

A grayscale photograph of the Torpedo Factory Art Center building, a large industrial-style structure with many windows and a prominent chimney. The image is dimmed to serve as a background for the text.

# TORPEDO FACTORY ART CENTER

TASK FORCE MEETING 4- GOVERNANCE

JANUARY 18TH, 2023

# AGENDA



**INTRODUCTION &  
PRIORITIZATION RESULTS**

**5 MINS**



**CURRENT STATE**

**15 MINS**



**MARKET CONTEXT & CASE  
STUDIES**

**30 MINS**



**SCENARIOS**

**60 MINS**



**WRAP UP**

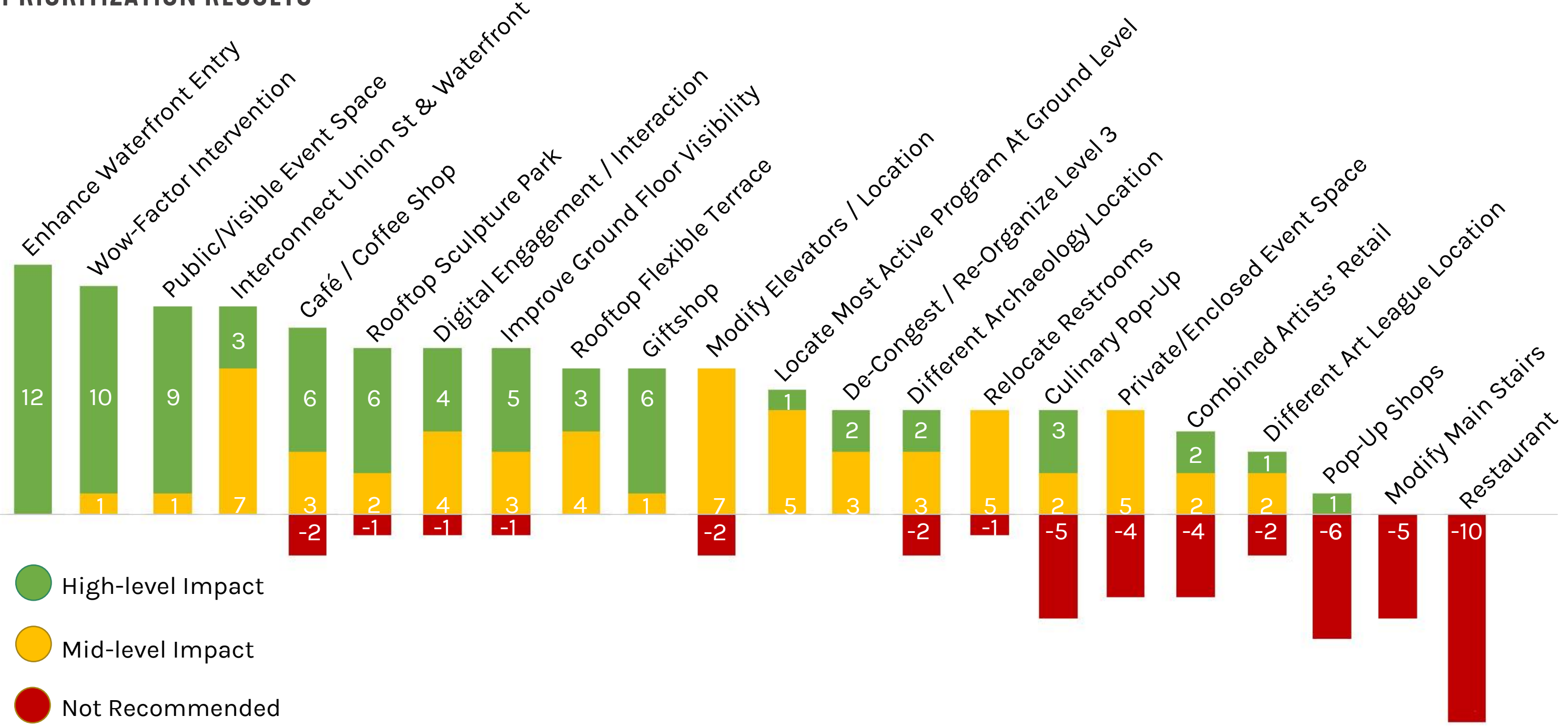
**5 MINS**

# **PRIORITIZATION RESULTS**

**FROM MARKETING TASK FORCE MEETING 3  
& ONLINE SURVEY**

# BUILDING IMPROVEMENTS TO IMPROVE VIBRANCY

## PRIORITIZATION RESULTS



- High-level Impact
- Mid-level Impact
- Not Recommended

# BUILDING IMPROVEMENTS TO IMPROVE VIBRANCY

## TOP COMMITTEE VOTES

### HIGH-LEVEL IMPACT:

1. Enhance Waterfront Entry
2. Wow Factor Intervention
3. Public-Visible Events Space
4. Rooftop Sculpture Park | Café / Coffee Shop | Gift Shop *(3-way tie)*

### MID-LEVEL IMPACT:

1. Interconnect Union St and Waterfront & Modify Elevators-Location *(2-way tie)*
2. Private-Enclosed Event Space | Relocate Restrooms | Locate Active Program on Ground Floor *(3-way tie)*

