



## Zanesville Museum of Art Real Estate Scenario Analysis: Phase II & III

April 2023

**ZANESVILLE**  
**MUSEUM** of **ART**

 **Allegro**  
Real Estate Brokers & Advisors

## PROJECT CONTEXT

Over the next five years, the Zanesville Museum of Art is poised to grow, increasing visibility, visitorship, event programming, staff, and its collection, while positioning itself as a nationally recognized regional museum specializing in American art pottery. To support and drive the ZMA's evolution, the Zanesville Museum of Art Board formed an ad hoc Investigatory Committee in July 2021 to discuss remodeling the museum's 30,000 square foot facility or relocating the institution altogether.

To assist the ZMA Board to make informed decisions regarding the museum's strategic evolution, the museum pursued a Location Strategy and Scenario Analysis. The ZMA is unable to fully leverage its current location to foster human interaction and inspire memorable experiences. The aging facility lacks flexible interior and exterior public spaces that would accommodate gatherings of 120 people or more. It lacks amenities like a café and modern retail space, a family learning center, or an outdoor green space. And the ZMA lacks a clearly defined layout, gallery spaces fit for purpose, adequate office space, and restrooms.

The Investigatory Committee sought actionable information and recommendations from a consulting firm. Allegro was hired to evaluate whether the museum should remodel and expand its current facility and better utilize its five-acre green space, relocate the ZMA from its current residential location to downtown Zanesville near Interstate 70, or remodel its current facility and build or repurpose a site downtown for a museum annex.

## PROJECT OVERVIEW

This project, the Location Strategy and Scenario Analysis, has three phases of work.

1. Phase I: Seek stakeholder input and identify what the ZMA community needs and wants from the museum
2. Phase II: Translate those key desirables into institutional goals and design solutions, and
3. Phase III: Integrate those design solutions into a comparative analysis of three location scenarios:
  - Remodel and expand our current facility
  - Relocate the ZMA
  - Remodel our current facility and build a downtown annex

**PLEASE NOTE:** The goal of this analysis is to help stakeholders understand the relative financial costs (and benefits) of each of the occupancy scenarios. These SHOULD NOT be treated as project budgets. Further scopes of work (including due diligence, architecture and engineering, and construction estimates) will be necessary to create accurate project budgets.



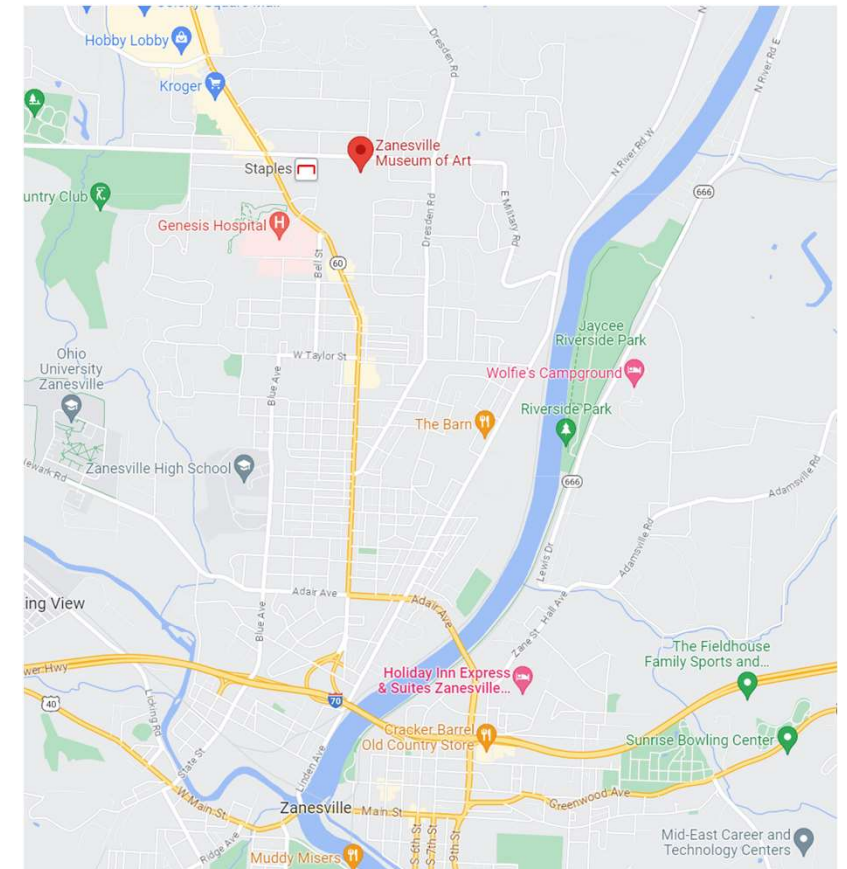
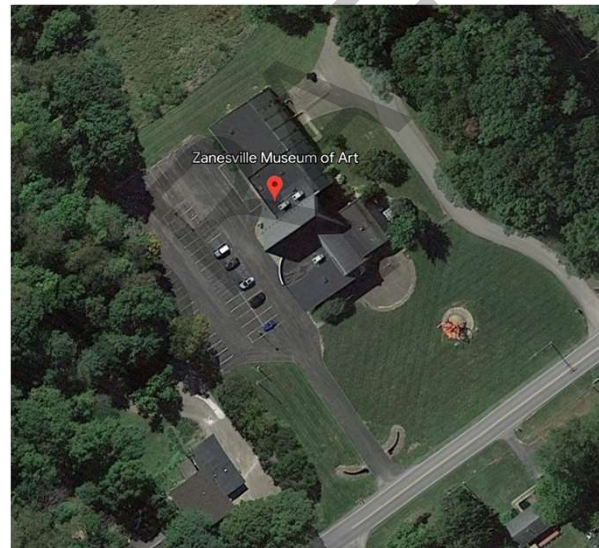
# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## Property Overview

Property Summary	
Address	620 Military Road, Zanesville, Ohio 43701
Land Area	5.73 Acres
Parcel Numbers	86-60-04-02-000 (4.64 acres) & 86-61-02-07-000 (1.09 Acres)
Existing Building SF	35,549 SF
Additional Building SF	20,000 SF

**Scenario I:** ZMA remains in the existing location at 620 Military Road. The property undergoes a comprehensive renovation and an expansion of 20,000 SF. A sculpture garden and outdoor amphitheater are added to the property.



# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## Qualitative Analysis

### Strengths:

- The current facility is owned (no additional acquisition costs).
- The existing visitor base familiar with the location.
- The current acreage can support outdoor space such as a sculpture park and outdoor amphitheater.
- There is an opportunity to expand the grounds by acquiring neighboring properties over time.

### Weaknesses:

- The exterior was flagged as unwelcoming in the Phase I data collection.
- The building will require a comprehensive renovation and an addition to modernize the museum and meet the needs of the community. This renovation will address building issues such as inefficient layout for the display of art and dated finishes.
- The location is viewed as “north side” destination for significant portions of the community.



# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## SCENARIO I BUILDING PROGRAM

Area	Description	Total SF
Welcome & Gallery Space	Arrival / Atrium / Welcome; American Art Pottery Gallery; Permanent Collection; Rotating Exhibitions; Local Artists Gallery	11,760 SF
Family Engagement Center	Misc Spaces for Public Engagement; Family Engagement Support Space	11,200 SF
Meetings & Event Spaces	Multipurpose Meeting and Event; Event Storage; Catering Kitchen; Green Room space allowance; Large Meeting Room; Conference Room; Board Room and Library	5,261 SF
Museum Store + Café + Office Suite	Store; Café; Café seating; Director Office; Senior; Staff Offices; Shared Intern + Future Work; Expansion Area; Staff Restroom; Staff Conference; Staff Copy + Office Storage; Staff Kitchenette	3,816 SF
Storage & Support Spaces	Main Public Restrooms; Restroom additional – allowance; Shipping + Receiving; Temporary secure storage; America Pottery storage; Collections storage; Framing / matting; General workshop area; Pedestal / Misc. Storage; Maintenance / Site Equipment	8,717 SF
Total Combined		40,754 SF
Allowance		14,794 SF
<b>Total Building Gross SF</b>		<b>55,549 SF</b>

# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## SCENARIO I RENOVATION SUMMARY

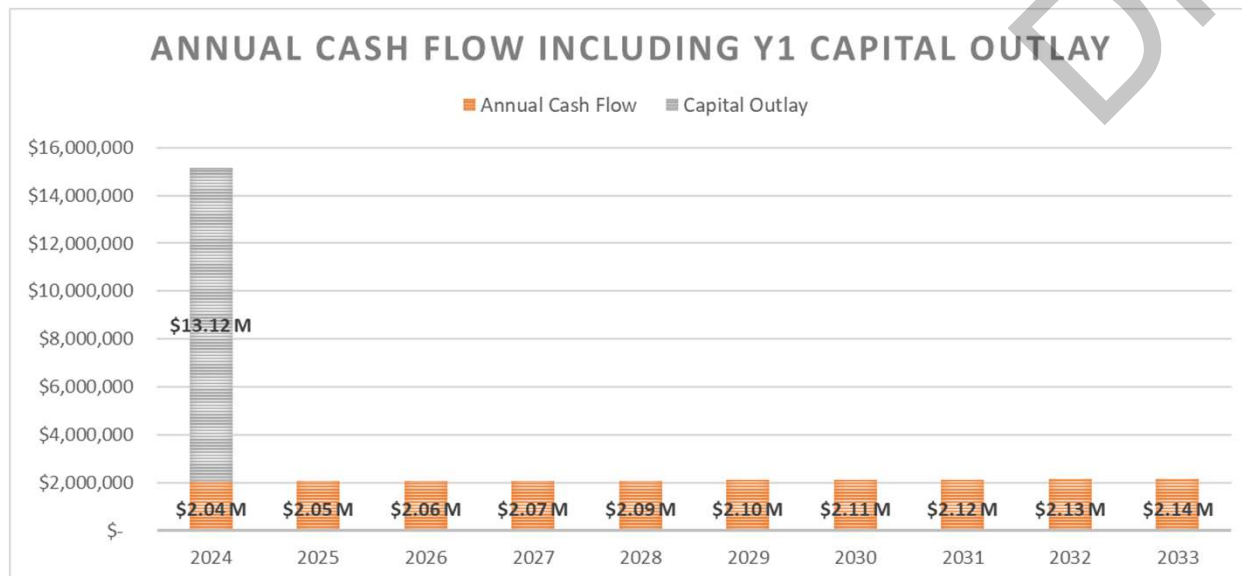
Construction Category	Description	Total Cost
All Trades Work	General Requirements; Existing Conditions; Concrete; Masonry; Metals; Wood and Plastics; Thermal and Moisture Protection; Openings; Finishes; Specialties; Equipment; Furnishings; Special Construction; Conveying Systems; Fire Suppression; Plumbing; HVAC; Automation; Electrical Systems; Communication, Electronic Safety and Security; Site Work (Includes Roadways and Utilities Routed to Building Area); Site Improvement: (Sculpture Garden & Outdoor Amphitheater)	\$14,570,000
Escalation & Contingency	Design / Estimating Contingency; Escalation (Spring 2024 Construction Start)	\$3,720,000
Probable Contractor Costs	General Conditions; Payment and Performance Bond and Contractor Insurance; Contractor Overhead and Profit; Permit Fee	\$3,600,000
Soft Costs	Construction Change Order Contingency; (unforeseen conditions); A/E and Other Consultant's Fees and Reimbursables (Allowance); Program Management Fees (Allowance); Materials and Soils Testing Allow; Sewer and Tap Fees, Permits and Etc.; FF&E: Furniture, Shelving, Racks and Etc.; Exhibit Fabrication and Installation; Communications, Electronic Safety and Security Equipment; Legal Fees, Bond Council, Owner's Risk Insurance, Publishing, Etc.; Owner Costs for Final Cleaning and Move-In; Land Acquisition; Asbestos, Lead and Other Hazardous Materials Abatements	\$10,900,000
<b>Total Probable Project Costs</b>		<b>\$32,800,000</b>



# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## Financial Analysis

Summary	
Total Building Size	55,549 SF
Total Acquisition Costs	\$0
Total Construction Costs	\$ 32,798,000



## Key Assumptions

- No acquisition costs for the property
- The analysis models a loan to cover all renovation costs
  - LTV is 60%, amortized over 20 years at 6.0% interest rate
- All costs reflected in the model refer to real estate costs only, no costs specific to artwork are included (i.e., the insurance estimates are for the real estate only, they do not include the costs to insure any art)
- Analysis term: ten years
- Discount rate: 5%
- Operating expenses are \$1.85 / SF including gas, electric, water & sewer, telecommunications, and insurance
- Maintenance & janitorial costs are \$4.00 / SF
- This models assumes no real estate taxes due to ZMA's 501(C)3 designation
- Operating costs are inflated at 3% per year
- A capital reserve of \$0.50/ SF is used to accrue funds for capital repairs over the life of the property
- The model assumes approximately 2,500 additional SF will be needed in this scenario versus a completely new building to address inefficiencies in the current layout

