

RESOLUTION NO. 2007-

A RESOLUTION OF THE VILLAGE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, APPROVING THE ATTACHED PROFESSIONAL RECREATIONAL SERVICES AGREEMENT BETWEEN THE VILLAGE OF KEY BISCAYNE AND DAVID PALMER AND YANIS PIKIERIS' MAXDANCE THEATRE, INC. AND AUTHORIZING THE VILLAGE MANAGER TO EXECUTE THE PROFESSIONAL RECREATIONAL SERVICES AGREEMENT; AUTHORIZING THE VILLAGE MANAGER AND VILLAGE ATTORNEY TO TAKE ALL STEPS NECESSARY TO IMPLEMENT THE PROFESSIONAL RECREATIONAL SERVICES AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Village desires to enter into an agreement with DAVID PALMER AND YANIS PIKIERIS' MAXDANCE THEATRE, INC., a Florida Non-Profit corporation, or such other entity acceptable to the Village which shall be owned and/or operated by David Palmer and Yanis Pikieris ("Maxdance"), whereby Maxdance would provide professional recreational services to the Village under the terms of a Professional Recreational Services Agreement in substantially the form attached hereto as Exhibit A" (the "Agreement"); and

WHEREAS, the Village Council finds that entering into the Agreement furthers a beneficial public purpose for the Village by providing recreational opportunities for Village residents.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE VILLAGE OF KEY BISCAYNE, FLORIDA, AS FOLLOWS:

Section 1. The above recitals are hereby adopted and confirmed.

Section 2. The attached Agreement is hereby approved and the Village Manager is authorized to execute the Agreement on behalf of the Village in substantially the form attached hereto as Exhibit "A", for the purpose of having Maxdance provide performing arts programs and

activities as set forth in Exhibit "A."

Section 3. The Village Manager and the Village Attorney are authorized to take any and all action necessary to implement the terms and conditions of the attached Agreement and provide any and all documentation associated with the Agreement.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this ____ day of _____, 2007.

MAYOR ROBERT L. VERNON

ATTEST:

CONCHITA H. ALVAREZ, CMC, VILLAGE CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

VILLAGE ATTORNEY

INFORMATION

TO

FOLLOW

Village of Key Biscayne

Conservatory for the Arts

Project Assessment

Submitted By:



BALLARD*KING
& ASSOCIATES LTD

February 9, 2007

Village of Key Biscayne
Conservatory for the Arts
Project Assessment

Completed By:

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Table of Contents

		Executive Summary	1
Section	I	Introduction.....	3
Section	II	Market	4
Section	III	Impact of the Conservatory on the Comm. Center	12
Section	IV	Project Options and Recommendations.....	14
Section	V	Project Financial Implications.....	17
Section	VI	Project Issues and Concerns	24

Executive Summary

The Village of Key Biscayne can pursue the establishment of a Key Biscayne Conservatory for the Arts if it is prepared to take on the financial obligation and David Palmer and Yanis Pikieris' MaxDance Theater Inc. is able to accept their role as a contract service provider.

Basic Agreement Principles Should Include:

- Any agreement between the village and MaxDance Theater should establish MaxDance Theater as a simple contract service provider for the village. The Village will own the name Key Biscayne Conservatory for the Arts.
- The Village would lease space in the Esplanade Building for a period of 3 years with the intent of completing the expansion to the Community Center during this time. At the end of the lease the conservatory would be moved to the Community Center.
- A three year agreement to provide specific cultural arts programs and services should be developed. There should be a termination clause for the Village and MaxDance Theater. However, MaxDance Theater should be required to provide services for a minimum of one year and there should be a non-compete clause as a condition of termination.
- The Village of Key Biscayne would:
 - Lease the building space for a period of three years.
 - Pay for any physical improvements to the building including permanently affixed equipment.
 - Be responsible for the design and lay-out of the space with input from MaxDance Theater.
 - Would designate the name of the program as the Key Biscayne Conservatory for the Arts.
 - Provide priority use of the facility to MaxDance Theater with the understanding that other Village recreation programs could and likely would take place in the center. There could also be rental of the space to other groups and organizations as well.
 - Pay for utilities, property insurance, custodial and maintenance costs for the building.
 - Operate and manage the facility. They would register people for classes, programs and activities and collect all money. The Village would also market the programs and services taking place in the building as part of the parks and recreation department.
 - Set overall program and service parameters for MaxDance Theater
 - Only cultural arts, no fitness, martial arts, etc.
 - Fees must be approved for all programs
 - Have the right to approve all instructors or employees.