### NOT RECOMMENDED:

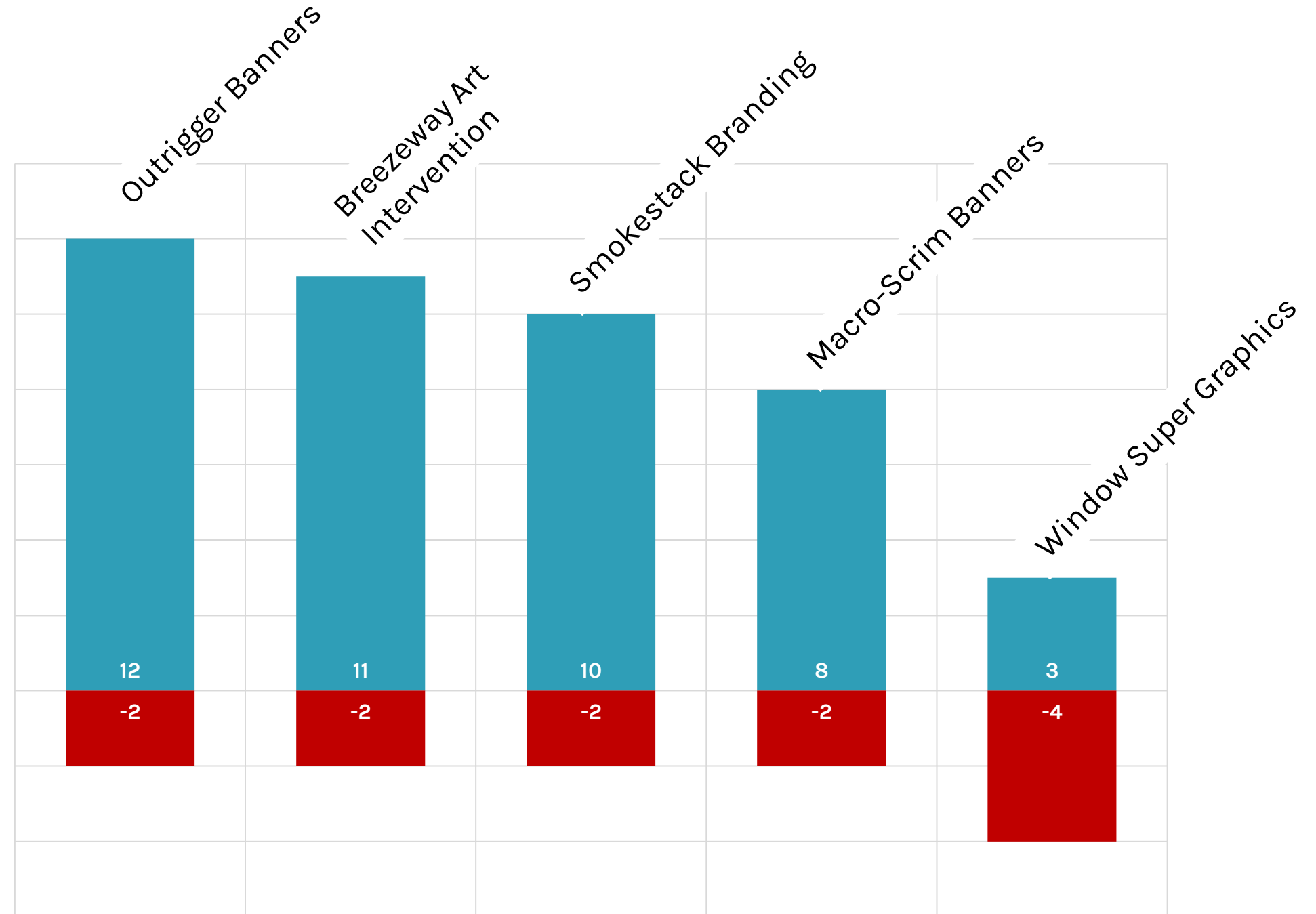
1. Restaurant
2. Pop-up Shops
3. Modify Monumental Stairs | Culinary Pop-Ups *(2-way tie)*