# SCENARIO I: REMAIN IN EXISTING BUILDING (RENOVATE & EXPAND)

## SCENARIO I: CASH FLOW

### Option 1: Military Road Renovation and Addition

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Months	12	12	12	12	12	12	12	12	12	12	120
Military Rd. Operating Expenses	\$ 207,962	\$ 214,200	\$ 220,627	\$ 227,245	\$ 234,063	\$ 241,085	\$ 248,317	\$ 255,767	\$ 263,440	\$ 271,343	\$ 2,384,047
Expansion Space Operating Expense	\$ 117,000	\$ 120,510	\$ 124,125	\$ 127,849	\$ 131,685	\$ 135,635	\$ 139,704	\$ 143,895	\$ 148,212	\$ 152,658	\$ 1,341,274
<b>Total Occupancy Costs</b>	<b>\$ 324,962</b>	<b>\$ 334,710</b>	<b>\$ 344,752</b>	<b>\$ 355,094</b>	<b>\$ 365,747</b>	<b>\$ 376,720</b>	<b>\$ 388,021</b>	<b>\$ 399,662</b>	<b>\$ 411,652</b>	<b>\$ 424,001</b>	<b>\$ 3,725,321</b>
Renovation Debt Service	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 1,691,841	\$ 16,918,408
<b>Cash Flow After Debt Service</b>	<b>\$ 2,016,802</b>	<b>\$ 2,026,551</b>	<b>\$ 2,036,593</b>	<b>\$ 2,046,935</b>	<b>\$ 2,057,588</b>	<b>\$ 2,068,560</b>	<b>\$ 2,079,862</b>	<b>\$ 2,091,503</b>	<b>\$ 2,103,492</b>	<b>\$ 2,115,842</b>	<b>\$ 20,643,729</b>
Capital Reserve	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 27,775	\$ 277,745
<b>Cash Flow After Capital Reserve</b>	<b>\$ 2,044,577</b>	<b>\$ 2,054,326</b>	<b>\$ 2,064,367</b>	<b>\$ 2,074,710</b>	<b>\$ 2,085,362</b>	<b>\$ 2,096,335</b>	<b>\$ 2,107,636</b>	<b>\$ 2,119,277</b>	<b>\$ 2,131,267</b>	<b>\$ 2,143,617</b>	<b>\$ 20,921,474</b>
<b>One Time Costs</b>											
Renovation Down Payment	\$ 13,119,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,119,358
<b>Total One Time Costs</b>	<b>\$ 13,119,358</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,119,358</b>
<b>Total Cash Flow</b>	<b>\$ 15,163,935</b>	<b>\$ 2,054,326</b>	<b>\$ 2,064,367</b>	<b>\$ 2,074,710</b>	<b>\$ 2,085,362</b>	<b>\$ 2,096,335</b>	<b>\$ 2,107,636</b>	<b>\$ 2,119,277</b>	<b>\$ 2,131,267</b>	<b>\$ 2,143,617</b>	<b>\$ 34,040,832</b>
Cumulative Cash Flow	\$ 15,163,935	\$ 17,218,261	\$ 19,282,628	\$ 21,357,337	\$ 23,442,700	\$ 25,539,035	\$ 27,646,671	\$ 29,765,949	\$ 31,897,216	\$ 34,040,832	\$ 34,040,832
<b>NPV Term</b>	\$	28,615,673			<b>Average Total Scenario Costs</b>	\$	3,404,083				
<b>Y1 Out of Pocket</b>	\$	13,119,358			<b>Average Annual Occupancy Costs</b>	\$	372,532				



**SCENARIO II: RENOVATE  
EXISTING BUILDING & DEVELOP  
A DOWNTOWN ANNEX**

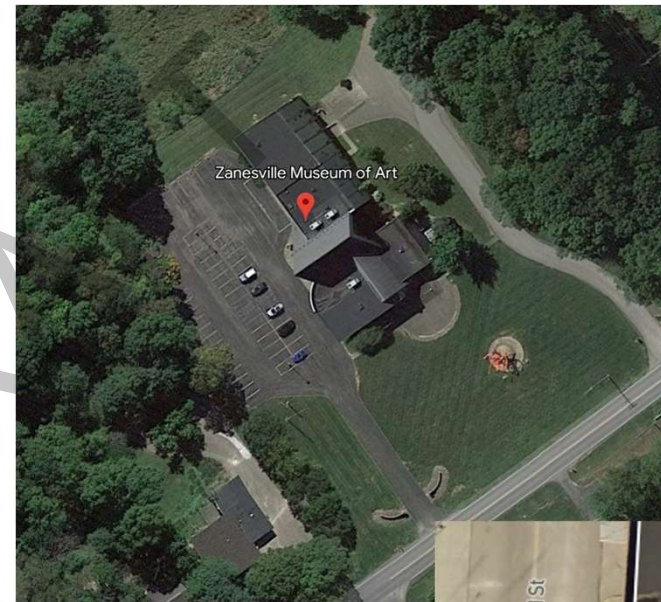
# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## Property Overview

**Scenario II:** ZMA remains in the existing location at 620 Military Road. The Military Road property undergoes a comprehensive renovation but remains within its current footprint. An annex property downtown is acquired and renovated. A sculpture garden and outdoor amphitheater are added to the 620 Military Road property.

