

Torpedo Factory Visioning Exercise  
 Scott Shaw, Sept 18 2020

1. What is your concept for repurposing part of the Art Center?
  - City maintains ownership and 80% of TFAC stays arts-focused
  - Other 20% (15K sq ft) to be used for a food hall. Also add rooftop dining venue
  - These new uses would help activate the building and make it economically self-sustaining
  
2. What space(s) in the building do you think would be repurposed?
  - Allocate half of ground floor to a 12 stall food hall. Possibly add new large doors opening to the waterfront, with more public seating outdoors
  - Use rooftop as 10K sq ft restaurant/venue, add exterior glass elevator
  - Other half of 1<sup>st</sup> floor plus all of 2<sup>nd</sup> and 3<sup>rd</sup> floor remain as public art/studio spaces
  
3. How does that concept benefit support the purpose of the Art Center and its operations?
  - Creates more reasons for locals and other visitors to come to the TFAC
  - Adds affordable, family-friendly dining options lacking on the waterfront today
  - Creates new revenue streams that can fund deferred capital spending at TFAC, while also making the TFAC financially self-sustaining in the future.
  - Specifically, rents would support \$28M in borrowings. New meals tax revenues would support another \$23M, for a total of \$51M, before landlord improvements to support the foodservice uses.
  
4. What would be the target population/audience/customers?
  - Tourists, locals and TFAC visitors
  
5. How would the proposal support and enhance the arts and Art Center artists?
  - More visitors, a better facility, reduced financial pressures
  
6. How would this project benefit the City?
  - Makes the TFAC and the waterfront more vibrant and appealing to broader audience
  - Solves for TFAC deferred capital spending
  - Makes TFAC financially self-sustaining going forward
  
7. At a high level, without being dollar specific, what might be the framework of the project's economics?

**Torpedo Factory Financial Analysis**

	Size	Sales PSF	Annual Sales	PSF Cost to Build	Total Costs to Build	Landlord TI @ \$500/ft
Food Hall (12 stalls)	12,500	\$ 900	\$ 11,250,000	\$ 800	\$ 10,000,000	\$ 6,250,000
Rooftop	10,000	\$ 750	\$ 7,500,000	\$ 800	\$ 8,000,000	\$ 5,000,000
	22,500	\$ 833	\$ 18,750,000	\$ 800	18,000,000	\$ 11,250,000
PSF rents, with TI	\$ 50.00					
Annual rents	\$ 1,125,000	<i>as % of sales</i>		6.0%		
Cap Rate	4.0% <i>City rate may be better</i>					
Value (borrowing capacity)	\$ 28,125,000					
less TI	\$ 11,250,000					
Net for building CapX	\$ 16,875,000					
Meals tax revenues @ 5%	\$ 937,500					
Meals tax borrowing capacity @ 4% cap rate	\$ 23,437,500					
<b>Total net borrowing capacity</b>	<b>\$ 40,312,500</b>					