# PLACE-BASED MARKETING

# EXTERIOR PLACE BASED MARKETING TO EXPLORE

## TOP COMMITTEE RECOMMENDATIONS



● Recommended

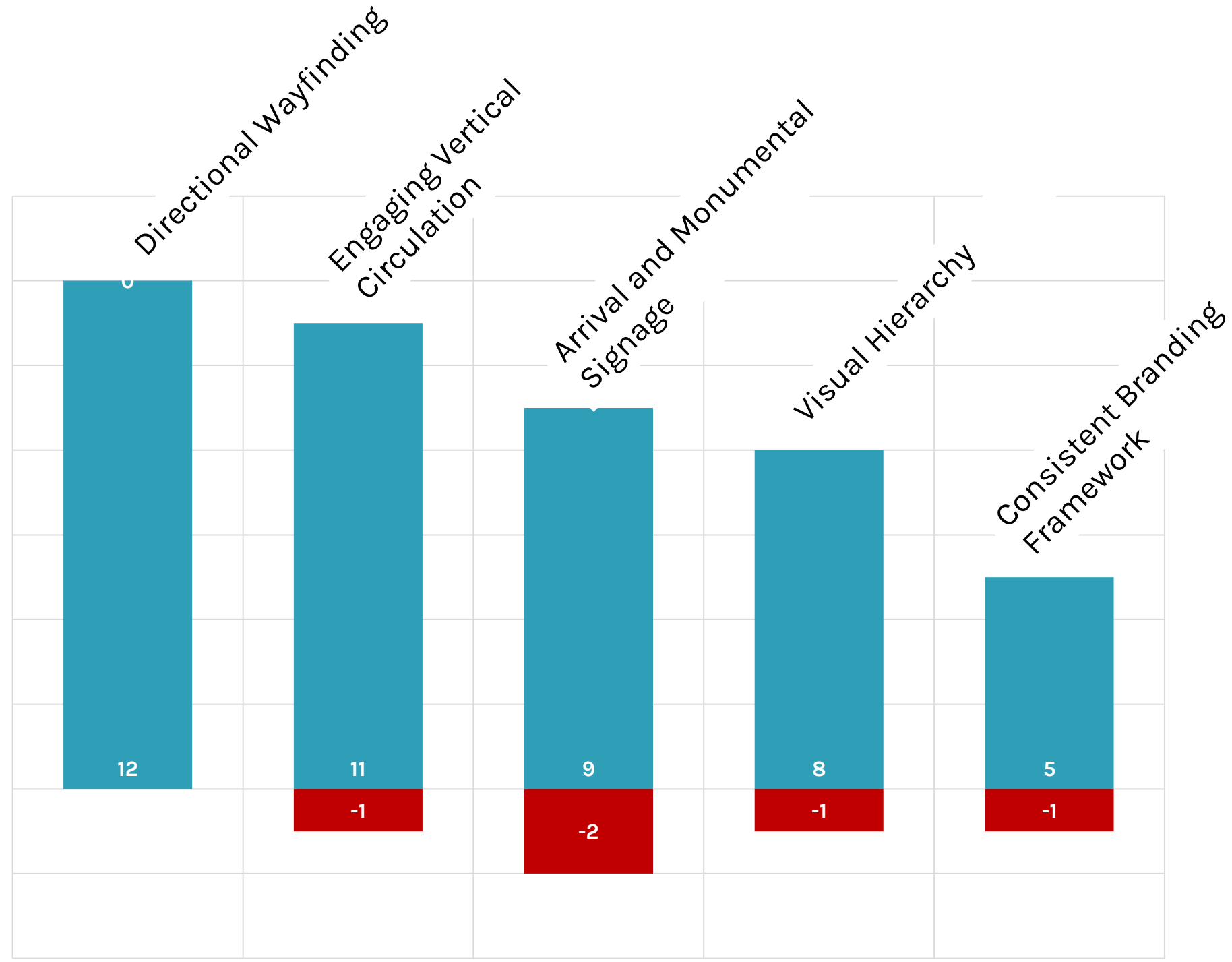
● Not Recommended

# INTERIOR PLACE BASED MARKETING TO EXPLORE

## TOP COMMITTEE RECOMMENDATIONS



- Recommended
- Not Recommended





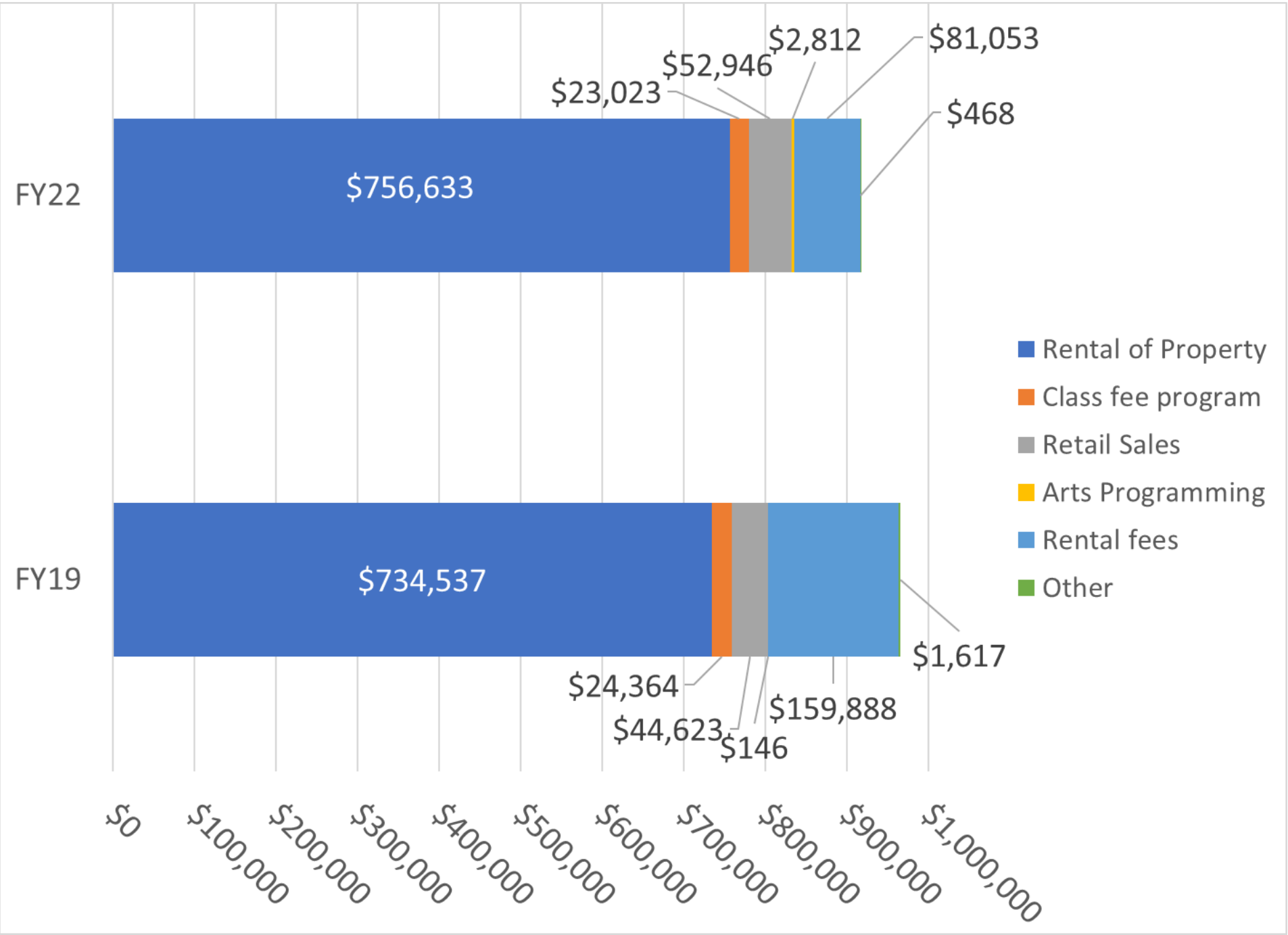


# **CURRENT OPERATIONS & GOVERNANCE**

# STUDIO RENTALS DOMINATE TFAC REVENUE

## TORPEDO FACTORY ART CENTER FY19 AND FY22 REVENUE

- FY19 \$965,000 revenue
- FY22 \$917,000 revenue, decrease
- Rent was 83% of total (FY22)



# PANDEMIC HAS SEVERELY IMPACTED EVENT RENTAL FEES

## TORPEDO FACTORY ART CENTER FY19 AND FY22 REVENUE

- Class fee/program is from the Target Gallery
- Retail sales at events (no gift shop)
- Rental fees dropped precipitously due to the pandemic
- New arts programming budget increased

