	Y3	Y4	Y5
<u>Conference Room</u>					
Conference Room Rental Rate (Non-Resident + Commercial)	\$250.00	\$252.50	\$255.03	\$257.58	\$260.15
Conference Room Rental Rate (Resident + Commercial)	\$237.50	\$239.88	\$242.27	\$244.70	\$247.14
Conference Room Rental Rate (Non-Resident + Private Citizen)	\$225.63	\$227.88	\$230.16	\$232.46	\$234.79
Conference Room Rental Rate (Resident + Private Citizen)	\$214.34	\$216.49	\$218.65	\$220.84	\$223.05
Conference Room Rental Rate (Non-Resident + Not-for-profit)	\$203.63	\$205.66	\$207.72	\$209.80	\$211.89
Conference Room Rental Rate (Resident + Not-for-profit)	\$193.45	\$195.38	\$197.33	\$199.31	\$201.30
Assumed Possible Rental Dates Annually	347	347	347	347	347
Assumed Annual Utilization	25%	25%	25%	25%	25%
Assumed Average Rentals	87	87	87	87	87
% Non-Resident + Commercial	11%	11%	11%	11%	11%
% Resident + Commercial	22%	22%	22%	22%	22%
% Non-Resident + Private Citizen	11%	11%	11%	11%	11%
% Resident + Private Citizen	22%	22%	22%	22%	22%
% Non-Resident + Not-for-profit	11%	11%	11%	11%	11%
% Resident + Not-for-profit	22%	22%	22%	22%	22%



Appendix 2: Financial Feasibility Study – Details

Earned Income – Rentals

	Y1	Y2	Y3	Y4	Y5
<u>Amphitheater</u>					
Amphitheater Rental Rate (Non-Resident + Commercial)	\$1,500.00	\$1,515.00	\$1,530.15	\$1,545.45	\$1,560.91
Amphitheater Rental Rate (Resident + Commercial)	\$1,425.00	\$1,439.25	\$1,453.64	\$1,468.18	\$1,482.86
Amphitheater Rental Rate (Non-Resident + Private Citizen)	\$1,353.75	\$1,367.29	\$1,380.96	\$1,394.77	\$1,408.72
Amphitheater Rental Rate (Resident + Private Citizen)	\$1,286.06	\$1,298.92	\$1,311.91	\$1,325.03	\$1,338.28
Amphitheater Rental Rate (Non-Resident + Not-for-profit)	\$1,221.76	\$1,233.98	\$1,246.32	\$1,258.78	\$1,271.37
Amphitheater Rental Rate (Resident + Not-for-profit)	\$1,160.67	\$1,172.28	\$1,184.00	\$1,195.84	\$1,207.80
Assumed Possible Rental Dates Annually	347	347	347	347	347
Assumed Annual Utilization	25%	25%	25%	25%	25%
Assumed Average Rentals	86.75	86.75	86.75	86.75	86.75
Seated Capacity	400	400	400	400	400
Assumed # Seats Sold	75%	75%	75%	75%	75%
Ticket fee	\$3	\$3	\$3	\$3	\$3
% Non-Resident + Commercial	30%	30%	30%	30%	30%
% Resident + Commercial	10%	10%	10%	10%	10%
% Non-Resident + Private Citizen	10%	10%	10%	10%	10%
% Resident + Private Citizen	10%	10%	10%	10%	10%
% Non-Resident + Not-for-profit	20%	20%	20%	20%	20%
% Resident + Not-for-profit	20%	20%	20%	20%	20%



Appendix 2: Financial Feasibility Study – Details

Earned Income – F&B

	Y1	Y2	Y3	Y4	Y5
Days Open in year	347	347	347	347	347
Daily Visitation Avg.	463	467	470	474	478
% Buyers	20%	20%	20%	20%	20%
Avg. Food Spend Per Person	12	12	12	12	12
Total Daily Buyers	92.55	93.31	94.08	94.86	95.64
Total Daily Spend	1,110.60	1,119.75	1,128.98	1,138.29	1,147.69
Total Annual Spend	385,378	388,553	391,756	394,988	398,248
% to the Facility	10%	10%	10%	10%	10%
Total Income	38,538	38,855	39,176	39,499	39,825

Total income from F&B is projected to be \$39,000 by year 3 of operations.

Assumptions

- Assume a casual café F&B option with coffee, light fare, and beer and wine available for purchase
- Visitors are walk-up (see next slide for explanation and build-out); average visitation to center of 460 people daily
- 20% are buyers; average purchase is \$12
- 10% of income goes directly to the Facility (industry standard)



Appendix 2: Financial Feasibility Study – Details

Walk-Up Visitation

	Y1	Y2	Y3	Y4	Y5
Annual Residential Catchment	61,903	62,224	62,547	62,872	63,198
Tourism to Laguna	107,001	108,071	109,152	110,243	111,346
Total Possible	168,904	170,295	171,699	173,115	174,544

Total walk-up visitation projected to be 172,000 by year 3 of operations.

