

CAIC Technical Review Committee

Update – 6/8/15, Carrboro Town Hall

Members:

Noel James, Interim Executive Director, The Arts Center

Lisa Van Deman, Interim Executive Director, Kidzu

Patricia McGuire, Planning Director, Town of Carrboro

Julie Eckenrode, Assistant to the Manager, Town of Carrboro

Jeff Thompson, Asset Management Services Director, Orange County

Steering Committee members present:

ArtsCenter: Don Rose, Chair; Phil Szostak, Board Member

Kidzu: Betsy Bennett, Chair (teleconference); John Mills; Melissa Cain

Carrboro: David Andrews, Town Manager

Orange County: Bonnie Hammersley, County Manager

Intended Outcome

- Update Technical Committee progress to Steering Committee
- Responses to “Proposed Path to New Proposal” Framework
 - Workgroup Charge
 - Timeline/Process Recommendations
 - Process Facilitation Recommendation
 - UNC SOG – Development Finance Initiative
- Receive Steering Committee Feedback

Technical Committee Background

- Four meetings, lots of “homework”
- Organizational, process, and relationship focus
- Ready with a recommended plan to move forward along “Proposed Path to New Proposal” as drafted by Carrboro Alderperson Bethany Chaney

Proposed Path to New Proposal

“Take everything off the table: location, financing mix, architectural plans, ownership structure, etc.”

TRC Recommendation:

This process starts anew with everything off the table. All CAIC proposals, sites, discussions, and **expectations** prior to April, 2015 organizations of Steering and Technical Review Committees are effectively cleared from the going forward discussion and work group product.

Steering Committee feedback:

Okay with recommendation; however past CAIC proposals will need to be treated in context with going forward discussions.

Proposed Path to New Proposal

“The process must include or acknowledge the following:

Shared objectives are fundamental to public-private partnerships. Objectives of engaging in a new process and potentially developing a new proposal must be clearly outlined, completely transparent, and mutually-agreed by all parties”

TRC Recommendation:

The TRC’s draft “Charge” for the process addresses these objectives as well as the roles of both the Steering and Technical Review Committees

Steering Committee feedback:

Okay with Charge as described on Powerpoint slide # 6.

Charge

- Compile information and prepare a report that lays the foundation for implementing the steps identified in the “Proposed Path to New Proposal” endorsed by the Carrboro Board;
- Perform the necessary work collaboratively and transparently with clearly defined objectives mutually agreed upon by all parties;
- Assess development opportunities and options (land & building, market support, partner operations, public input/process, and financing) for co-location; and
- Evaluate and potentially present a proposal for co-location following appropriate analysis (and governing board presentation/feedback) along a generous pre-development timeline.

Proposed Path to New Proposal

“The non-profit partners and public sector staff – negotiate and propose a process that includes a generous timeline and time-bound benchmarks to see whether a better, stronger, financially palatable and feasible public-private partnership can be conjured.”

TRC Recommendation: The proposed timeline follows:

Task	Date	Deliverable to Steering Committee
Workgroup Organization	May-June, 2015	
Collaboration Space Planning	Jun-August, 2015	Co-location space plan, shared space location, share time
Market demand analysis, Partner business plan analysis; Land-use planning & physical site assessments; Public input on collaboration concepts	July-Sept., 2015	Projected unmet needs in marketplace 3-5 years out; feasibility of partner business plans and sites/needs for public private partnership; physical assessment; summary of public input on collaboration concepts
Co-location program uses/scale of uses; site recommendation	Oct, 2015-Jan. 2016	Endorsement of co-location program
Concept plan financing options, public-private partnership structure options	Feb-April, 2016	Endorsement of financing and partnership structures
RFP for project issued	May-June, 2016	Draft development agreement for evaluation and start of project.

Steering Committee Feedback to Suggested Timeline on powerpoint slide #7:

- The groups agreed that the timeline tasks are not purely serial in nature and may have parallel tasks occurring simultaneously;*
- Initial collaborative “vision planning” for a co-location concept will occur during the summer between the four partners (ArtsCenter, Kidzu, Carrboro, Orange County) during the summer)*
- Financial analysis of co-location will occur throughout the process;*
- “Generous” timeline trumps trying to “fit” the tasks within one year; in other words, groups will stay focused, but will not force the process.*

Proposed Path to New Proposal

“Engaging in this process does not constitute a commitment from the Town to participate financially in any development project.”

TRC Recommendation:

Engagement in the process by any participant (Town of Carrboro, Orange County, The ArtsCenter, Kidzu) does not constitute a commitment to participate financially in any development project. The parties agree to contribute staff time to the process.

