

# Simpsonville Arts Center

Feasibility Study Outline

*2016*



## **I. Introduction**

Seeking public involvement regarding the future of the historic Simpsonville school house, the City conducted a public meeting on November 8<sup>th</sup>, 2015. The meeting was conducted as an open house inviting the community to tour the building and fill out a questionnaire in order to acquire their vision for the building. This created a non-threatening environment, encouraged conversation and allowed all participants to write down their suggestions and opinions. A total of 45 questionnaires were submitted for consideration and staff review.

Based on the questionnaire results, the community would like to see the school house used primarily as an arts center. A feasibility study is required in order to determine the primary issues and potential success of the center.

## **II. Study Committee**

This study will be conducted by a committee of seven or more members. Each member will have experience in a specific field that relates to the project. These areas of experience are: grant writing, historic preservation, performing arts, visual arts, architecture/engineering, Simpsonville Arts Foundation, and the Simpsonville Revolutionary War Museum. Each member will be asked to volunteer their time and work together to research and answer the questions within each section of the study.

The committee may be broken into groups, based on their experience, and asked to work on the various components of the study. Each group will establish a timeline and meeting schedule based on their assignments.

## **III. Feasibility Study**

A feasibility study can determine whether an arts center can be successful in Simpsonville. The purpose is to identify roadblocks that may prevent the successful implementation of an arts center. The study will consist of four main components: market analysis, organizational analysis, building and equipment analysis, and financial analysis.

### **A. Market Analysis**

Market analysis is extremely critical in determining the success of an arts center and should be completed first. If the analysis concludes there isn't a need or a customer/user base, the project is deemed not feasible and the study concludes. Finding answers to the following questions is vital when conducting the market analysis:

- What is the current demand for the proposed services/products?
- What are the target markets/demographics?
- What are the common characteristics of the target markets/demographics?

- What competition exists in the market, how do they operate and what services do they provide?
- Can a market niche be established to enable the arts center to compete effectively with existing competition?
- How successful is the competition (user counts, profits, occupancy, etc.)?
- Is the location of the arts center likely to affect its success?

## **B. Organizational Analysis**

If the market analysis supports and shows a need for an arts center, the next step is to determine how the center should be managed. The legal business structure needs to be identified first in order to best understand personnel needs. The following questions will help form the organizational structure:

- What legal organizational structure is right for the arts center?
- Is a board of directors or a single program director appropriate?
- What qualifications should the board/director have?
- What qualifications are needed to manage day to day operations?
- What other staffing needs will be required and how might that change over the next 2-3 year?

## **C. Building and Equipment Analysis**

In repurposing an older building, renovations and new equipment will be necessary. A thorough analysis of the existing structure will identify required renovation. Equipment needs can cover a wide range of items from telephones to ceramic furnaces and specialized equipment. The key at this stage is to identify what will be needed and the cost. The following are questions to consider during this analysis:

1. Building:
  - What will require renovation?
  - What is the itemized cost and timeline for renovation?
  - How does the ability to complete renovations affect the start-up timeline?
2. Equipment:
  - What are the equipment needs for the arts center?
  - Where will the equipment be sourced from?
  - When can the equipment be obtained?
  - How does the ability to obtain equipment affect the start-up timeline?
  - What is the cost associated with each item/service?

## D. Financial Analysis

Financial analysis is the last step to a feasibility study due to the other components being necessary for an accurate understanding of costs and revenue. If the previous steps are not thorough, the financial analysis will not be adequate. The risk here is that the study may show the arts center to be feasible when in reality it's not. Financial analysis is broken into the following five categories:

1. **Start-Up Costs:** These are the costs incurred in starting the arts center. These costs include renovations, equipment, etc.
2. **Operating Costs:** These are the ongoing costs, such as utilities and wages.
3. **Revenue Projections:** This is an assessment of estimated monthly revenue from rent and programming.
4. **Sources of Financing:** Potential lending, donation, and grant sources should be identified.
5. **Profitability Analysis:** Using the costs and revenue analysis, this step shows the "bottom line" and if the arts center will bring in enough revenue to cover operating expenses. If it's determined the center will lose money, changes may be made to the proposed programming to see if the bottom line improves.

## IV. Conclusion

It is staff's goal to have the feasibility study finished by the end of 2016 and presented to the Simpsonville City Council at their January 24<sup>th</sup>, 2017 meeting. Upon completion, this study should give a clear idea whether an arts center can be successful at the historic Simpsonville Elementary School. While the steps and questions may seem simple, the more time and effort given to each one will increase the accuracy of the study.