Steps & Assumptions

Developed a walk-up visitation projection to factor into F&B income projections. This is based on a catchment analysis of Laguna residents and visitors.

- Projected Laguna Beach’s population utilizing existing 2017 data on current residents and distribution of residents by age group, as well as median growth rates in population over the last 8 years (.52%)
- Analyzed Susi Q attendance based on November program calendar to extrapolate number of discrete users per week. Used this figure against the current Laguna Beach population figures to understand total “catchment” – and assumed similar catchment for Facility
- Used annual tourist data compiled by Destination Analysts from 2016 to project the possible visitation to Facility from the tourist segment
- Excluded tourists who attended for a special event (20%); assumed that 2% of individuals who did not come for a festival would be willing and able to walk to the Facility.
- This 2% assumption based off of the following data points brought forth by the Destination Analysts report: 1) 2.2% of visitors visited “other attractions”; 2) 9% visited public art (the figure is lower for day trippers); 3) 5.2% visited Laguna Art Museum



Appendix 2: Financial Feasibility Study – Details

Operating Costs – HR

	Y1	Y2	Y3	Y4	Y5
Total Salaries	1,057,000	1,057,000	1,057,000	1,057,000	1,057,000
Total Benefits	297,145	307,763	318,805	330,288	342,232
Total HR Costs	\$1,354,145	\$1,364,763	\$1,375,805	\$1,387,288	\$1,399,232

Total HR costs projected to be \$1.4 million by year 3 of operations.

Assumptions

- Salaries stem from the PNP Staffing Group annual salary report for not-for-profits, analysis of salaries for public sector positions in Laguna Beach, and additional internal benchmarks
- Benefits are assumed at 24% of annual salary (benefits offered by Laguna Beach to its employees points to a slightly higher benefit allocation, closer to 30%.)



Appendix 2: Financial Feasibility Study – Details

Operating Costs – Building & Maintenance

		Y1	Y2	Y3	Y4	Y5
Gross Sq. Ft. + Outdoor Area (excl. seated areas and stage)	22,550	22,550	22,550	22,550	22,550	22,550
Training, Travel and Dues	0.09x	2,121	2,121	2,121	2,121	2,121
Natural Gas	0.16x	3,670	3,670	3,670	3,670	3,670
Electricity	1.91x	43,090	43,090	43,090	43,090	43,090
Water	0.48x	10,785	10,785	10,785	10,785	10,785
Telephone	0.03x	747	747	747	747	747
Materials and Supplies	0.55x	12,410	12,410	12,410	12,410	12,410
General Insurance	0.21x	4,786	4,786	4,786	4,786	4,786
Printing	0.61x	13,796	13,796	13,796	13,796	13,796
Postage	0.26x	5,864	5,864	5,864	5,864	5,864
Maintenance & Custodial (Indoors)	3.63x	81,878	81,878	81,878	81,878	81,878
Outside Landscaping & Maintenance	1.02x	23,064	23,064	23,064	23,064	23,064
Additional Maintenance (Indoor)	0.18x	4,036	4,036	4,036	4,036	4,036
Total		206,247	206,247	206,247	206,247	206,247

Total building and maintenance costs projected to be \$206,000 by year 3 of operations.

Assumptions

- Projected building costs based off of multiples derived from the Susi Q's building and maintenance costs
- Building costs encompass all interior costs, as well as some exterior costs for maintaining the building and roughly 500 sf of outdoor space
- The costs of maintaining the stage and seated areas are assumed as part of additional grounds costs (see later slides)
- Data taken directly from Laguna Beach's 2016 approved budget file; additional color and detail provided by Susi Q leadership



Appendix 2: Financial Feasibility Study – Details

Operating Costs – Programming (Amphitheater)

	Y1	Y2	Y3	Y4	Y5
Possible Programming Days Per Year	347	347	347	347	347
Number of Projected Rentals (Performance Space)	87	87	87	87	87
Possible Programmable Days	260	260	260	260	260
% of Programmable Days to Programs	30%	29%	28%	28%	28%
Projected Programmable Days	78	74	73	73	74
Projected Days Needed for Load-in / Load-out	78	74	73	73	74
Available Days for Light-touch programs in Amphitheater space	104	112	115	113	112
# Light-touch programs	26	28	29	28	28
# Presenting (Popular Music)	25%	25%	25%	25%	25%
# Presenting (non-Music)	25%	25%	25%	25%	25%
# Presenting	50%	50%	50%	50%	50%
# Co-Presenting	25%	25%	25%	25%	25%
# Internally-produced performance	25%	25%	25%	25%	25%
Total Cost for Presenting	-	-	-	-	-
Total Cost for Co-Producing	\$468,450	\$449,478	\$444,893	\$453,835	\$462,958
Total Cost for Internally-produced performance	\$234,225	\$222,514	\$218,063	\$220,244	\$222,447
Assumed Additional Costs for Light-Touch	\$13,013	\$13,988	\$14,359	\$14,178	\$13,994
Total Cost	715,688	685,980	677,316	688,257	699,398

Total costs for programming in the amphitheater projected to be \$677,000 by year 3 of operations.