Property Summary (Military Road)	
Address	620 Military Road, Zanesville, Ohio 43701
Land Area	5.73 Acres
Parcel Numbers	86-60-04-02-000 (4.64 acres) & 86-61-02-07-000 (1.09 Acres)
Existing Building SF	35,549 SF

Property Summary (Annex)				
	Parcel Number	Owner	Building SF	Acres
A. Urban Comforts: 32 N 3 <sup>rd</sup>	<u>81-64-03-09-001</u>	D & E LLC	18,480	0.12
B. Nash Building: 26 N 3 <sup>rd</sup>	<u>81-64-03-09-000</u>	TOFINO LLC	9,240	0.11
Annex Space Expansion			6,745	
<b>TOTAL</b>			<b>35,549</b>	<b>0.23</b>



# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## Qualitative Analysis

### Strengths:

- Allows existing visitor base to continue to access Military Rd. location
- Provides ZMA with an opportunity to access the downtown market and participate in downtown revitalization
- The Military Road current acreage can support outdoor space such as a sculpture park and outdoor amphitheater
- There is an opportunity to expand the Military Road grounds by acquiring neighboring properties over time
- The Family Learning Center can be located downtown as part of the annex

### Weaknesses:

- Operationally, developing and maintaining two separate sites will be challenging for an organization of ZMA's size
- Requires a purchase and a renovation of the annex space as well as renovation of the Military Road location, driving up the costs to remodel and maintain both properties
- Some features will have to be replicated in both locations, increasing the total square footage



# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## SCENARIO II BUILDING PROGRAM – MILITARY RD RENOVATION

Area	Description	Total SF
Welcome & Gallery Space	Arrival / Atrium / Welcome; American Art Pottery Gallery; Permanent Collection; Rotating Exhibitions; Local Artists Gallery	9,555 SF
Meetings & Event Spaces	Multipurpose Meeting and Event; Event Storage; Catering Kitchen; Green Room space allowance; Large Meeting Room; Conference Room; Board Room and Library	5,261 SF
Museum Store + Café + Office Suite	Store; Café; Café seating; Director Office; Senior Staff Office; Staff Office; Shared Intern + Future Work; Expansion Area; Staff Restroom; Staff Conference; Staff Copy + Office Storage + Cold Storage; Staff Kitchenette	3,816 SF
Storage & Support Spaces	Main Public Restrooms; Restroom additional – allowance; Shipping + Receiving; Temporary secure storage; America Pottery storage; Collections storage; Framing / matting; General workshop area; Pedestal / Misc Storage; Maintenance / Site Equipment	8,717 SF
Total Combined		27,349 SF
Allowance		8,205 SF
<b>Total Building Gross SF</b>		<b>35,554 SF</b>

# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## SCENARIO II BUILDING PROGRAM – ANNEX DEVELOPMENT

Area	Description	Total SF
Welcome & Gallery Space	Arrival / Atrium / Welcome; American Art Pottery Gallery; Rotating Exhibitions	8,085 SF
Family Engagement Center	Misc. Spaces for Public Engagement; Family Engagement Support Space	11,200 SF
Meetings & Event Spaces	Event Storage; Catering Kitchen; Large Meeting Room	1,208 SF
Museum Store + Café + Office Suite	Store; Café; Café seating; Staff Office; Staff Support Space	1,488 SF
Storage & Support Spaces	Main Public Restrooms; Restroom additional – allowance; Shipping + Receiving; Temporary secure storage; America Pottery storage; General workshop + storage	4,531 SF
Total Combined		26,512 SF
Allowance		7,953 SF
<b>Total Building Gross SF</b>		<b>34,465 SF</b>

# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## SCENARIO II RENOVATE & DEVELOP SUMMARY

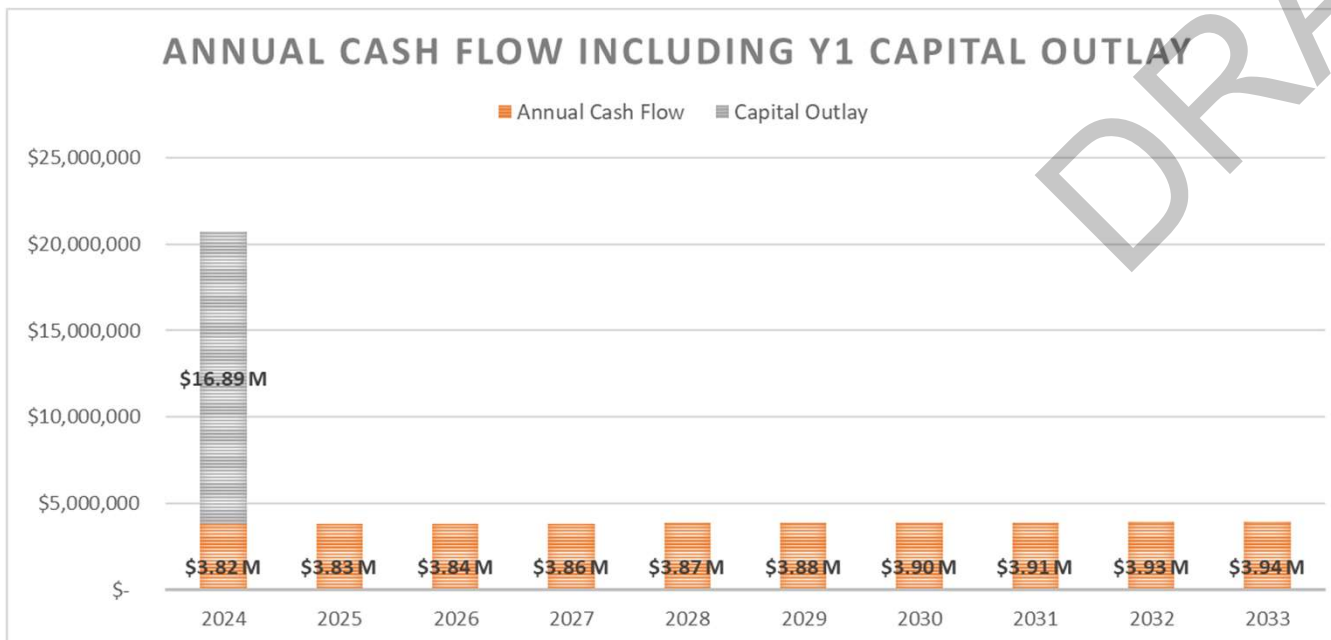
Construction Category	Description	Total Cost
All Trades Work	General Requirements; Existing Conditions; Concrete; Masonry; Metals; Wood and Plastics; Thermal and Moisture Protection; Openings; Finishes; Specialties; Equipment; Furnishings; Special Construction; Conveying Systems; Fire Suppression; Plumbing; HVAC; Automation; Electrical Systems; Communication, Electronic Safety and Security; Site Work (Includes Roadways and Utilities Routed to Building Area); Site Improvement: (Sculpture Garden & Outdoor Amphitheater	\$18,290,000
Escalation & Contingency	Design / Estimating Contingency; Escalation (Spring 2024 Construction Start)	\$4,670,000
Probable Contractor Costs	General Conditions; Payment and Performance Bond; Contractor Insurance; Contractor Overhead and Profit; Permit Fee	\$4,520,000
Soft Costs	Construction Change Order Contingency; (unforeseen conditions); A/E and Other Consultant's Fees and Reimbursables (Allowance); Program Management Fees (Allowance); Materials and Soils Testing Allow; Sewer and Tap Fees, Permits and Etc.; FF&E: Furniture, Shelving, Racks and Etc.; Exhibit Fabrication and Installation; Communications, Electronic Safety and Security Equipment; Legal Fees, Bond Council, Owner's Risk Insurance, Publishing, Etc.; Owner Costs for Final Cleaning and Move-In; Land Acquisition; Asbestos, Lead and Other Hazardous Materials Abatements	\$13,700,000
<b>Total Probable Project Costs</b>		<b>\$41,180,000</b>



# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## Financial Analysis

Summary	
Total Square Feet	70,014 SF
Total Acquisition Costs	\$1,038,450
Total Construction Costs	\$41,177,000



## Key Assumptions

- Assumed a purchase price of \$389K for the Urban Comforts Building & \$600K for the Nash Building
- The analysis models a loan to cover all purchase & renovation costs
  - LTV is 60%, amortized over 20 years at 6.0% interest rate
- All costs reflected in the model refer to real estate costs only, no costs specific to artwork are included (i.e., the insurance estimates are for the real estate only, they do not include the costs to insure any art)
- Assumed 5% closing costs for the purchase of the annex space
- Assume approximately 6,700 SF is added to the annex to accommodate the building program
- Analysis term: ten years
- Discount rate: 5%
- Operating expenses are \$1.85 / SF including gas, electric, water & sewer, telecommunications, and insurance
- Maintenance & janitorial costs are \$4.00 / SF
- This models assumes no real estate taxes due to ZMA's 501(C)3 designation
- Operating costs are inflated at 3% per year
- A capital reserve of \$0.50/ SF is used to accrue funds for capital repairs over the life of the property

# SCENARIO II: RENOVATE EXISTING BUILDING & DEVELOP A DOWNTOWN ANNEX

## SCENARIO II: CASH FLOW

### Option 2: Military Road Renovation and New Annex Location

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Months	12	12	12	12	12	12	12	12	12	12	120
Military Rd. Operating Expenses	\$ 207,962	\$ 214,200	\$ 220,627	\$ 227,245	\$ 234,063	\$ 241,085	\$ 248,317	\$ 255,767	\$ 263,440	\$ 271,343	\$ 2,384,047
Annex Space Operating Expenses	\$ 201,620	\$ 207,669	\$ 213,899	\$ 220,316	\$ 226,925	\$ 233,733	\$ 240,745	\$ 247,967	\$ 255,407	\$ 263,069	\$ 2,311,350
<b>Total Occupancy Costs</b>	<b>\$ 409,582</b>	<b>\$ 421,869</b>	<b>\$ 434,525</b>	<b>\$ 447,561</b>	<b>\$ 460,988</b>	<b>\$ 474,818</b>	<b>\$ 489,062</b>	<b>\$ 503,734</b>	<b>\$ 518,846</b>	<b>\$ 534,411</b>	<b>\$ 4,695,397</b>
Renovation & Annex Debt Service	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 33,744,652
<b>Cash Flow After Debt Service</b>	<b>\$ 3,784,047</b>	<b>\$ 3,796,335</b>	<b>\$ 3,808,991</b>	<b>\$ 3,822,026</b>	<b>\$ 3,835,453</b>	<b>\$ 3,849,283</b>	<b>\$ 3,863,527</b>	<b>\$ 3,878,199</b>	<b>\$ 3,893,311</b>	<b>\$ 3,908,877</b>	<b>\$ 38,440,049</b>
Capital Reserve	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 350,070
<b>Cash Flow After Capital Reserve</b>	<b>\$ 3,819,054</b>	<b>\$ 3,831,342</b>	<b>\$ 3,843,998</b>	<b>\$ 3,857,033</b>	<b>\$ 3,870,460</b>	<b>\$ 3,884,290</b>	<b>\$ 3,898,534</b>	<b>\$ 3,913,206</b>	<b>\$ 3,928,318</b>	<b>\$ 3,943,884</b>	<b>\$ 38,790,119</b>
<b>One Time Costs</b>											
Renovation & Annex Down Payment	\$ 16,886,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,886,096
<b>Total One Time Costs</b>	<b>\$ 16,886,096</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,886,096</b>
<b>Total Cash Flow</b>	<b>\$ 20,705,150</b>	<b>\$ 3,831,342</b>	<b>\$ 3,843,998</b>	<b>\$ 3,857,033</b>	<b>\$ 3,870,460</b>	<b>\$ 3,884,290</b>	<b>\$ 3,898,534</b>	<b>\$ 3,913,206</b>	<b>\$ 3,928,318</b>	<b>\$ 3,943,884</b>	<b>\$ 55,676,215</b>
Cumulative Cash Flow	\$ 20,705,150	\$ 24,536,492	\$ 28,380,489	\$ 32,237,523	\$ 36,107,983	\$ 39,992,273	\$ 43,890,807	\$ 47,804,014	\$ 51,732,332	\$ 55,676,215	\$ 55,676,215
<b>NPV Term</b>	\$ 45,991,894	<b>Average Total Scenario Costs</b>				\$ 5,567,622					
<b>Y1 Out of Pocket</b>	\$ 16,886,096	<b>Average Annual Occupancy Costs</b>				\$ 469,540					

# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN



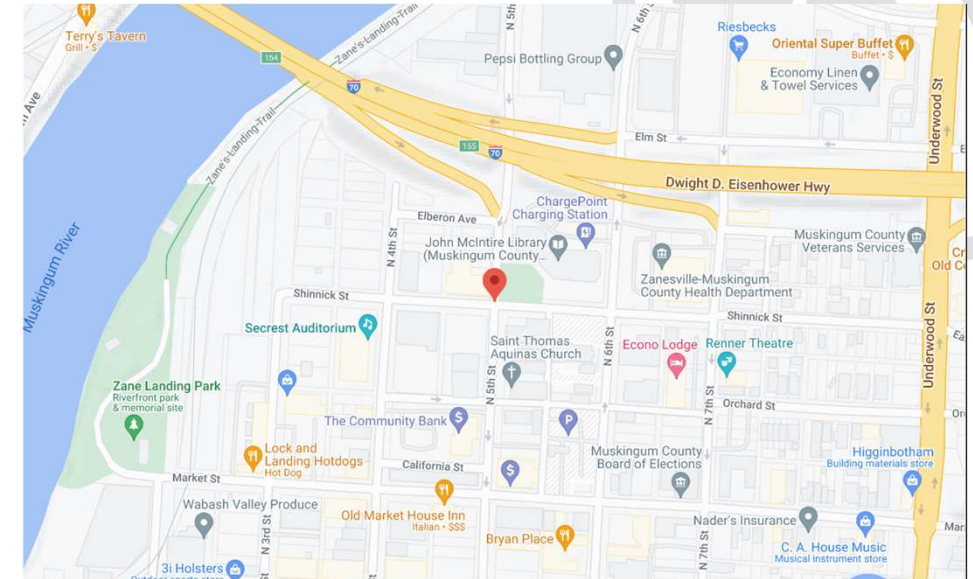
# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