Torpedo Factory Art Center  
Revenue Comparison, FY2019 and FY2022

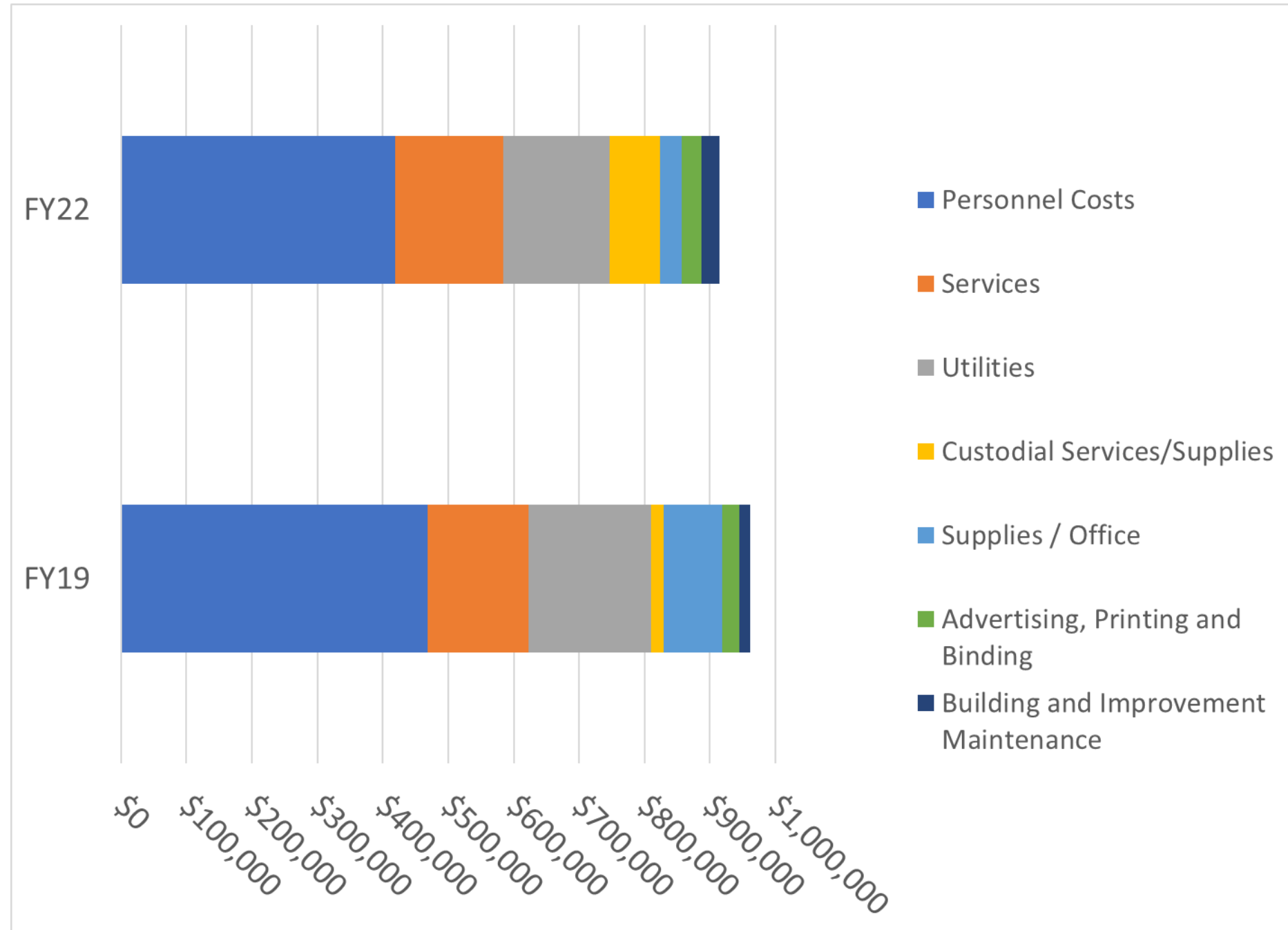
Category	FY19	Percent to Total	FY22	Percent to Total	Change	Percent Change
Rental of Property	\$734,537	76.1%	\$756,633	82.5%	\$22,095	3.0%
Class fee program	\$24,364	2.5%	\$23,023	8.8%	(\$1,341)	-5.5%
Retail Sales	\$44,623	4.6%	\$52,946	5.8%	\$8,323	18.7%
Arts Programming	\$146	0.0%	\$2,812	2.5%	\$2,666	1819.6%
Rental fees	\$159,888	16.6%	\$81,053	0.3%	(\$78,835)	-49.3%
Other	\$1,617	0.2%	\$468	0.1%	(\$1,149)	-71.1%
<b>Total</b>	<b>\$965,176</b>	<b>100.0%</b>	<b>\$916,937</b>	<b>100.0%</b>	<b>(\$48,239)</b>	<b>-5.0%</b>

Source: Torpedo Factory Art Center / City of Alexandria, VA, and ConsultEcon, Inc.