- Conduct a yearly evaluation of MaxDance Theater programs and services.
- MaxDance Theater would:
 - Recommend specific programs and services they want to run including a description, schedule, and fees for each class or activity. Each of these items must be approved by the Village.
 - Interview, hire, and compensate all employees associated with MaxDance Theater. All employees would have to undergo a background check prior to beginning work.
 - Receive payment on a per class basis based on the total revenue received. The split would be a 70% MaxDance Theater/30% Village.
 - Provide all non-permanent equipment.
 - Provide liability, equipment, and all required personnel insurance.
 - Promote the programs and services being offered in conjunction with the Village, utilizing the Village logo on all materials.

It is estimated that renovation and improvements to the Esplanade Building will be between \$200,000 and \$250,000. The annual operations subsidy of \$158,000 would also need to be funded.

The operations plan is based on use by non-residents which will be a change in policy from current practice. It is estimated that 25% of program registrants will come from non-residents.

Ultimately the Village of Key Biscayne will need to determine if the capital investment necessary to provide space for the Key Biscayne Conservatory for the Arts as well as the annual subsidy that is required to conduct the program is worth the financial investment.

Section I – Introduction

The following is a basic assessment of the feasibility of developing a Conservatory for the Arts for the Village of Key Biscayne based on a contractual relationship with MaxDance Theater Company (David Palmer and Yanis Pikieris). This assessment is not meant to be a detailed or comprehensive feasibility study but rather an overview of the issues associated with the project.

This assessment has been completed based on a review of information developed and provided by the Village of Key Biscayne regarding the proposed project as well as information provided by David Palmer and Yanis Pikieris. Interviews were also conducted with David and Yanis as well as with various staff and elected officials of the Village of Key Biscayne. In addition, a site visit to Key Biscayne to review the project, tour the proposed location for the conservatory, meet with the Key Biscayne Community Center Advisory Board, and gather additional information regarding the project was conducted on February 6, 2007.

The assessment includes:

- Potential Market for the Facility.
- Potential Impact on the Community Center
- Project Options and Recommendations.
- Project Financial Implications
 - Capital
 - Operational
- Project Issues and Concerns

Section II - Market

The following section looks at the basic market for a conservatory including demographic characteristics, survey results, participation trends, and other possible providers. This is intended to be a very basic overview of the market and not a full market and needs assessment study.

Demographics: The proposed market for the conservatory would be first and foremost the residents of the Village of Key Biscayne. Beyond this it is expected that the facility will draw users from the off the Key as well. It must be recognized that this is a major departure from the Community Center which currently only allows residents and their guests to utilize the center and its programs.

The population of Key Biscayne for 2006 is estimated to be approximately 11,286 with 3,000 under the age of 18. There are approximately 4,500 households currently in the Village.

Key Biscayne Demographic Characteristics Include:

- Median Age 41.0
- Median Household Income \$107,268
- Household Size 2.48

In addition, to determine a possible non-resident draw for the conservatory, a potential service area of a 10 radius from the site was examined. It is estimated that there is a population of approximately 540,100 within this service area.

Service Area Demographic Characteristics Include:

- Median Age 39.4
- Median Household Income \$36,706
- Household Size 2.46

Conclusion: It will be difficult for a Conservatory for the Arts to be fully supported by residents of just the Village itself due to the relatively small population base of permanent residents and the pointed nature of the programming offered by the facility. As a result being able to draw non-residents to the programs will be essential for the financial viability of the project. However, this could be difficult due to the distance from Miami to the facility and the overall lower median household income of the larger service area. It is important to realize that allowing non-residents to participate will also represent a major change in policy for the Village and could result in added pressure to make other programs and services available to non-residents.

It should be expected that a minimum of 75% of the conservatory's regular users will come from the village and 25% from off of the Key.

Survey: Leisure Vision completed a random, statistically valid, survey of Village residents in November of 2006 to help understand usage and satisfaction with the Community Center and other recreation priorities in the community. One of the key findings was that “performance space for plays, concerts, and dancing” was the fourth most selected choice for new facilities that resident households say are the most important to develop. This selection was behind wellness centers, outdoor athletic fields, and an outdoor skate park. While this element rated high there were still only 17% of the respondents that had it as a top priority, but 60% of the households indicated that their need for “performance space for plays, concerts and dance” was either only being partially met or not met at all. It should also be noted that the survey question related to performance space and does not necessarily measure the demand for specific programs in these areas.