Assumptions

- Costs are associated with in-house produced and co-produced productions as well as light-touch programming; presenters, which make up half of the Laguna-curated performances, assume all of their own costs
- Examined ISPA Project Pitches to understand costs for smaller-scale productions (see table to right); resulting price for a co-produced event of this type assumed to be half of median of the cohort (\$24,000)
- Assumed \$12,000 cost for a Facility-produced event, as this will likely require lower production values, such as something like Sunset Serenades

- Assumed additional costs for lighter touch programming (\$500 per event)

Benchmarks: Costs to Produce Existing Production

Performance	Type	Origin	Location	Fee
A Proust Sonata	Theater	Wortham Theater Center	Texas	\$50,000
Death Become Life	Dance	Yerba Buena Gardens Festival	California	\$50,000
Kronos Project	Multidisciplinary	TBD	California	\$48,000
Mementos Mori	Theater	Museum of Contemporary Art Chicago	Illinois	\$22,500
Theatre for One: I'm not Stranger You Think I Am	Theater	Arts Brookfield, Zuccotti Park, and Grace Plaza	New York	\$26,000

Mean	\$39,300
Median	\$48,000



Appendix 2: Financial Feasibility Study – Details

Operating Costs – Programming (Amphitheater – Support)

	Y1	Y2	Y3	Y4	Y5
# of Internally-Curated Shows	104	102	101	102	102
# of Security Needed per Show	2	2	2	2	2
# of Ushers Needed per Show	2	2	2	2	2
Hourly Pay (Security)	\$20	\$20	\$20	\$20	\$20
Hourly Pay (Ushers)	\$16	\$16	\$16	\$16	\$16
Average Hours Security Needed	5	5	5	5	5
Average Hours Ushers Needed	5	5	5	5	5
Security Cost	\$20,820	\$20,430	\$20,281	\$20,354	\$20,427
Usher Cost	\$16,656	\$16,344	\$16,225	\$16,283	\$16,342
Total Cost	37,476	36,773	36,506	36,637	36,769

Total support costs for programming in the amphitheater projected to be \$36,000 by year 3 of operations.

Assumptions

- In lieu of full-time security guards and ushers, opted for hiring hourly workers to work the Facility-curated productions (72-80 per year) and the light-touch interventions (26-29 per year); note: a security system and head of security are assumed as part of the model
- \$20/hr for security guards; \$16/hr for ushers
- Assume 2 each needed for security guards and ushers at an average of 5 hours per event day

Sources: San Jose Theaters; La Mirada Theatre; Thumbtack



Appendix 2: Financial Feasibility Study – Details

Operating Costs – Programming (Public Art & Residency)

Public Art Program

- To support a high-level temporary art program, we would suggest investing **\$156,000 a year** on top of hiring a public art curator to fully manage a program of this scale
- Projections are based on an examination of costs for public art projects in region (see *right*)
- For comparison, West Hollywood’s Art on the Outside program costs \$105,000 annually and supports roughly 12 projects a year; funds come from the City’s percent for art program. The program also has full autonomy in terms of decision making – the arts commission is the only deciding body involved

Residency Costs

- We have assumed **\$24,000 in costs** associated with a residency program for 1-3 residents each season, lasting 10 weeks each
- Residency will offer studio space, materials, and a daily stipend for 5 days a week, totaling \$60 weekly per resident. Housing not included.
- Figures based on internal benchmarks for cost of 2-3 month residency programs

Benchmarks: Public Art Project Costs

Project	Location	Artist Involved	Budget	Number of Works / Events	Budget per Work
Illuminated Sculpture in Robertson Commons	West Hollywood	Philip K. Smith III	500,000	1	500,000
Elevator in City Hall Automated Parking Garage	West Hollywood	Ned Kahn	120,000	1	120,000
Centennial Art Project - Light Gate	Manhattan Beach	Mags Harries; Lajos Heder	130,000	1	130,000
Newport Beach Civic Center Sculpture Exhibition	Newport Beach	Multiple	120,000	10	12,000
Re: Imagine Garden Grove	Garden Grove	n/a	20,000	1	20,000
Vasquez Rocks Natural Area Park	LA County	Didier Hess	52,000	1	52,000
Norman S. Johnson Aquatic Center (green public art project)	LA County	Bari Ziperstein	18,000	1	18,000
Mean					121,714
Median					52,000



Appendix 2: Financial Feasibility Study – Details

Operating Costs – Additional Costs

Grounds

- Additional costs of \$10,000 annually have been assumed in order to cover maintenance of the amphitheater seating and stage areas

Marketing

- We have assumed marketing costs of about \$100,000 annually. This figure reflects 4% of the budget – which is slightly under the typical marketing spend of larger cultural institutions. Given that the Facility is envisioned as largely focusing on the Laguna community, we would anticipate marketing spend to be relatively modest.