# EXPENSES HAVE DECLINED; TOTAL BUDGET HIGHER THAN SHOWN

## TORPEDO FACTORY ART CENTER FY19 AND FY22 OPERATING COSTS

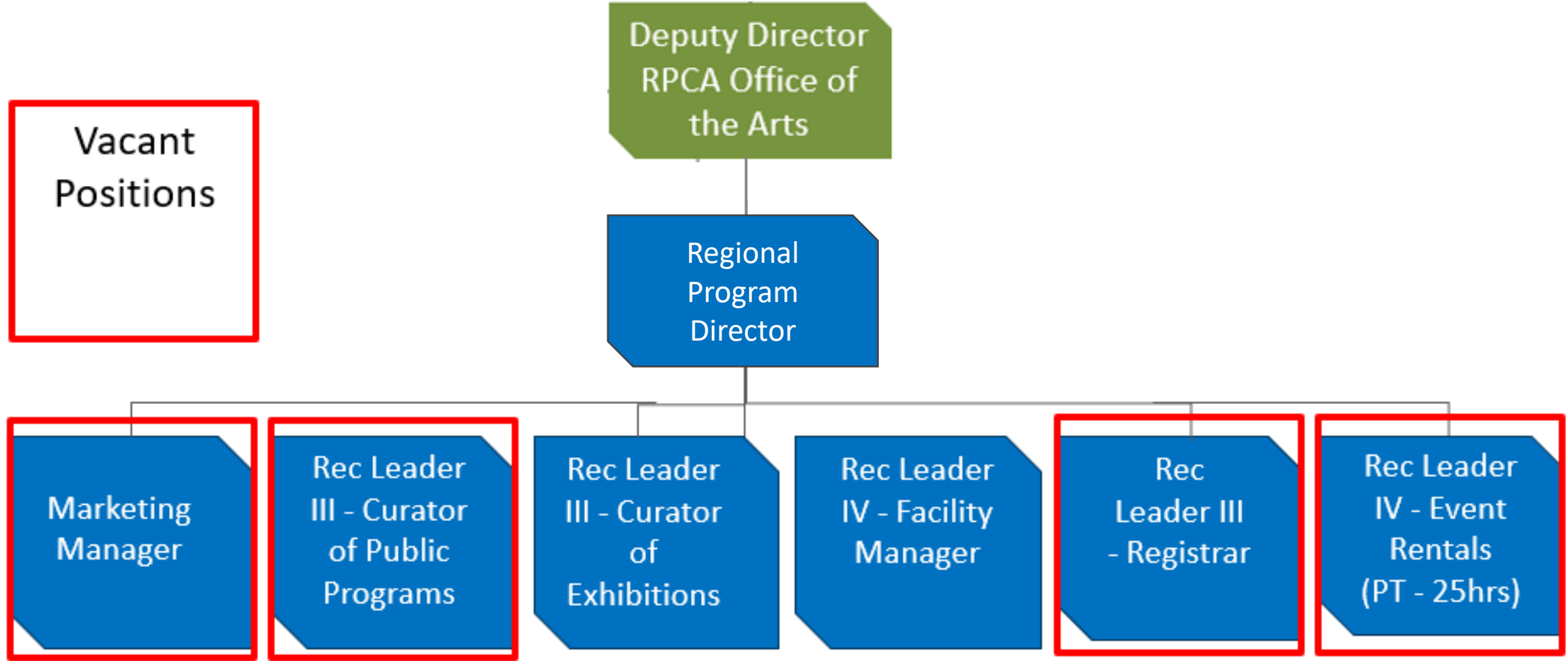
- FY22 \$915,000 total operating expenses
- 5% decline since FY19
- 19% inflation adjusted decline
- Expenses do not account for:
  - Department of General Services – about 2 FTE plus \$59k in additional maintenance and repairs
  - Real estate taxes (\$250k)
  - Office of the Arts Director partial salary
  - City services: HR, bookkeeping, AR/AP, scheduling through Parks and Recreation



# SEVERAL STAFF POSITIONS REMAIN VACANT – 7+ TOTAL STAFF

TFAC HOUSED IN THE OFFICE OF THE ARTS

## TFAC Organization Chart, as of 9/22/22



# CITY MANAGEMENT, BUT PARTNERSHIPS ARE CRITICAL

## Current Governance / Management Structure

	City	Individual Artists	Private Non-Profit Partner	Private For-Profit Partner
Who is the Owner?	City of Alexandria			
Who is the Building Manager?	Office of the Arts			
Who are the tenants in the building?	Archaeology Museum / Historic Alexandria	Artists	Art League Artists' Association Discover Graphics Atelier	Galleries Printmakers
Who does the maintenance and repairs	Department of General Services			
What Arts, Culture and Heritage Programs are offered?	Archaeology Museum Office of the Arts	Visitor interaction, art sales, art studios	Arts education	Visitor interaction, art sales
Who produces Events and Public Space Activation?	Office of the Arts			
Who coordinates Facility Rentals?	Office of the Arts			

Source: ConsultEcon, Inc.



# MARKET CONTEXT



# DIVERSE AND AFFLUENT RESIDENT MARKET – PRIME ARTS AUDIENCES

## 45 MIN DRIVE TIME MARKET

### 3.9 MILLION POPULATION

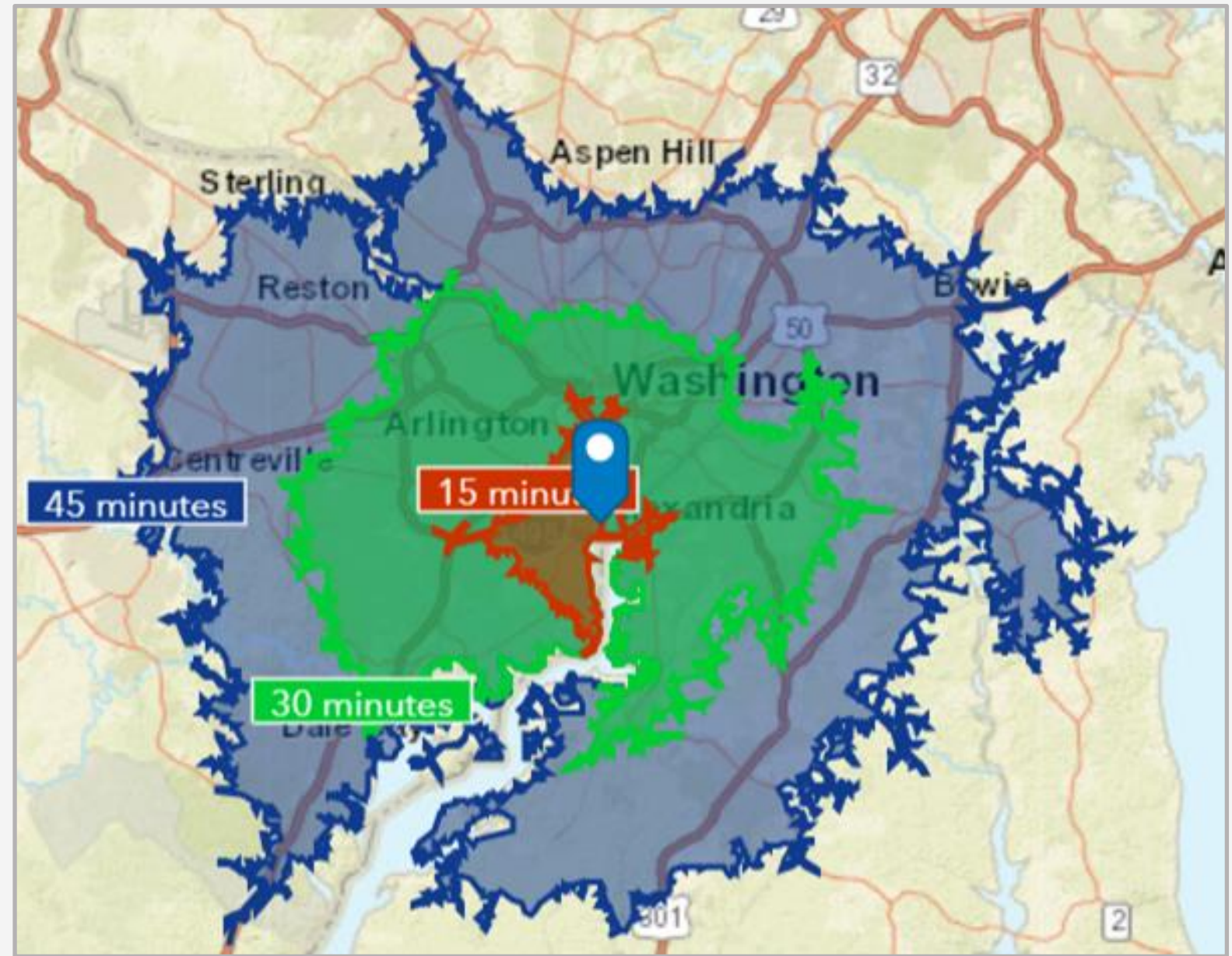
- City of Alexandria population of 164,000 is 4% of total
- 0-15 drive time is 6% of total, most population is between 15 and 45 minutes away

