

executive summary

Together with Bruner/Cott & Associates, Webb Management Services was hired by the City of Nashua to determine the feasibility of developing a theater downtown. Phase One of the study, the Needs Assessment, was based on an extensive process that included individual and group interviews, the touring of existing facilities, an analysis of the market, a review of the competitive situation, a user demand assessment, and research on comparable communities and projects. Phase Two, the Physical and Business Plan, identified potential sites and costs for new facilities and determined how they should be operated and sustained. Following is a summary of that work.

1. Phase One: Needs Assessment

Forces + Trends

Across the country, we are observing declines in traditional performing arts audiences, reductions in traditional public sector arts funding, increasing competition for private sector philanthropy, and the increasing fragility of nonprofit arts organizations due to a lack of productivity gains in the sector. Other data and research, however, indicates growth in active arts participation and arts education. In addition, the sector is finally able to articulate a strong value proposition to justify public and private sector support. This generally involves making the connection between the arts and other community goals like economic development, downtown revitalization, and cultural tourism. Facilities are responding to these changes in a variety of ways, including embracing a broader definition of culture and positioning theaters as community living rooms. Plans for new or improved facilities in Nashua should reflect these trends.

Market + Demographics Analysis

The primary challenge in any feasibility study is to understand the level and nature of demand for arts and cultural activity on the part of audiences, both now and looking out into the future. To define the market for the arts in Nashua, we mapped and analyzed ticket buyer data from Symphony New Hampshire, The Actorsingers, and Peacock Players. This allowed us to organize the market into three segments:

- * The City of Nashua,
- * The 15-mile radius surrounding Keefe Auditorium, and
- * The 40-mile radius surrounding the Keefe Auditorium.

In addition, we examined local tourism data in order to assess the potential for attracting visitors to new facilities in the community.

Our research found that the market for the arts is growing and incredibly diverse. Varying levels of educational attainment and household income indicate opportunities for both traditional and non-traditional arts programs, including those that are hands-on and participatory. There are also opportunities for family-oriented and culturally specific programs (in particular, those geared towards the City's large Indian-American population).

Review of Existing Facilities

To assess the existing universe of arts and cultural facilities in and around Nashua, and in effort to identify physical and programming gaps, we developed two comprehensive inventories: the first, of performance spaces with capacities ranging from 100 to 2,800 seats within a 30-mile radius of Nashua; and, the second, of Nashua-based meeting and event facilities that accommodate between 40 and 1,000 people for a standing reception. These inventories revealed the following:

- * Nashua is located in a crowded arts market with a number of facilities that present national touring product.
- * While regional facilities tend to have high quality ratings and cover a range of capacities, local facilities are low in quality and small in size. Locally and regionally, however, more than half of all inventoried facilities have no or low availability.
- * The meeting and events inventory indicated a large gap for high quality meeting space in Nashua, particularly for facilities with a unique atmosphere and state-of-the-art tech and A/V equipment.

User Demand Analysis

Having established what the current supply of arts facilities and programs looks like, we gathered information on demand for new performance facilities. The first part of that work included reviewing the utilization of the city's Keefe Auditorium, a middle-school facility used by community groups for events and performances, and the Court Street Theatre, a 277-seat theater primarily used by Peacock Players. This analysis found that, while utilization of Keefe Auditorium had increased, there were opportunities for more use, particularly in the summer months of July and August. Court Street Theatre, however, had seen a considerable increase in use between 2013 and 2014, despite the fact that it was in need of significant repairs and renovation. (At the time of the study, the building's black box theater had been deemed unsuitable for use.)

Having assessed the use of these facilities, we gathered information on demand for space from local arts and community groups. In total, our research indicated that 13 different groups have 431 days of demand for performance space: 93 days for rehearsals/tech, 124 days for performances, and 214 days for other activities. The majority of this demand (305 days) is for a facility with 350 seats or fewer, followed by 81 days of demand for a facility with 351 to 500 seats.

With this information in mind, we recommended three potential partners for the development of new facilities in Nashua: the educational sector (inclusive of River University, Nashua Community College, Daniel Webster College, the University of New Hampshire, and/or Southern New Hampshire University), local developers, and entities within Nashua's growing tech and business communities.

