CONY DEVELOPMENT PROGRAM

FOR THE
CONY FLATIRON REUSE COMMITTEE

Augusta, Maine
13 October, 2007

BARBĀ+WHEELOCK

Cony Development Program

Project Team

Barba + Wheelock Architecture, Preservation, + Design:
- Nancy Barba, Principal in Charge
- Margaret Gaertner, Director of Preservation Services

Planning Decisions:
- Frank O'Hara, Vice President
- Kevin Schribner, Economic Analyst
- Deb Fahy, Director of Harlow Art Gallery

Becker Structural Engineering
- Paul B. Becker, P.E., President
- Matthew J. Miller, P.E., Project Engineer

Niemann Capital
- Josh Parker, Director of Development

Flat Iron Reuse Committee:
- Mark S. O'Brian, Chair
- Kevin Brann
- Donna R. Doore
- David Hassen
- Stanley C. Koski
- Sylvia V. Lund
- Nancy Merrick
- Paul Riese
- Ann Stiman

City Staff:
- Roger J. Katz, Mayor
- Augusta City Council
- William R. Bridgeo, City Manager
- Michael Duguay, Director of Development
- Gerard Roy, Development Associate
- Richard Dolby, Director, Code Enforcement Bureau
- Robert Labreck, Facilities Manager

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Section 1: Introduction/Executive Summary

In January 2007, the City of Augusta, through the Cony Flat Iron Reuse Committee (FIRC) selected and contracted with Barba + Wheelock Architecture, Preservation + Design (B+W) to undertake a study to determine the structural, architectural and market feasibility of adaptively reusing the historic Cony High School. Barba + Wheelock is a full service architectural firm located in Portland, Maine with a focus on historic preservation. Joining their team was Frank O'Hara of Planning Decisions, Niemann Capital, and Becker Structural Engineering.

Located at the juncture of Cony Circle, Stone Street, and Cony Street, the former High School commands a prominent place in the hearts of Augusta citizens both for its architectural prominence and historical importance to thousands of alumni and citizens.

To arrive at a Development Program the process engaged the public in an open and interactive process throughout with a series of public input meetings to generate enthusiasm, cultivate allies, and garner ideas. (See the Appendix for the process outline as defined in the RFP). The process culminated in a series of individual "deliverables," many of which are included within the Development Program, namely:

A PowerPoint slide show of examples of similar reuse projects
Market Overview
Architectural Analysis
Structural Analysis
Code Analysis
Building Reuse Matrix
Sample Performa for Three Scenarios
Cost: Financing Strategies and Funding Sources

Section 2: Architectural/Structural/Code Analysis

The architectural study is an assessment of the historic building fabric, identifying the historic character-defining features of the Flat Iron building and explores the potential for appropriate alterations in the course of adaptive use. It discusses the history of the building and establishes the philosophical underpinnings for future alterations.

The code study considers the current capacity for the Auditorium and Balcony (400 and 200 occupants, respectively), egress capacity, accessibility upgrades and the fire-rating issues raised in creating a new use within the existing school building.

The structural analysis identifies the present structural loading capacities of the floors, identifies the construction type and bearing walls and makes recommendations for improving the loading capacity of the floors to meet the new proposed uses.

The parking requirements for each of the three scenarios cannot be met by the present site plan arrangement, which allows for 98 vehicles on site, and 42 vehicles in shared spaces in the nearby Hannaford property. Additional spaces will be needed off-site to fulfill the code requirements for each of the three scenarios.

Section 3: Market Overview

Frank O'Hara with Planning Decisions developed the market study which explores the Arts-related use and a number of others including commercial uses, educational and housing. Within each of these markets are varying degrees of renovation and rental income potential. For instance, a high-end or Class A office space would command higher rental income than Class B or C office space, but along with that the renovation dollars for Class A would be more expense than B or C as well.

The public sessions found overwhelming support for reuse of the Cony Flat Iron building for Arts-Related Uses. In the course of the public process, the FIRC invited Paul Lessard, representative of Friends of Cony Flat Iron, to give a presentation he had developed on the Friends' interest in restoring the Auditorium and building to a vibrant center for the arts serving the Augusta-Capital region.