### HIGHLY EDUCATED/AFFLUENT POPULATION

- 57% with Bachelor's or higher (US average is 35%)
- Median HH income of \$113,000 (US average is \$72,000)

### VERY DIVERSE POPULATION

- 62% Nonwhite in resident market (VA is 40%, US is 39%)



Source: ESRI



# VISITATION DRIVEN BY CULTURE & HISTORY

## ALEXANDRIA “50 BEST PLACES TO TRAVEL IN 2023” by Travel & Leisure

- Cited for “Cultural Riches”

### PRIMARY MOTIVATORS:

- Downtown dining, shopping, culture, events,
- Arts are secondary & ranks low as a visitor activity (#16)

### TRAVELER PROFILES:

- Weekend getaways
- Extra day for families visiting DC
- Meeting market for associations

### EFFECTS OF THE PANDEMIC ON TOURISM

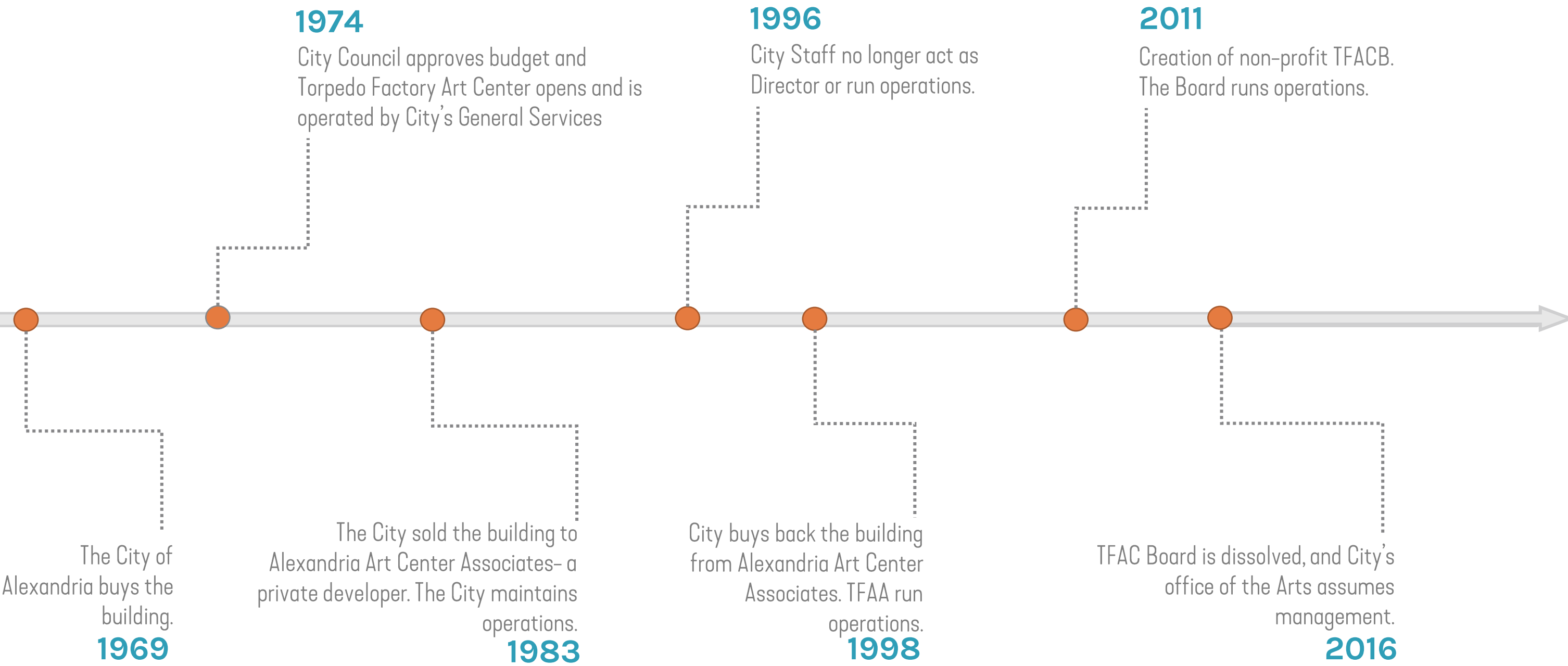
- RevPAR has fully recovered to 2019 levels
- Huge boom in short-term rentals (AirBnb)
- Business travel has not recovered