Cultural Arts Participation Statistics: Beginning in 1982 and at selected intervals there after the National Endowment for the Arts has sponsored the “Survey of Public Participation in the Arts” to determine the extent to which American adults participate in the arts. Information extracted from the 2002 survey indicates the following.

Personal Participation in the Arts

U.S. adults (over age 18) who have personally performed or created works in cultural arts activities in 2002 (at least once).

Table- A

Activity	% of Adults	# of Adults
<u>Music</u>		
Jazz	1.3%	2.7
Classical Music	1.8%	3.7
Opera	.7%	1.4
Choir/Chorale	4.8%	9.8
Composing Music	2.3%	4.7
<u>Plays</u>		
Musical Plays	2.4%	4.9
Non-musical Plays	1.4%	2.9
<u>Dance</u>		
Ballet	.3%	.6
Other Dance	4.2%	8.6
<u>Visual Arts</u>		
Drawing/Painting	8.6%	17.6
Photography	11.5%	23.5
Pottery/Jewelry	6.9%	14.1
Weaving/Sewing	16.0%	14.1
<u>Literature</u>		
Writing	7.0%	14.4

% of Adults – The percentage of adults (18 years and older) in the U.S. who participated in the activity at least once during 2002.

of Adults – The number of adults (in millions) in the U.S. who participated in the activity at least once during 2002.

These statistics indicate a strong number of individuals who personally participate in certain cultural arts activities. The different activity classifications are very broad and include a variety of specific activities.

General Attendance for Arts Activities

U.S. Adults (over age 18) who attended a cultural arts activity in 2002 (at least once).

Table- B

Activity	% of Adults	# of Adults
<u>Music</u>		
Jazz	10.8%	22.2
Classical Music	11.6%	23.8
Opera	3.2%	6.6
<u>Plays</u>		
Musical Plays	17.1%	35.1
Non-musical Plays	12.3%	25.2
<u>Dance</u>		
Ballet	3.9%	8.0
Other Dance	6.3%	12.1
<u>Visual Arts</u>		
Art Museums/galleries	26.5%	54.3
Art/craft Fairs & Festivals	33.4%	68.4
<u>Historic Sites</u>		
Parks/historic buildings	31.6%	64.7
<u>Literature</u>		
Plays/poetry/etc.	46.7%	95.3

% of Adults – The percentage of adults (18 years and older) in the U.S. who attended an activity at least once during 2002.

of Adults – The number of adults (in millions) in the U.S. who attended an activity at least once during 2002.

This table indicates an even stronger number of individuals who attend certain cultural arts activities.

Attendance and participation in cultural arts activities is higher among the more educated and higher income adult individuals. Participation is also generally higher in the middle age (35-64) groups as well. Detailed information is not available from this source regarding youth participation.

Participation in Arts Classes or Lessons

Individuals who participated in arts classes and lessons.

Table- C

Activity	% Anytime in Life	% in 2002
Music	33.9%	1.4%
Visual Arts	16.5%	1.7%
Acting	7.0%	.5%
Ballet	6.4%	.1%
Other Dance	11.4%	.7%
Creative Writing	13.1%	1.0%
Art Appreciation	18.3%	1.0%
Music Appreciation	16.1%	.6%

% Anytime in Life – The percentage of adults in the U.S. who took lessons in the activity at least once during their lifetime.

% in 2002 – The percentage of adults who took lessons in the activity at least once during 2002.

This table indicates the percentage of people who took lessons in a variety of activities either in their lifetime or in 2002.

General Attendance for Arts Activities by Region

U.S. Adults (over age 18) who attended a cultural arts activity in 2002 (at least once) in the South Atlantic region of the country.