Section 4: Three Scenarios for Cony Development

The study explores three (3) varied Scenarios:

Scenario A Maximizes the Arts-Related use, an overwhelming popular concept when explored during the public sessions, retaining the Auditorium as a central focus.

Scenario B Mixes higher revenue-producing uses in with Arts-Related, still retaining the Auditorium.

Scenario C Maximizes the revenue through high return uses.

See the **Building Reuse Matrix** and Use Diagrams for the proposed use per floor for each Scenario.

In addition, **Conceptual Floor Plans** locate a proposed entrance/elevator lobby to allow the building to function in its proposed multiple uses. Area tabulations identify the overall gross area of the building, approximately 20,000 square feet per floor, or 60,000 square feet (used for construction costs) and the net area of the building, approximately 16,000 square feet per floor, or 48,000 square feet (used for leasing costs).

Section 5: Cost Information

Sample Proforma

In Scenario A and B the City retains the property and the associated risk. In Scenario C, the city sells the property to a developer with the stipulation that the Auditorium be retained for public use with the City of August guaranteeing a minimum lease payment. The Auditorium would be operated by the city or a public arts organization contracted by the city.

At one of the FIRC meetings Committee Chair, Mark O'Brien aptly commented on the notion that the Building Reuse Matrix explores only one set of alternatives, recognizing that, "Whatever happens (in future and/or actual development proposals) won't match this exactly. It's giving us a framework." The Development Program sets a baseline.

The renovation (construction/project) cost for each Scenario studied ranges from $11.41 million to $14.47 million. The income in scenario A and B would provide sufficient debt coverage ratio for a 30 year loan at municipal borrowing rates. Both scenarios leave the City with an "Equity Gap" to fill. The City Contribution/Capital Campaign is in the range of $3.78 million to $8.06 million for Scenario B and A respectively.

In the case of Scenarios A and B, whereby the City retains ownership some of the funding sources may be more difficult to obtain, such as the Historic Preservation Tax Credits. Scenario C, where the City sells the property to a Private Developer, is able to take advantage of these Tax Credits. The study identifies various funding sources for consideration.

The City Contribution/Capital Campaign is the amount needed above and beyond the cash flow the building rents would provide towards the project cost. Bonding as a means to meet the City Contribution would require additional cash flow to support the cost of the Bond. This is not factored into the expense in this report.

Financing Strategies and Funding Sources

It should be noted that the City's current annual budget (dates here) allow line items for the Cony Flat Iron Building:

$76,000	Maintenance
$20,000	Heat

It is not clear whether these budget items would continue to be available from the City as part of an ongoing commitment and contribution to offset the costs of a renovation project. However, the financial models prepared assume this would continue to be available and would become a guaranteed lease payment for the auditorium space on the top floor. The auditorium may actually generate income which would allow for a higher payment into the lease or back to the city as owner/operator of the space.

In scenario A and B the loan rates are determined using municipal borrowing rates. These are usually more favorable than conventional terms. The actuall cash flow may support a high bond amount depending on coverage ratios allowed by the sate and local ordinances. CRID Bonds may be applicable in this area as the rent payments would serve as revenue to pay down the debt. Regardless of the amount covered by a bond guaranteed with a stream of revenue from the project their will be a higher amount needed to renovate the facility.

In this case the city could look at two options. The first is an additional bond that is guaranteed by some other means be it general obligation or otherwise. This would provide the means to get the project done more quickly, but does place the burden across city taxpayers if the project does not flourish.

A second option for the city in Scenario A and B would be a capital campaign. This community wide fundraising effort would try to raise the additional capital needed for the project renovation. While this is a very good option and an obvious low cost of funds three are several organization issues that come in to play. There is also no guarantee that the goal will be met leaving the city in a position where it may still need to complete the project or return donations.

In scenario C there is little risk to the municipality. Aside from guaranteeing a minimum lease payment to the developer for the auditorium space there is no direct payment. The pro forma does contemplate an aggressive TIF district be applied, but it is still net benefit to the city.

None of these scenarios provide operations budgets for the auditorium space. This will need to be considered separately especially if the city continues to operate/own the building.

The City of Augusta stands to gain a major community asset with the adaptive reuse of the Cony High School. The three scenarios presented are intended as a framework for how the City might approach a public or private financing model.