Source: Visit Alexandria

# CITY HAS OWNED AND MANAGED TFAC FOR MOST OF ITS HISTORY

## HISTORY OF EVOLUTION & RE-INVESTMENT





# CASE STUDIES

# 47 TO 4 | CASE STUDY CRITERIA

### INITIAL REVIEW:

- Started with list of 47 sites
- 38 include artist studios
- 26 have open studio hours
- 9 are owned by a public entity
- Only other facility with all three characteristics is Workhouse Art Center in Lorton, VA

### REFINEMENT:

- Municipal involvement in building ownership and/or management
- Artist studios for lease
- Open studio hours/public interaction with working artists
- In major metro area and/or in downtown/commercial district
- None of these meet all criteria
- There is no perfect comparable facility to TFAC

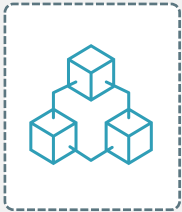




# CASE STUDY 1: **Artspace** | Raleigh, North Carolina



**BUILDING:** 30,000 SF  
Owner: **Artspace Inc.**  
Manager: **Artspace Inc.**



**GOVERNANCE MODEL:** **Non-Profit with Private & Public Partnerships**  
Funded in part by the City of Raleigh  
9.5 Full Time Equivalent Employees

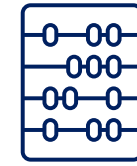


**TENANT PROFILE:** **35 Tenants**

- Artists Studios: 29
- Artist in Residence Studios
- Artspace Owned Gallery
- Mexican Restaurant
- Classrooms



- KEY POINTS:**
- Previously owned by City of Raleigh from 1986-2005
  - Nonprofit was formed by city government
  - Diversity of artists is a priority



**OPS BUDGET**

**\$ 867,140**

TOTAL OPERATING BUDGET (FY19)

*50% goes towards operations and management.*



**RENTAL TERMS**

**\$16.00/SF**

PER YEAR

**1 YEAR**

LEASE

**JURYING**

YES

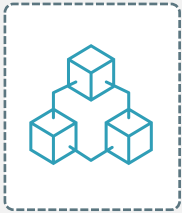
**KEY INSIGHTS:**

- Have lease term limit of 5 years
- Half the market rate (Mexican restaurant is charged \$32/SF).
- Studios must be open to public 20 hours per week

# CASE STUDY 2: Bromo Seltzer Arts Tower (BSAT) | Baltimore, Maryland



**BUILDING:** ~13,500 SF  
 Owner: **BSAT**  
 Manager: **Baltimore Office of Promotion and the Arts** (1 of 4 buildings)

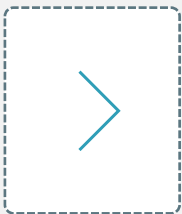


**GOVERNANCE MODEL:** **Quasi Public Non-Profit** (formed by the City)  
 4 Full Time Equivalent Employees  
 Supported by larger organization with City support



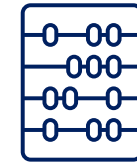
**TENANT PROFILE:** **23 Tenants**

- Artists Studios: 25
- Artists Lounges
- Emerson/Maryland Glass Museum
- Exhibition Galleries
- A/V Spaces
- Maryland Institute College of Art
- Performance Spaces
- Fellowship Studio



**KEY POINTS:**

- City office building until 2006, purchased in a cooperative agreement
- Small Arts Center Staff are supported by larger organization with City support
- Similar in structure to TFAC but much smaller scale



**OPS BUDGET**

**\$ 517,855**

TOTAL OPERATING BUDGET (FY21)

*This operating budget accounts for all four facilities managed by Baltimore Office of Promotion and the Arts including the Bromo Seltzer Arts Tower.*



**RENTAL TERMS**

**\$24.83/SF**

PER YEAR

**1 YEAR**

LEASE

**JURYING**

NO

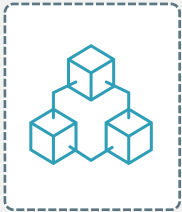
**KEY INSIGHTS:**

- Comparable to downtown Baltimore market rents of \$24/sf
- Do not have required public hours but suggested hours where the building is open.
- No jury process; fill out application and must pass credit check

# CASE STUDY 3: Goggle Works Center for the Arts | Reading, Pennsylvania



**BUILDING:** 145,000 SF (5 buildings)  
 Owner: **Goggle Works (non-profit)**  
 Manager: **Goggle Works**



**GOVERNANCE MODEL:** **Non-Profit with Private and Public Partners**  
 21 Full Time Equivalent Employees

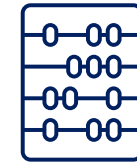


**TENANT PROFILE:** **60+ Tenants, half artists**

- Artists Studios: **30**
- Hot/warm glass shops
- Ceramics
- Jewelry teaching
- Wood teaching
- Office space for art business
- Goggle Works Galleries
- Meeting room rentals
- Café
- Movie theater-125 seats



- KEY POINTS:**
- Founded by local business leaders who saw the value of local artists
  - Operating support from foundations
  - Wishes they had done re-jurying in past; too hard to do it now



**OPS BUDGET**

**\$ 2,418,615**

TOTAL OPERATING BUDGET (FY19)

*The operating budget accounts for Goggle Works' five buildings.*



**RENTAL TERMS**

**\$10.86/SF**  
PER YEAR

**1 YEAR**  
LEASE

**JURYING**  
YES

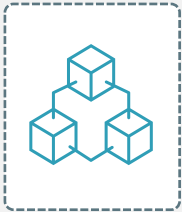
**KEY INSIGHTS:**

- Annual increase of 1.6%
- Maximum term of 5 years
- Commissions only for sales at front desk
- Not required to have open studio hours
- \$13.72/SF for non-subsidized businesses (market rate)
- Artists that do not qualify can rent at market rates

# CASE STUDY 4: Workhouse Art Center | Lorton, Virginia



**BUILDING:** 95,881 SF (11 buildings)  
 Owner: **County Government**  
 Manager: **Workhouse Arts Foundation (non-profit)**

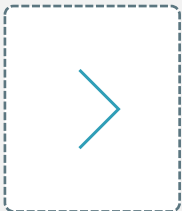


**GOVERNANCE MODEL:** **County Government with Non-Profit and Public & Private Partners**  
 20 Full Time Employees  
 Additional part time staff is needed for events; staffing levels vary by year.