Table- D

Activity	% of Adults	% South Atlantic
<u>Music</u>		
Jazz	10.8%	10.3%
Classical Music	11.6%	9.7%
Opera	3.2%	3.1%
<u>Plays</u>		
Musical Plays	17.1%	15.0%
Non-musical Plays	12.3%	10.2%
<u>Dance</u>		
Ballet	3.9%	3.8%
Other Dance	6.3%	5.7%
<u>Visual Arts</u>		
Art Museums/galleries	26.5%	23.9%
Art/craft Fairs & Festivals	33.4%	30.1%
<u>Historic Sites</u>		
Parks/historic buildings	31.6%	28.2%
<u>Literature</u>		
Plays/poetry/etc.	46.7%	43.3%

% of Adults – The percentage of adults (18 years and older) in the U.S. who attended an activity at least once during 2002.

of Adults – The percentage of adults (18 years and older) in the South Atlantic region of the U.S. who attended an activity at least once during 2002.

This table indicates a slightly weaker rate of attendance of cultural arts activities in the South Atlantic region than the general U.S. population.

In an attempt to develop a more direct comparison between the rates of participation in various leisure activities, the NEA survey ranked the following activities.

Rates of Participation in Leisure Activities in 2002:

Table- E

Activity	Percentages
Went to Movies	60.0%
Exercised	55.1%
Gardening	47.3%
Home Improvements	42.4%
Amusement Parks	41.7%
Attend Arts Event	39.0%
Attend Sport Event	35.0%
Outdoor Activities	30.9%
Played a Sport	30.4%
Volunteer/charity	29.0%

Percentages – Refers to the percentage of the adult U.S. population that participated in the activity (at least once) in 2002.

In relationship to sports participation and other leisure activities, participation in cultural arts is not as high but is still significant in the number of participants that are involved in these activities.

Other Providers: Currently there are several facilities in the Village that are providing performing arts programming including two current tenants of the Esplanade Building (a music and a dance studio), a private dance studio, and the Key Biscayne Community Center. Programming in the Community Center is limited due to the availability of space and time within the facility. Off of the key there are a number of other facilities that provide performing arts classes and programming. These include the PAN Performing Arts Network Classes and Studios, Aventura Dance Academy, Coconut Grove Ballet School, Miami City Ballet School, Miami Contemporary Dance Company, and Doral Conservatory and School of the Arts. With these facilities (and others), it may be more difficult to draw non-residents in any great numbers as there are alternatives that are potentially closer. As a result, the Key Biscayne Conservatory for the Arts will need to be able to survive off of Village residents with any non-resident use providing limited additional revenues.

Overall Market Conclusions: Several key points can be derived from a preliminary market assessment.

- Demographically the Village has a reasonably small permanent population base to draw from, which will require attracting users from non-residents if the project is going to be financially viable.
- The Leisure Vision survey indicates that the development of “performance space for plays, concerts and dancing is a reasonably high priority.
- Participation rates in cultural arts activities are reasonably strong.
- There are a limited number of opportunities for performing arts programs in the Village but there are a number of alternatives in the larger service area.

Section III – Impact of the Conservatory on the Community Center

Of concern is the potential impact that the development of the Conservatory for the Arts might have on the operation of the Key Biscayne Community Center. The exact impact will depend on the final contractual relationship between the Village and MaxDance Theater. Another critical factor will be the physical location of the conservatory.

It will be critical that any potential impact on the Community Center be minimized. This can be accomplished by writing a clear contractual agreement with MaxDance Theater. Key principles of the agreement should be.

- The village has the ultimate control over the types of programs and services that will be offered by the conservatory. This will help ensure that the conservatory's programs do not infringe on existing or planned future programming of the Community Center. Conservatory programming should be limited to dance, theater and music curriculum and should not include any fitness, martial arts, yoga or other similar activities.
- Pricing of programs and services will be another issue. Conservatory programs should be priced at minimum at the same level as current Community Center programs and not attempt to undercut these rates.
- Possible use of the conservatory by non-residents is a concern since their use of the Community Center is not currently permitted. If allowed this will set a new precedent for the Village and may put undo pressure on the Community Center to do the same. Expanded program offerings at the conservatory into other areas of interest to serve the needs of the non-resident could also occur.
- Ultimately if the conservatory is operated as a simple contractual program with the Village of Key Biscayne then the impact on the Community Center can be minimized.
- Even with the potential for limited impact, the presence of the conservatory will take away some of the existing programs that are currently being offered in dance, music and theater. It is estimated that this could range in a net revenue loss of anywhere between \$50,000 and \$70,000 annually. These figures take into account that some of the lost revenue will likely be replaced by income gained from new classes and programs being offered in other areas of recreation or fitness.