Orange County, The ArtsCenter, and Kidzu agree to contribute to reasonable due diligence and process costs that inure to the benefit of the process and resulting proposal.

Steering Committee Feedback to Financial Commitment powerpoint slide #9:

- All partners agree to the Financial Commitment statement within the original “Proposed Path to New Proposal”;*
- Governing board decisions to contribute due diligence funds for the process (market studies, business planning, economic impact, physical analysis, etc.) will be tabled/postponed until after the staff “visioning” process occurs as well as no earlier than September, 2015;*
- A potential recommendation for jointly contributing due diligence funds along an agreed upon formula may occur no earlier than the governing board agenda review cycle after the summer break.*

TRC recommends working with the ***UNC School of Government's Development Finance Initiative ("DFI")***

- a full service technical analysis resource for complex projects that may benefit from a public-private partnership;
- services include market analysis, partner operations and business planning consultation, physical site assessment, and financing/partnership structuring.
- Costs are estimated at up to \$50-75K for entire process with an additional 2-4% of the project

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- Costs are estimated at up to \$50-75K for entire process (under market value of a la carte services)
- DFI assumes this risk by participating in the project development fee should the project warrant a public-private partnership. This amounts to with an additional 2-4% in fees (based upon the total project cost) should the project be developed.

TRC recommends working with the ***UNC School of Government's Development Finance Initiative ("DFI")***

- Most costs can be shared pro-rata among Orange County, ArtsCenter and Kidzu;
- Operations business planning consultation can be shared among ArtsCenter and Kidzu;
- Most physical site assessments (geotech, environmental, etc.) can be absorbed by the County on sites that may support the library should the collaboration not materialize.

Steering Committee Feedback to DFI recommendation slides #11, #12, and #13:

- *Staff will work through the visioning process during the summer to prepare:*
 - *a table of needed due diligence materials necessary for the co-location work;*
 - *options for sourcing the due diligence information; and*
 - *a detailed proposal from the UNC School of Government's Development Finance Initiative, its value proposition, cost structure, and areas of due diligence that will be addressed in the proposal.*

Proposed Path to New Proposal

“The ArtsCenter retains Noel James as Interim Executive Director long enough to conduct a thorough business planning process, which includes:

- Utilizing an outside consultant*
- Incorporating a rigorous market, donor and stakeholder research*
- Financial plans and projections that demonstrate significant gains in diversifying private sector fundraising and membership development*
- a plan for board development”*

TRC Recommendation:

Noel James remains affiliated with the ArtsCenter organization to support the organization and the inbound Executive Director in assisting in generating the information necessary for a successful business planning process critical to this process and resulting proposal.

Steering Committee feedback:

The ArtsCenter Board Chair, Don Rose, assured that Noel James will remain involved in the work.

Proposed Path to New Proposal

“The business planning process should “test” whether the market, revenue models or other factors related to either organization actually support a co-location strategy. It should also rigorously test financial capabilities of each organization such that their contributions to any potential project will be maximized, not underestimated.”

TRC Recommendation:

That a primary objective of the process will be assess the value of a co-location strategy for all participants, and that this value assessment will be evaluated using the best practices available within DFI's evaluation.

Steering Committee feedback:

The proposed due diligence scope of work will include generally accepted methods to test the factors contributing to the feasibility and sustainability of a co-location Model.

Proposed Path to New Proposal

“A transition plan [for ArtsCenter leadership] may or may not be part of the final business plan – but let the planning process inform this.”

TRC Recommendation: Transition plans in Board and Management Leadership will inform this process.

*Steering Committee feedback:
Accepted without comment.*

“To the extent that Kidzu also needs a business plan, they do the same.”

TRC Recommendation:

As stated above, transition plans in Board and Management Leadership will inform this process.

*Steering Committee feedback:
Accepted without comment.*

Proposed Path to New Proposal

“Any new proposal includes modified, shared assumptions about economic impact, growth, goals and measures, etc.”

TRC Recommendation:

All planning assumptions (economic impact, growth, costs, meaningful measurement, etc.) will be shared, validated, and agreed upon between all parties throughout the process.

*Steering Committee feedback:
Agreed as part of the shared due diligence scope.*

“Public sector partners outline non-negotiables, participation limitations, or accountability requirements that must be included in any future proposal.”

TRC Recommendation:

All participation parameters and requirements will be addressed in the process.

