



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: November 19, 2024
TO: Adam Politzer, Interim City Manager
FROM: Chadrick Smalley, Community Development Director
SUBJECT: Study Session Regarding The Emeryville Art Center

RECOMMENDATION

Staff recommends that the City Council consider the following report from staff on the Emeryville Art Center and provide direction to staff.

BACKGROUND

Project History

In March 2006, the Emeryville Redevelopment Agency (“Agency”) purchased 4060 Hollis Street, a property located immediately south of City Hall, northeast of the Hollis Street and 40th Street intersection. The property is 33,697 square feet and is almost completely occupied by a one-story brick building formerly occupied by the United Stamping Company. The Agency purchased this site for the purpose of adaptive reuse of the existing building to provide space for the annual Emeryville Celebration of the Arts Exhibition as well as year-round performing arts uses.

The Art Center is one of the City Council’s priorities for Fiscal Years (“FY”) 2024-2025, as adopted on May 16, 2023. The Art Center is also prominently supported by the policies of the 2016 Public Art Master Plan and the 2017 Economic Development Strategic Plan.

From 2006 through 2020, several plans were advanced to implement the Art Center project. The most recent attempt culminated in a Lease Disposition and Development Agreement (LDDA) between the City and Orton Development Incorporated (ODI) which was executed in October 2020. The LDDA contained provisions intended to ensure the long-term financial viability of the Art Center, including a provision allowing for the termination of the LDDA if any of the conditions precedent to the lease were impossible to meet. During the course of implementing the LDDA, the City determined that the submittal of a Financing Plan with Development Costs less than \$12,900,000, as required by the conditions precedent to lease, was not possible. Accordingly, the City provided notice of termination of the LDDA on October 11, 2022.

July 18, 2023, Study Session

On April 4, 2023, Mayor Bauters requested a future City Council study session on options for next steps for the Art Center, which request was unanimously approved by the City Council. On July 18, 2023, the City Council held the study session, where staff reviewed the project's history in detail and presented several options for proceeding.

The City Council provided direction to staff as follows:

The following project objectives were confirmed:

- Minimize City subsidy while ensuring fiscal sustainability of operations
- Maximize civic and community arts-based uses of the facility
- Expedite completion of the project
- Utilize robust community engagement in developing programming for the facility

The following project key elements were confirmed:

- Dedicated space for annual Emeryville Celebration of the Arts
- Dedicated and managed gallery space for local artists
- Flexible use space suitable for performing arts and other community events

The City Council supported implementation of the project through a “hybrid” implementation approach, where the City would contract for the design and construction of a building that met the minimum, immediate need of providing a suitable facility for the Emeryville Celebration of the Arts and to find a private operating partner later, however, the City Council also urged early and robust engagement of the community to ensure any building constructed through this method is responsive to the community's needs and not just a building shell, and to advance the discussion on operating models and organizations.

The City Council indicated openness to the potential for the project to utilize new construction rather than adaptive reuse of the existing unreinforced masonry building on the project site if this approach would improve financial feasibility of the project.

The City Council also directed staff to assemble a “task force” of individuals to advise staff and the Council on implementation of the project, particularly in the area of operational models.

February 20, 2024, Update

On February 20, 2024, the City Council was provided an update on the establishment of the Art Center Advisory Group (ACAG), which was appointed by the City Manager on December 18, 2023, and is comprised of the following individuals:

- Community Member: Jean Goldman
- Emeryville Celebration of the Arts Representative: Sharon Wilchar

- Performing Arts Focus: Nancy Karp
- Funding Focus: Frances Phillips
- Art Center Operations Focus: Holly Alonso, Archana Horsting, Jose R. Rivera

Since December 2023, the ACAG has meet with staff and City consultants on several occasions to help inform the vision, implementation steps, and feasibility for the project.

Also on February 20, 2024, the City Council authorized the execution of a contract with consultants Art is Luv and Jean Johnstone Consulting (AIL/JJC) for advancement of the project through the performance of the following tasks:

- Review of background documentation (including prior studies, business plans, pro-forma financial statements, cost estimates, etc.)
- Conduct robust outreach to update prior visioning exercises and arrive at a current vision for the project that is responsive to community needs
- Engage and help form agenda topics for Advisory Group discussion, input and advice
- Evaluate the feasibility of reuse of the existing building through architectural and structural subconsultants to determine the most efficient method of delivering a usable building
- Analyze operational funding and partnership models
- Develop a framework for organizational structure for operations

This staff report serves as an update to the City Council on the Art Center Project and requests direction for advancing the project considering information gathered since the last study session on this topic and ACAG's input.