Review of Potential Community Benefits + Impacts

Our final piece of analysis considered the potential benefits and impacts new arts facilities could have in the community and how those impacts align with the Nashua's goals for the future. Key aims, as outlined in the *Nashua Arts + Cultural Plan* (2015) and the *Consolidated Plan for Community Development Block Grant + HOME Investment Partnership Program* (2010) include:

- * Creating a unique brand for culture in Nashua;
- * Developing a collaborative citywide association of arts and culture;
- * Engaging residents of all ages, backgrounds, and abilities in arts and culture;
- * Producing new economic opportunities by integrating the arts into public and business policies;
- * Strengthening neighborhoods; and,
- * Improving economic opportunities and the quality of local infrastructure, community facilities, and public services.

Arts and culture can contribute to these goals by creating a sense of place and enhancing quality of life, attracting a quality workforce, contributing to neighborhood and community development, and teaching innovation and creativity.

Needs Assessment Conclusions + Recommendations

All of this work led us to conclude that the case for building a brand new, large-capacity performing arts venue in Nashua is challenged by the city's proximity to multiple large, presenting performing arts centers, the development of a new concert hall nearby, and limited demand on the part of local users for a venue with 750 or more seats. Additionally, the city is already home to two performance venues that are regularly used by the community but that are greatly in need of renovation.

Nevertheless, we see tremendous opportunity for arts and culture in the community: the organizations that are currently active offer a diverse product, maintain busy schedules, and have demonstrated the ability to grow and develop programs over time. Our recommendations, then, are as follows:

- * Partner with a regional college or university on the development of a new downtown arts center.
- * Develop a downtown meeting, events, and music center.
- * Develop an arts district anchored by a renovated Keefe Auditorium and the Hunt Building.

These conclusions and recommendations were presented to the City of Nashua in May 2016. Based on feedback, we determined that the best course of action was to consider the development of a new 500 to 700-seat multi-purpose venue that could serve a range of nonprofit arts groups and commercial promoters, also responding to demand for a downtown meeting and event venue. We had also recommended the development of small and affordable spaces for local groups, potentially through the redevelopment of the Court Street Theatre. A summary of the physical and business plans for these components follows.

2. Phase Two: Physical + Business Plan

The physical and business planning components of the project occurred simultaneously. Completed by Bruner/Cott, the physical plan provided the City of Nashua with potential concepts and building costs for the recommended facilities. The process began with a review of five potential building sites: Spring Street, Main Street, Court Street, Water Street, Indian Head Bank. These sites were assessed based on four criteria (access to parking, visibility on Main Street, proximity to retail, and adequate footprint size), which resulted in the selection of Court Street and Main Street for development.

That exercise led to the selection of the Alec Shoe Store site on Main Street as the best location for new facilities. In addition, it was determined that a continuing investment in the lower portion of Court St. would be appropriate in order to satisfy the needs of a set of community groups who might be able to operate the space as a co-operative venture.

Lower Court Street

There is consensus in the community that Court St. should be improved as and when possible. A portion of the building could be restored for use by local theater groups, including a theater, rehearsal space and support areas. That portion could be operated as a co-op between the groups, or as a lease to one user with conditions motivating rentals to others.

The City's financial goal should be to have user groups pay rent sufficient to cover core building expenses. Users provide all services in and for the building, except capital repairs.

In the proposed physical plan, Court Street's programmable spaces are located on two levels. The Street level includes ticketing and concessions space, a catering kitchen, restrooms, coat check, a 2,247 square foot lobby, furniture storage space, a loading area, and a 4,490 square foot performance space. The Lower Level includes offices, classroom and rehearsal space, restrooms, wardrobe storage space, and dressing rooms. The performance space is a flexible facility that can accommodate 250 in tiered seating, 640 standing, and 320 at tables and chairs.

The proposed scope of work includes interior renovation, exterior repair, new HVAC and electrical systems, and upgraded program space. The estimated cost of the renovation could be anywhere between \$2.5 and \$5 million, depending on its scope and timing.

A pro-forma operating budget for the renovated Lower Court St. suggests that by the third year of operation, core facility operating expenses of \$80,000 are exceeded by rental revenues of \$84,000, generating a small surplus that can support capital replacements.

Main Street Performing Arts Center

The Main Street Performing Arts Center is recommended for the current Alec's Shoes site. At Street Level, the 30,000 square foot facility would include a lobby with ticketing, restrooms, and coat check; storage space; a 2,555 square foot restaurant/function area with a capacity of 170; and, 6,309 square feet of retail space. The Second Floor would feature restrooms, group and private dressing rooms,

catering and concessions space, a lobby area, a 7,142 square foot performance space, back of house, and wardrobe and furniture storage space. A flexible facility, the performance space would be able to accommodate 500 in tiered seating, 1,000 standing, and 550 at tables and chairs.