The physical location of the conservatory itself will also have a significant impact. If it is permanently located in the proposed lease space then it will develop a separate identity from the Community Center. On the one hand this will allow for different approaches to programming and pricing too occur but it may be more difficult to control program overlap. If the conservatory is physically located in the Community Center then it will be

much more critical that operations, programming and pricing more closely follow the center.

Section IV – Project Options and Recommendations

There are a number of possible options available for the Conservatory of the Arts project. These include the following:

1. Determine that the development of a Conservatory for the Arts is not in the best interests of the Village of Key Biscayne and will require too much of a financial commitment. The project does not move forward.
2. Agree to a contractual arrangement with MaxDance Theater to develop a conservatory. If this is the preferred direction then there are several sub options to consider.
 - a. Location of the conservatory
 - i. Existing Community Center – This will be difficult to accomplish with the limited time and space currently available in the building. This option is likely to kill the concept.
 - ii. Expanded Community Center – This will place the conservatory within the Community Center itself and more closely integrate its operation with that of the center. Capital costs will be high (estimated to be \$1,500,000) but operating costs will be minimized and revenue and use maximized. However, it will be 2 or 3 years before the expansion will be completed to allow the conservatory to operate. Even with the expansion space will still be limited.
 - iii. New Lease Space – This gives the conservatory a space to operate from in reasonably short order and a location that allows for its own identity. This option requires a significant capital investment (\$200,000 to \$250,000) and is the most costly operationally for the Village requiring an annual lease payment and additional operating costs for staff and other items due to a separate location from the Community Center.
 - b. Form of contract
 - i. Lease of the New Building – This arrangement would have MaxDance Theater lease the building from the Village at market rates. This would allow MaxDance Theater to operate as a private business and they would be responsible for all operations and management of the building as well as all of the programs and services taking place there.
 - ii. Contract Service Provider - With this arrangement MaxDance Theater would be a private contractor providing programs and services under the direction of the parks and recreation department. In this scenario the operational responsibility for the building will

remain with the Village and ultimate control of the programs and services would also be with the Village.

After examining the options that are available for the Village and the preferred direction of MaxDance Theater the following is the recommended approach to establishing a Conservatory for the Arts in Key Biscayne.

There is no question that the credentials and experience of MaxDance Theater and David Palmer and Yanis Pikieris are excellent. They have had extensive international, national and local experience with dance and other various aspects of performing arts. They would be an excellent choice to provide services for a Conservatory for the Arts for the Village of Key Biscayne. However a relationship between MaxDance Theater and the village must be carefully established to protect the interests of the citizens of Key Biscayne.

Recommendation:

The Village of Key Biscayne can pursue the establishment of a Key Biscayne Conservatory for the Arts if it is prepared to take on the financial obligation (as outlined in the Financial Implications section of this document) and MaxDance Theater is able to accept their role as a contract service provider.

A clear mission statement with specific goals for the conservatory must be established to guide the development of the project.

Basic Agreement Principles Should Include:

- Any agreement between the village and MaxDance Theater should establish MaxDance Theater as a simple contract service provider for the village. The Village will own the name Key Biscayne Conservatory for the Arts.
- The Village would lease space in the Esplanade Building for a period of 3 years with the intent of completing the expansion to the Community Center during this time. At the end of the lease the conservatory would be moved to the Community Center.
- A three year agreement to provide specific cultural arts programs and services should be developed. There should be a termination clause for the Village and MaxDance Theater. However, MaxDance Theater should be required to provide services for a minimum of one year and there should be a non-compete clause as a condition of termination.
- The Village of Key Biscayne would:
 - Lease the building space for a period of three years.
 - Pay for any physical improvements to the building including permanently affixed equipment.

- Be responsible for the design and lay-out of the space with input from MaxDance Theater.
 - Would designate the name of the program as the Key Biscayne Conservatory for the Arts.
 - Provide priority use of the facility to MaxDance Theater with the understanding that other Village recreation programs could and likely would take place in the center. There could also be rental of the space to other groups and organizations as well.
 - Pay for utilities, property insurance, custodial and maintenance costs for the building.
 - Operate and manage the facility. They would register people for classes, programs and activities and collect all money. The Village would also market the programs and services taking place in the building as part of the parks and recreation department.
 - Set overall program and service parameters for MaxDance Theater
 - Only cultural arts, no fitness, martial arts, etc.
 - Fees must be approved for all programs
 - Have the right to approve all instructors or employees.
 - Conduct a yearly evaluation of MaxDance Theater programs and services.
- MaxDance Theater would:
 - Recommend specific programs and services they want to run including a description, schedule, and fees for each class or activity. Each of these items must be approved by the Village.
 - Interview, hire, and compensate all employees associated with MaxDance Theater. All employees would have to undergo a background check prior to beginning work.
 - Receive payment on a per class basis based on the total revenue received. The split would be a 70% MaxDance Theater/30% Village.
 - Provide all non-permanent equipment.
 - Provide liability, equipment, and all required personnel insurance.
 - Promote the programs and services being offered in conjunction with the Village, utilizing the Village logo on all materials.