DISCUSSION

Outreach

AIL/JJC has commenced the outreach to inform the current vision for the project through interviews, focus groups, and studio site visits with subject matter experts artists, and local arts organizations. AIL/JJC also led a discussion of the ACAG to identify key guiding principles for the project, to inform the refresh of the visioning process. Key conclusions reached by the ACAG include:

- The ACAG values fulfilling community needs and developing sustainability (both fiscal and environmental) over project expediency.
- The community desires a comprehensive facility which can provide a gallery space as well as a working theater space and educational/flex studio spaces and open areas for events, which will provide a sense of connectedness to City Hall and the cultural life of Emeryville.

- While funding models, economic feasibility, and potential organizational structures still need to be assessed in order to gain a full understanding of how the Arts Center can best be realized and run, the arts community recognizes the need for building strong partnerships, and a clear vision in order to fundraise and coalesce broader support from institutions and donors.

The outreach work is expected to continue with additional interviews and artist pop-up collaboration events in the coming months.

Building Evaluation

AIL/JJC, through its subconsultant Leddy Maytum Stacy Architects (LMS), conducted an analysis of the feasibility of reusing the existing structure at 4060 Hollis as compared to new construction. This analysis is attached to this report as Attachment 1 and was informed by the outreach conducted by AIL/JJC described above. The report describes a development program that includes flexible gallery space, performing arts space, classrooms and support spaces to allow for a comparative analysis of adaptive use and new construction.

The analysis found that the costs of these two options are comparable, embodied carbon is also comparable when considering the operating period for the building, and new construction provides for more flexibility to meet the operational needs of art center uses.

The analysis included high-level cost estimates and found that the construction costs range from \$38m to \$45m for adaptive reuse and from \$41m to \$46.5m for new construction. As these figures substantially exceed the approximately \$11m currently available for the project, a reduction in project scope, phasing of project elements, or identification of additional funding is required.

On October 10, 2024, and October 29, 2024, the ACAG met with representatives from AIL/JJC and LMS to discuss the analysis and implementation options. The ACAG expressed strong support for advancing the project comprehensively by identifying additional funding sources, rather than phasing the project. The ACAG also noted the importance of locating the Art Center near City Hall as part of the “civic center” of the City and recommended that staff engage the services of a capital fundraising consultant with experience in capital campaigns to develop options and a plan for funding.

FISCAL IMPACT

The current Capital Improvement Program includes the following appropriations for the Art Center: \$5,430,975 in General Capital funds (Fund 475), \$3,800,000 in retained Agency non-housing bond proceeds (Fund 479), \$1,423,775 developer contribution from Pixar Animation Studios, remaining from the \$2,000,000 originally pledged specifically for the project (Fund 473), \$122,028 in General Plan Maintenance funding

(Fund 225) and \$1,535 Major Maintenance funds (Fund 650). A total of \$10,778,313 is programmed for the project. As noted above, additional capital funds are required.

While the City has budgeted approximately \$11,000,000 in capital funding for the Art Center, ongoing operational costs are unbudgeted. Operational costs will be analyzed as part of AIL/JJC's continued work.

STAFF COMMUNICATION WITH THE PUBLIC

As noted above, AIL/JJC have engaged with members of the public in conducting outreach on the project, and the ACAG has met on five occasions since being established. On November 14, 2024, staff and AIL/JJC provided an update to the Public Art Committee.

DISCUSSION QUESTIONS

- 1) Does the City Council support the ACAG's recommendation to implement the project inclusive of all of the desired key elements (flexible gallery space, performing arts space, classrooms and support space) comprehensively, rather than utilizing a phased approach?
- 2) Does the City Council support the ACAG's recommendation to retain the services of a capital fundraising consultant to support the development of a funding strategy for the project?
- 3) Does the City Council at this time have any preference as to whether the project is advanced as new construction or as adaptive reuse?

APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:



Adam Politzer, Interim City Manager

ATTACHMENTS

1. Emeryville Art Center Feasibility Study