The scope of work for this project includes interior and exterior renovation and is estimated to cost \$15.5 million.

Working with City staff and key users, we began the business plan by establishing a set of operating goals for the recommended facilities. They are:

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

As to the question of how new facilities be owned and operated, we recommended that the City of Nashua be the owner and operator of new facilities, with at least two partners:

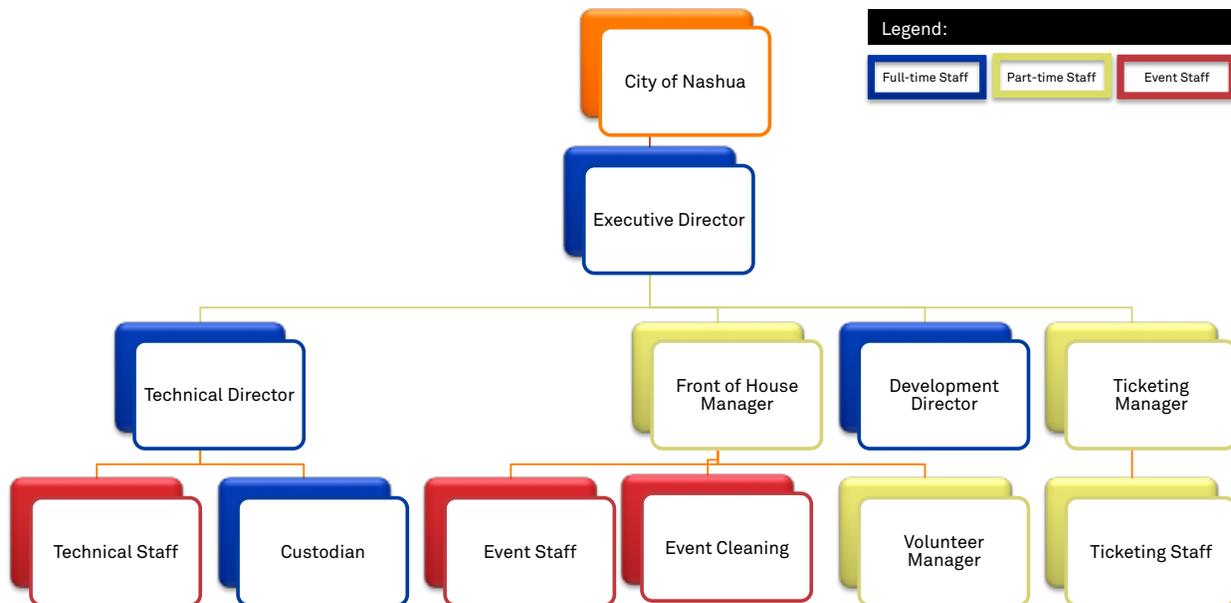
1. A foundation to raise money and represent the interests of the private sector.
2. A programmer to bring cultural and entertainment events to the Main Street Performing Arts Center.

These recommendations were made given the City's mandate to serve local residents and its resources and ability to recruit the skills required to manage a Performing Arts Center; a Foundation's ability to fundraise for annual support from the private sector; and, a programmer's ability to take risk on programming the facility. We developed early components of operating policy in the following areas:

- * **Access + Scheduling:** There should be explicit policies on how facilities are rented and who gets priority in booking various spaces.
- * **Rental Rates + Fees:** Rental rates should start with a base rent (daily for theater, four hours for the multipurpose room) that includes a set package of equipment and support from technical staff. Additional user fees can be charged for box office use and additional equipment for non-resident users. In addition, users must have insurance and technical staff trained and approved by the building.
- * **Resident Status:** We would recommend that there be a set of key users given the opportunity to apply for resident status in the building. This means that groups are given reduced rents and priority access to the facilities in exchange for activating it with high quality programming.
- * **Ticketing + Analytics:** New facilities should have their own ticketing system with a strong analytics component.

- * **Food + Beverage Operations:** Both buildings should have quality food and beverage operations, including expanded concessions and event catering capabilities.
- * **Volunteer Leadership:** We see an opportunity to develop a strong volunteer base in Nashua. Volunteers can play an important role in marketing the building and its events, assisting with event operations (ushering, ticket taking, etc.), and so on.
- * **Green Operations:** Finally, we would stress the importance of environmentally sensitive operating practices in the building, including transportation choices, energy efficiency, consumables, and the opportunity to build community awareness and support for environmental practices through these efforts.