Section V – Project Financial Implications

One of the important factors in establishing a Conservatory for the Arts in Key Biscayne is the financial requirement to provide the program. There are two very different areas that must be considered. One is the capital costs of making improvements to the lease space (and eventually to the Community Center) and the cost of operating the facility and programs each year.

Capital: Assuming that the Village leases the Esplanade Building then there will have to be basic improvements made to the structure so it can be used for recreation purposes. Preliminary estimates for the necessary capital improvements are in the range of \$200,000-\$250,000.

Long term if the decision is made to expand the Community Center then the early projections are that this would cost approximately \$1,500,000.

Operations: This operations plan is based on the agreement principles outlined in the previous section and include the lease of the Esplanade Building (5,400 sq.ft.) for three years. It is expected that the conservatory will average 50 classes per week with a top end of 75 classes. Operation models have been shown for both of these options and include an estimated budget for 06/07 (May 1, 2007 opening) as well as budget year 07/08.

50 Classes

Operation Cost Models:

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
<u>Personnel</u>		
Part-time		
Front Desk		
\$9.00 x 60 hours x 12 wks	6,480	0
\$9.00 x 60 hours x 40 wks	0	21,600
Maintenance		
\$13 x 35 hours x 20 wks	9,100	0
\$13 x 35 hours x 50 wks	0	22,750
Benefits 10%	1,558	4,435
Total	\$17,138	\$48,785
<u>Commodities</u>		
Maint./repair/mat.	1,600	4,000
Janitor supplies	1,600	4,000
Other	400	1,000
Total	\$3,600	\$9,000

Village of Key Biscayne Conservatory for the Arts Project Assessment

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
<u>Contractual</u>		
Lease payment (3 months free rent) (\$22 sq.ft.)	20,000 0	0 119,000
Max Dance payment (70% of class rev.)	46,410	232,050
Utilities* (gas & elec.)	8,000	19,000
Water/sewer	2,500	6,000
Advertising	8,000	10,000
Communications (phone, computer, software license)	2,500	6,000
Contract services**	1,300	3,000
Trash pickup	0	0
Other	400	1,000
Total	\$89,110	\$396,050
<u>Grand Total</u>	\$109,848	\$453,835

* Rates are approximately \$3.50 sq.ft. It should be noted that at the time of this report utility rates were very volatile and could result in a higher energy rate for the center once it opens.

** Contract services cover mechanical system and control systems work, and other services.

50 Classes

Revenue Projection Models:

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
<u>Class Fees</u>		
\$17/class x 10per/class x 15 classes x 8/wks	20,400	0
\$15/class x 10per/class x 35 classes x 8/wks	42,000	0
\$17/class x 10per/class x 15 classes x 40/wks	0	102,000
\$15/class x 10per/class x 35 classes x 40/wks	0	210,000
Non-Resident Fees (25% of part. x 25% increase)	3,900	19,500
Rentals*	<u>3,000</u>	<u>10,000</u>
Total	\$69,300	\$341,500
<u>Other</u>		
Vending	1,300	3,000
Items sold (15% percentage to Village)	2,000	5,000
Other	<u>800</u>	<u>2,000</u>
Total	\$4,100	\$10,000
<u>Grand Total</u>	\$73,400	\$351,500

* Rentals are based on the following:

06/07-Danceroom – 3 wk x \$50 x 20 wks = \$3,000

07/08-Danceroom – 5 wk x \$50 x 40 wks = \$10,000

75 Classes

Operation Cost Models:

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
<u>Personnel</u>		
Part-time		
Front Desk		
\$9.00 x 60 hours x 12 wks	6,480	0
\$9.00 x 60 hours x 40 wks	0	21,600
Maintenance		
\$13 x 35 hours x 20 wks	9,100	0
\$13 x 35 hours x 50 wks	0	22,750
Benefits 10%	1,558	4,435
Total	\$17,138	\$48,785
<u>Commodities</u>		
Maint./repair/mat.	1,600	4,000
Janitor supplies	1,600	4,000
Other	400	1,000
Total	\$3,600	\$9,000
<u>Contractual</u>		
Lease payment		
(3 months free rent)	20,000	0
(\$22 sq.ft.)	0	119,000
Max Dance payment (70% of class rev.)	69,556	347,778
Utilities*	8,000	19,000
(gas & elec.)		
Water/sewer	2,500	6,000

Village of Key Biscayne Conservatory for the Arts Project Assessment

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
Advertising	8,000	10,000
Communications (phone, computer, software license)	2,500	6,000
Contract services**	1,300	3,000
Trash pickup	0	0
Other	400	1,000
Total	\$112,256	\$511,778
<u>Grand Total</u>	\$132,994	\$569,563

* Rates are approximately \$3.50 sq.ft. It should be noted that at the time of this report utility rates were very volatile and could result in a higher energy rate for the center once it opens.

** Contract services cover mechanical system and control systems work, and other services.

75 Classes

Revenue Projection Models:

<u>Category</u>	<u>06/07 Budget</u>	<u>07/08 Budget</u>
<u>Class Fees</u>		
\$17/class x 10per/class x 22 classes x 8/wks	29,920	0
\$15/class x 10per/class x 53 classes x 8/wks	63,600	0
\$17/class x 10per/class x 22 classes x 40/wks	0	149,600
\$15/class x 10per/class x 53 classes x 40/wks	0	318,000
Non-Resident Fees (25% of part. x 25% increase)	5,845	29,225
Rentals*	<u>3,000</u>	<u>10,000</u>
Total	\$102,365	\$506,825
<u>Other</u>		
Vending	1,700	4,000
Items sold (15% percentage to Village)	2,700	6,500
Other	<u>1,000</u>	<u>2,500</u>
Total	\$5,400	\$13,000
<u>Grand Total</u>	\$107,765	\$519,825

* Rentals are based on the following:

06/07-Danceroom – 3 wk x \$50 x 20 wks = \$3,000

07/08-Danceroom – 5 wk x \$50 x 40 wks = \$10,000

Expenditure - Revenue Comparison

50 Classes

Category	06/07 Budget	07/08 Budget
Expenditures	\$109,848	\$453,835
Revenues	\$73,400	\$351,500
Difference	-\$36,448	-\$102,335
Recovery %	67%	77%
Community Center Rev. Loss	\$21,000	\$50,000
Adjusted Difference	-\$57,448	-\$152,335

75 Classes

Category	06/07 Budget	07/08 Budget
Expenditures	\$132,994	\$569,563
Revenues	\$107,765	\$519,825
Difference	-\$25,229	-\$49,738
Recovery %	67%	91%
Community Center Rev. Loss	\$29,500	\$70,000
Adjusted Difference	-\$54,729	-\$119,738

Section VI – Project Issues and Concerns

The following comments deal with project issues and concerns.

- It must be realized that the market for this type of facility is somewhat limited. The Village only has a population of 11,000 people and it may be difficult to pull a significant number of users from non-residents.
- The operations plan is based on use by non-residents which will be a change in policy from current practice. It is estimated that 25% of program registrants will come from non-residents. There should be a 25% fee differential between resident and non-resident rates.
- An expectation of 50 classes per week is probably more realistic than 75 and this number should be utilized for any planning purposes. Programming is based on the school year with some limited summer workshops.
- The small size and layout of the Esplanade Building will limit the growth of programs and activities. Even with the addition of space to the Community Center there will be limited space for the growth of the conservatory over time.
- The Village will need to balance the recreational and cultural needs of the entire community.
- The only direct compensation to MaxDance Theater should be a percentage (70%) of gross class revenues. There should be no other compensation paid by the Village to MaxDance Theater.
- The project should be titled as the Key Biscayne Conservatory for the Arts and the Village should own the name.
- The overall poor physical condition of the Esplanade Building is a major problem that must be addressed to ensure the safety of the facility's patrons. The amount of available parking is also a concern.
- The Village will need to determine if the capital investment necessary to provide space for the conservatory and the annual subsidy that is required to conduct the program is worth the financial investment.