## Property Overview

**Scenario III:** ZMA sells the Military Road location and purchase both the St. Thomas School and the Senior Center in downtown Zanesville. All existing structures on the downtown site will be demolished. The new museum will be ground-up new construction.

### OWNERSHIP DETAIL

Identifier	Address	Parcel Number	Owner	Existing Building SF	Acres
A. Senior Center	160 4th St. N Zanesville, OH 43701	<u>84-24-04-02-000</u>	County of Muskingum	15,029	0.85
B. St. Thomas School Parking Lot	155 5th St., N Zanesville, OH 43701	<u>84-24-04-01-000</u>	Campbell Frederick F. Bishop		0.425
C. St. Thomas School	139 5th St., N Zanesville, OH 43701	<u>84-24-04-03-000</u>	Campbell Frederick F. Bishop	19,214	0.425
				<b>34,243</b>	<b>1.70</b>



# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

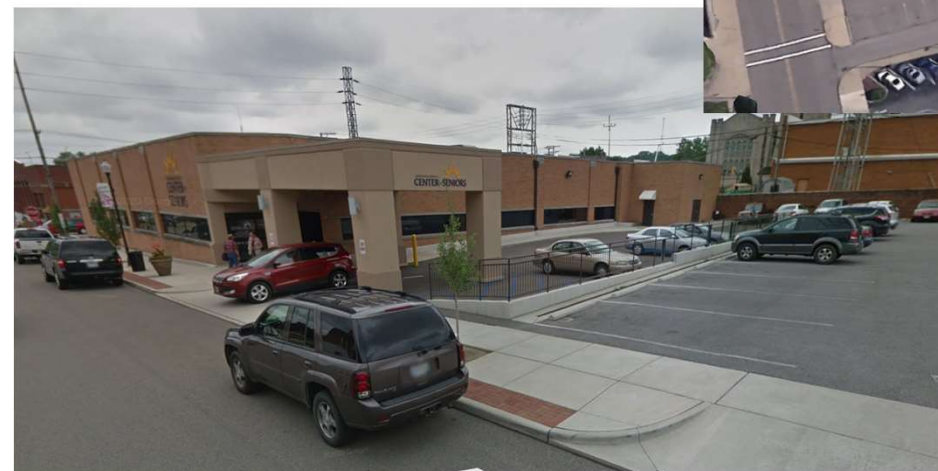
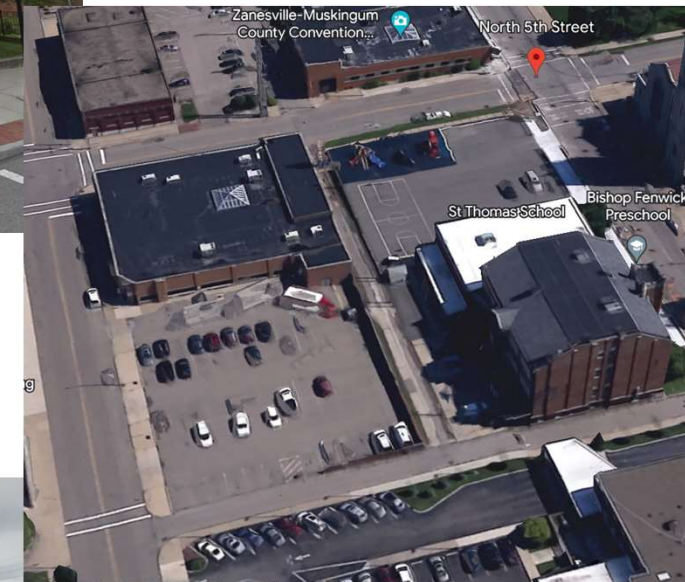
## Qualitative Analysis

### Strengths:

- Provides ZMA with an opportunity to access the downtown market and participate in downtown revitalization
- Opportunity to take advantage of project funding available for downtown projects

### Weaknesses:

- Neither property is currently listed on the market and demolition may be politically challenging
- The Appalachian Community Grant Program has a compressed time frame and the complexity of acquisition may prevent compliance with the program
- The land area (less than 2 acres), limits or eliminates the possibility of outdoor space for the museum
- There will likely be additional project costs to move electrical utilities



# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

## SCENARIO III BUILDING PROGRAM

Area	Description	Total SF
Welcome & Gallery Space	Arrival / Atrium / Welcome; American Art Pottery Gallery; Permanent Collection; Rotating Exhibitions; Local Artists Gallery	11,769 SF
Family Engagement Center	Misc. Spaces for Public Engagement; Family Engagement Support Space	11,200 SF
Meetings & Event Spaces	Multipurpose Meeting and Event; Event Storage; Catering Kitchen; Green Room space allowance; Large Meeting Room; Conference Room; Board Room and Library	5,261 SF
Museum Store + Café + Office Suite	Store; Café; Café seating; Director Office; Senior Staff Office; Staff Office; Shared Intern + Future Work; Expansion Area; Staff Restroom; Staff Conference; Staff Copy + Office Storage + Cold Storage; Staff Kitchenette	3,816 SF
Storage & Support Spaces	Main Public Restrooms; Restroom additional – allowance; Shipping + Receiving; Temporary secure storage; America Pottery storage; Collections storage; Framing / matting; General workshop area; Pedestal / Misc Storage; Maintenance / Site Equipment	8,717 SF
Total Combined		40,754 SF
Allowance		12,226 SF
<b>Total Building Gross SF</b>		<b>52,981 SF</b>

# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

## SCENARIO III CONSTRUCTION SUMMARY

Construction Category	Description	Total Cost
All Trades Work	General Requirements; Existing Conditions; Concrete; Masonry; Metals; Wood and Plastics; Thermal and Moisture Protection; Openings; Finishes; Specialties; Equipment; Furnishings; Special Construction; Conveying Systems; Fire Suppression; Plumbing; HVAC; Automation; Electrical Systems; Communication, Electronic Safety and Security; Site Work (Includes Roadways and Utilities Routed to Building Area); Site Improvement: (Sculpture Garden & Outdoor Amphitheater	\$18,690,000
Escalation & Contingency	Design / Estimating Contingency; Escalation (Spring 2024 Construction Start)	\$4,770,000
Probable Contractor Costs	General Conditions; Payment and Performance Bond and Contractor Insurance; Contractor Overhead and Profit; Permit Fee	\$4,620,000
Soft Costs	Construction Change Order Contingency; (unforeseen conditions); A/E and Other Consultant's Fees and Reimbursables (Allowance); Program Management Fees (Allowance); Materials and Soils Testing Allow; Sewer and Tap Fees, Permits and Etc.; FF&E: Furniture, Shelving, Racks and Etc.; Exhibit Fabrication and Installation; Communications, Electronic Safety and Security Equipment; Legal Fees, Bond Council, Owner's Risk Insurance, Publishing, Etc.; Owner Costs for Final Cleaning and Move-In; Land Acquisition; Asbestos, Lead and Other Hazardous Materials Abatements	\$12,800,000
<b>Total Probable Project Costs</b>		<b>\$40,880,000</b>

# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

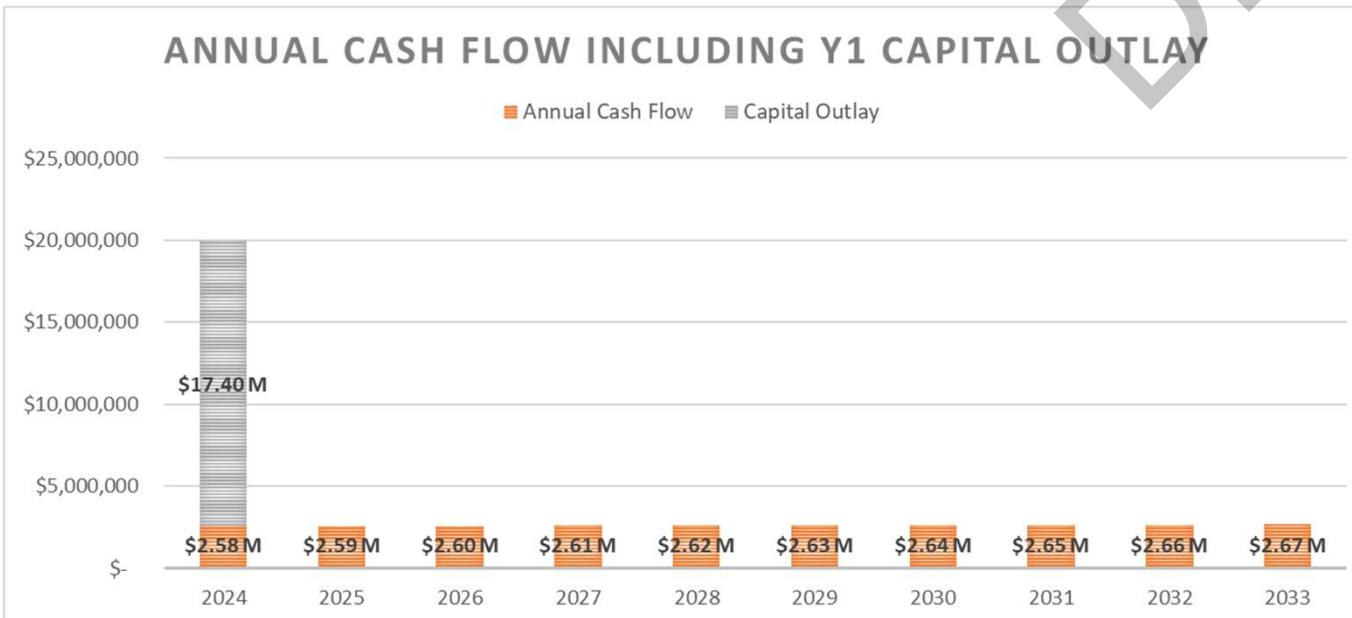
## Financial Analysis

Summary	
Total Square Feet	52,981 SF
Total Acquisition Costs	\$ 2,604,000
Total Construction Costs	\$ 40,884,000

### Key Assumptions

- Assumed a purchase price of \$1.2 MM St. Thomas properties and \$1.2MM for the Senior Center
- The analysis models a loan to cover all purchase & renovation costs
  - LTV is 60%, amortized over 20 years at 6.0% interest rate
- All costs reflected in the model refer to real estate costs only, no costs specific to artwork are included (i.e., the insurance estimates are for the real estate only, they do not include the costs to insure any art)
- Assumed 5% closing costs for the purchase of the downtown sites
- Assume the Military Road property sells for \$1.5MM, with 8% closing costs
- Analysis term: ten years
- Discount rate: 5%
- Operating expenses are \$1.85 / SF including gas, electric, water & sewer, telecommunications, and insurance
- Maintenance & janitorial costs are \$4.00 / SF
- This models assumes no real estate taxes due to ZMA's 501(C)3 designation
- Operating costs are inflated at 3% per year
- A capital reserve of \$0.50/ SF is used to accrue funds for capital repairs over the life of the property