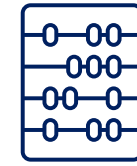


**TENANT PROFILE:** **65 Tenants**

- Artists Studios: **60**
- Galleries
- Dance Studios
- Music Rooms
- Event Spaces
- Exercise Spaces
- Theater
- Gift Shop
- Administrative offices
- Museum



- KEY POINTS:**
- Part of FFC Arts master plan to be finalized in 2023
  - County handles building operations and capital projects while the non-profit handles the programming.



**OPS BUDGET**

**\$ 2,259,320**

TOTAL OPERATING EXPENSES (FY20)

*This budget accounts for the entire 55-acre campus including the artist studios.*



**RENTAL TERMS**

**\$20.65/SF**  
PER YEAR

**1 YEAR**  
LEASE

**JURYING**  
YES

**KEY INSIGHTS:**

- Workhouse takes 30% commission
- Does have a jury for artist selection that is handled by the selection office at Workhouse
- No term limits
- Local retail rents are about \$27/sf



# CASE STUDIES

## FINDINGS SUMMARY

- **TFAC is unique** due to city operation, scale of artist studios, downtown location
- Private partners play leading roles in all facilities, particularly **fundraising**
- Local governments provide **grant funding for operations** for private entities
- Facilities tend to offer more arts and cultural programming than TFAC; all but one has considerably **more staff and larger budgets**
- **Art education is done directly** by the case study organizations, not by outside groups (e.g., Art League)
- Rental of studio space is **primary revenue source** for case studies
- **TFAC rents are lower** relative to local market than all case studies
- Jurying and lease terms geared towards promoting emerging artists and increasing arts and artist **diversity and inclusion**
- **TFAC requires more open studio time** than case studies – requirements vary from no open time to 2 nights per month to 20 hours per week

# QUESTIONS



# SCENARIOS

# GOVERNANCE

## Option 1: City Operation

	City	Individual Artists	Private Non-Profit Partner	Private For-Profit Partner
Who is the Owner?	City of Alexandria			
Who is the Building Manager?	Office of the Arts			
Who are the tenants in the building?	Archaeology Museum / Historic Alexandria	Artists	Art League Artists Association Discover Graphics Atelier	Galleries Printmakers
Who does the maintenance and repairs?	Department of General Services			
What Arts, Culture and Heritage Programs are offered?	Archaeology Museum	Visitor interaction, art sales, art studios	Arts education	Visitor interaction, art sales
Who produces Events and Public Space Activation?	Office of the Arts			
Who coordinates Facility Rentals?	Office of the Arts			

Source: ConsultEcon, Inc.

# GOVERNANCE

## Option 2: Existing Non-Profit Organization

	City	Individual Artists	Private Non-Profit Partner	Private For-Profit Partner
Who is the Owner?	City of Alexandria			
Who is the Building Manager?			Non-Profit Entity	
Who are the tenants in the building?	Archaeology Museum / Historic Alexandria	Artists	Art League Artists Association Discover Graphics Atelier	Galleries Printmakers
Who does the maintenance and repairs?			Non-Profit Entity	
What Arts, Culture and Heritage Programs are offered?	Archaeology Museum	Visitor interaction, art sales, art studios	Arts education	Visitor interaction, art sales
Who produces Events and Public Space Activation?			Non-Profit Entity	
Who coordinates Facility Rentals?			Non-Profit Entity	

Source: ConsultEcon, Inc.

# GOVERNANCE

## Option 3: New Non-Profit Organization

	City	Individual Artists	Private Non-Profit Partner	Private For-Profit Partner
Who is the Owner?	City of Alexandria			
Who is the Building Manager?			New Entity	
Who are the tenants in the building?	Archaeology Museum / Historic Alexandria	Artists	Art League Artists Association Discover Graphics Atelier	Galleries Printmakers
Who does the maintenance and repairs?			New Entity	
What Arts, Culture and Heritage Programs are offered?	Archaeology Museum	Visitor interaction, art sales, art studios	Arts education	Visitor interaction, art sales
Who produces Events and Public Space Activation?			New Entity	
Who coordinates Facility Rentals?			New Entity	

Source: ConsultEcon, Inc.

Note: City founded a Non-profit in 2011, that operated TFAC, but was not supported by funding.

# GOVERNANCE

## Option 4: New Quasi-Public Entity

	City	Individual Artists	Private Non-Profit Partner	Private For-Profit Partner
Who is the Owner?	City of Alexandria			
Who is the Building Manager?			New Entity	
Who are the tenants in the building?	Archaeology Museum / Historic Alexandria	Artists	Art League Artists Association Discover Graphics Atelier	Galleries Printmakers
Who does the maintenance and repairs	Department of General Services (shared)		New Entity (shared)	
What Arts, Culture and Heritage Programs are offered?	Archaeology Museum	Visitor interaction, art sales, art studios	Arts education	Visitor interaction, art sales
Who produces Events and Public Space Activation?	Office of the Arts (shared)		New Entity (shared)	
Who coordinates Facility Rentals?			New Entity	

Source: ConsultEcon, Inc.

# DISCUSSION

EXERCISE





# LOOKING AHEAD

# CLOSING ITEMS



## WRAP UP:

- **City Contact information:**
  - For more information:  
[www.alexandriava.gov/torpedofactory](http://www.alexandriava.gov/torpedofactory)
  - **Email questions comments to:**  
[torpedofactorytaskforce@alexandriava.gov](mailto:torpedofactorytaskforce@alexandriava.gov)
  
- **Upcoming meeting:**
  - **FEBRUARY 15TH, 2023; 6pm-8pm**



**THANK YOU!**

**TASK FORCE MEETING 4**

**JANUARY 18TH, 2023**