We have recommended the following staffing plan for the Main Street Performing Arts Center. Blue boxes represent full-time staff, yellow boxes represent part-time staff, and red boxes represent event-based staff.



With governance and operating policies identified, we then developed a pro-forma operating budget for new facilities, showing how income and expenses grow over the first five years of operation. Numbers were based on data from other similarly sized performing arts centers around the country.

Pro-forma Budget Summary	Pre-Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Earned Income						
Ticket Sales		117,000	105,570	114,496	129,467	136,874
Rental Income		191,250	199,308	211,552	221,076	234,130
Theater User Fees		229,500	239,170	253,863	265,291	280,956
Food Service		36,650	37,832	42,360	50,036	54,538
Miscellaneous Income		120,600	119,772	130,512	140,508	151,348
		695,000	701,651	752,783	806,378	857,846
Contributed Income						
Individual Contributions	0	25,000	25,500	26,010	26,530	27,061
Corporate Contributions	0	25,000	25,500	26,010	26,530	27,061
Foundation Grants	0	25,000	25,500	26,010	26,530	27,061
Government (non-local)	0	25,000	25,500	26,010	26,530	27,061
Endowment Income	160,000	160,000	160,000	160,000	160,000	160,000
	160,000	260,000	262,000	264,040	266,121	268,243
Total Income	160,000	955,000	963,651	1,016,823	1,072,499	1,126,090
Operating Expenses						
Total Personnel	185,250	474,235	491,597	513,429	535,187	558,869
Programming Costs	0	119,250	110,344	117,690	131,590	137,255
Fundraising	10,000	20,000	21,000	22,050	23,153	24,310
Box Office	0	51,295	50,454	54,762	58,987	63,763
Administration	23,500	49,500	51,975	54,574	57,302	60,168
Occupancy Costs	0	210,000	214,200	218,484	222,854	227,311
Total Operating Expenses	218,750	924,280	939,570	980,989	1,029,072	1,071,676
Result of Operations	-58,750	30,720	24,081	35,834	43,427	54,414
Allocation from Capital Budget	75,000	0	0	0	0	0
Allocation to Capital Reserve	0	0	0	0	25,000	50,000
Final Result	16,250	30,720	24,081	35,834	18,427	4,414
Earned Income/Op Expenses	0	75%	75%	77%	78%	80%

Most earned income comes from rentals and related user fees, while the majority of operating expenses are related to personnel. Contributed income for the facility is fairly stable over the first five years of operation. Operating expenses increase over time, but by the fifth year, earned income is projected to cover 80% of the operating budget.

We have also projected the economic impacts associated with the operation of new facilities in Nashua, plus the impacts of audiences and their related expenditures. These represent significant benefits to the region in terms of new economic activity driven by the Center, supporting other businesses, and creating new jobs over time.

The multipliers used in this analysis were purchased from the Bureau of Economic Analysis for Hillsborough County, while audience expenditure estimates come from Americans and the Arts. Below is a summary of those impacts:

Summary of Economic Impacts on Hillsborough County		
Construction Impacts	Input (Local Expenditures)	\$12,000,000
	Output (Sales)	\$19,930,800
	Earnings	\$5,930,400
	Jobs Created (person-years)	112
Ongoing Annual Impacts	Input (Year 3 Spending)	\$460,000
	Output (Sales)	\$740,688
	Earnings	\$171,111
	Jobs Created (annual)	4
Operations	Input (Year 3 Spending)	\$402,220
	Output (Sales)	\$654,165
	Earnings	\$139,015
	Jobs Created (annual)	5
Audience Spending	Output (Sales)	\$1,394,853
	Earnings	\$310,126
	Jobs Created (annual)	9

Important here is the fact that we are projecting significant audience expenditures in Nashua as a result of this project. A lot of these funds will come to the community from other parts of the County and, as such, cannot be counted in the economic impact calculations. But, from the perspective of downtown development we can reasonably suggest that audiences and event attendees will spend over \$400,000 in or close to downtown Nashua in the third year of the project.

Finally, we have developed a critical path plan for new facilities. In order to advance the project, the City must now move down three parallel tracks: fundraising for the project; its planning, design, and construction; and planning for the programming and operation of the building towards an opening in the fourth quarter of 2020.