*Steering Committee feedback:
Partners agree to submit and attempt to mutually accept these requirements as part of the process.*

Sites Contemplated in Study

- 203 S. Greensboro*
- Current ArtsCenter Location – 300 Main
- Fire & Hearth*
- “Armadillo Parking” Location**

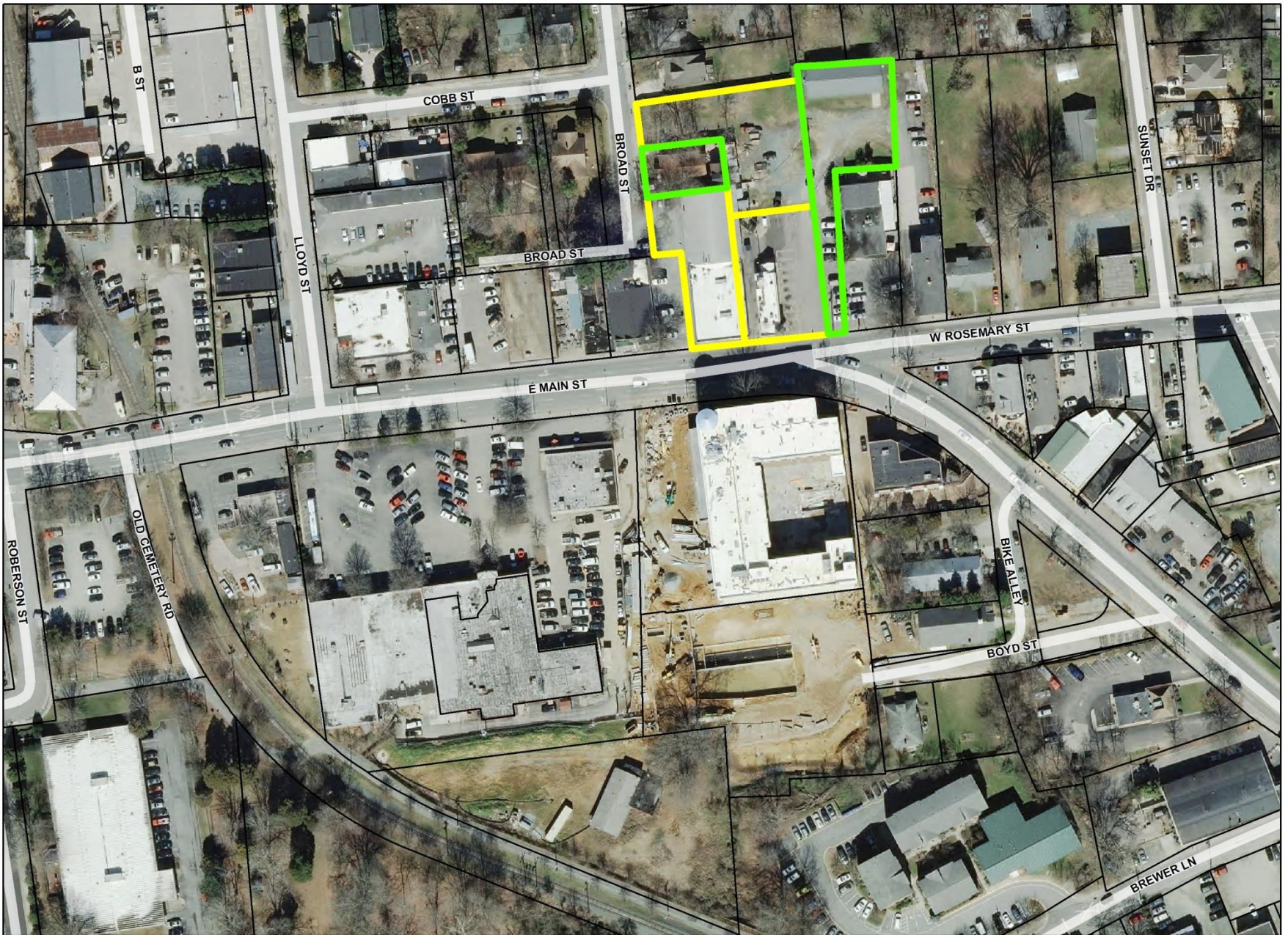
**Studied by County as a standalone library site as well*

***Added by the Steering Committee on 6/8/15*

203 S. Greensboro



Fire and Hearth



Major strategic themes of process

- Fundamental questions, incentives for each group
 - Potential revenue and cost multipliers for co-location
 - Potential dilution of risk by co-location
 - “What’s the value for each participant in a co-location?”
- Standalone timelines of each partner
- Impact of Carolina Arts and Innovation Center announcement
- Requirement of public and/or private funds, relative risks for collaborative project
- Probability and magnitude of economic impact of collaborative project
- Utility and value (if any) of public private partnership structure