ANNUAL CASH FLOW INCLUDING Y1 CAPITAL OUTLAY





# SCENARIO III: SELL MILITARY ROAD & MOVE DOWNTOWN

## SCENARIO III: CASH FLOW

### Option 2: Military Road Renovation and New Annex Location

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Months	12	12	12	12	12	12	12	12	12	12	120
Military Rd. Operating Expenses	\$ 207,962	\$ 214,200	\$ 220,627	\$ 227,245	\$ 234,063	\$ 241,085	\$ 248,317	\$ 255,767	\$ 263,440	\$ 271,343	\$ 2,384,047
Annex Space Operating Expenses	\$ 201,620	\$ 207,669	\$ 213,899	\$ 220,316	\$ 226,925	\$ 233,733	\$ 240,745	\$ 247,967	\$ 255,407	\$ 263,069	\$ 2,311,350
<b>Total Occupancy Costs</b>	<b>\$ 409,582</b>	<b>\$ 421,869</b>	<b>\$ 434,525</b>	<b>\$ 447,561</b>	<b>\$ 460,988</b>	<b>\$ 474,818</b>	<b>\$ 489,062</b>	<b>\$ 503,734</b>	<b>\$ 518,846</b>	<b>\$ 534,411</b>	<b>\$ 4,695,397</b>
Renovation & Annex Debt Service	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 3,374,465	\$ 33,744,652
<b>Cash Flow After Debt Service</b>	<b>\$ 3,784,047</b>	<b>\$ 3,796,335</b>	<b>\$ 3,808,991</b>	<b>\$ 3,822,026</b>	<b>\$ 3,835,453</b>	<b>\$ 3,849,283</b>	<b>\$ 3,863,527</b>	<b>\$ 3,878,199</b>	<b>\$ 3,893,311</b>	<b>\$ 3,908,877</b>	<b>\$ 38,440,049</b>
Capital Reserve	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 35,007	\$ 350,070
<b>Cash Flow After Capital Reserve</b>	<b>\$ 3,819,054</b>	<b>\$ 3,831,342</b>	<b>\$ 3,843,998</b>	<b>\$ 3,857,033</b>	<b>\$ 3,870,460</b>	<b>\$ 3,884,290</b>	<b>\$ 3,898,534</b>	<b>\$ 3,913,206</b>	<b>\$ 3,928,318</b>	<b>\$ 3,943,884</b>	<b>\$ 38,790,119</b>
<b>One Time Costs</b>											
Renovation & Annex Down Payment	\$ 16,886,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,886,096
<b>Total One Time Costs</b>	<b>\$ 16,886,096</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,886,096</b>
<b>Total Cash Flow</b>	<b>\$ 20,705,150</b>	<b>\$ 3,831,342</b>	<b>\$ 3,843,998</b>	<b>\$ 3,857,033</b>	<b>\$ 3,870,460</b>	<b>\$ 3,884,290</b>	<b>\$ 3,898,534</b>	<b>\$ 3,913,206</b>	<b>\$ 3,928,318</b>	<b>\$ 3,943,884</b>	<b>\$ 55,676,215</b>
Cumulative Cash Flow	\$ 20,705,150	\$ 24,536,492	\$ 28,380,489	\$ 32,237,523	\$ 36,107,983	\$ 39,992,273	\$ 43,890,807	\$ 47,804,014	\$ 51,732,332	\$ 55,676,215	\$ 55,676,215
<b>NPV Term</b>	\$ 45,991,894	<b>Average Total Scenario Costs</b>				\$ 5,567,622					
<b>Y1 Out of Pocket</b>	\$ 16,886,096	<b>Average Annual Occupancy Costs</b>				\$ 469,540					

# FINANCIAL ANALYSIS

DRAFT

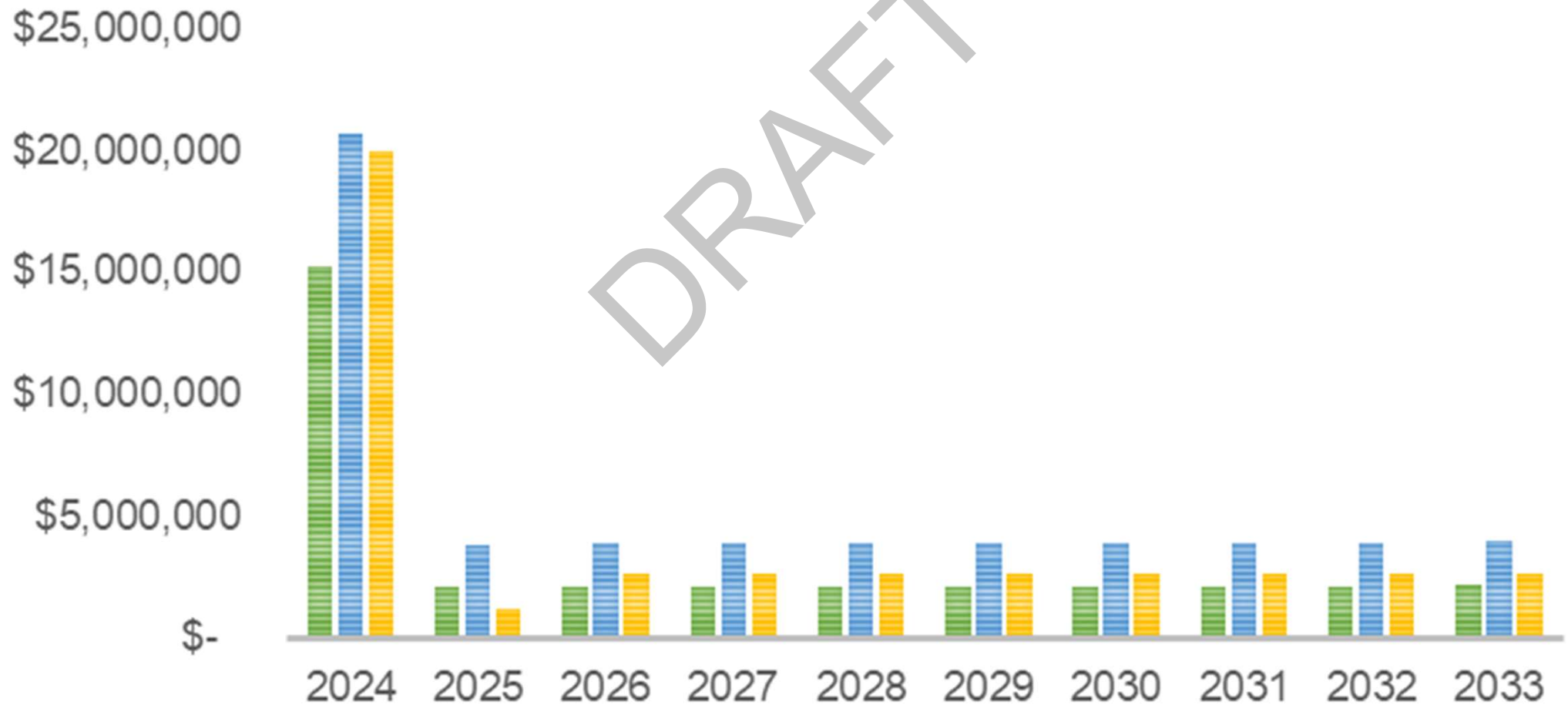


# ZANESVILLE MUSEUM OF ART: CRITICAL ASSUMPTIONS

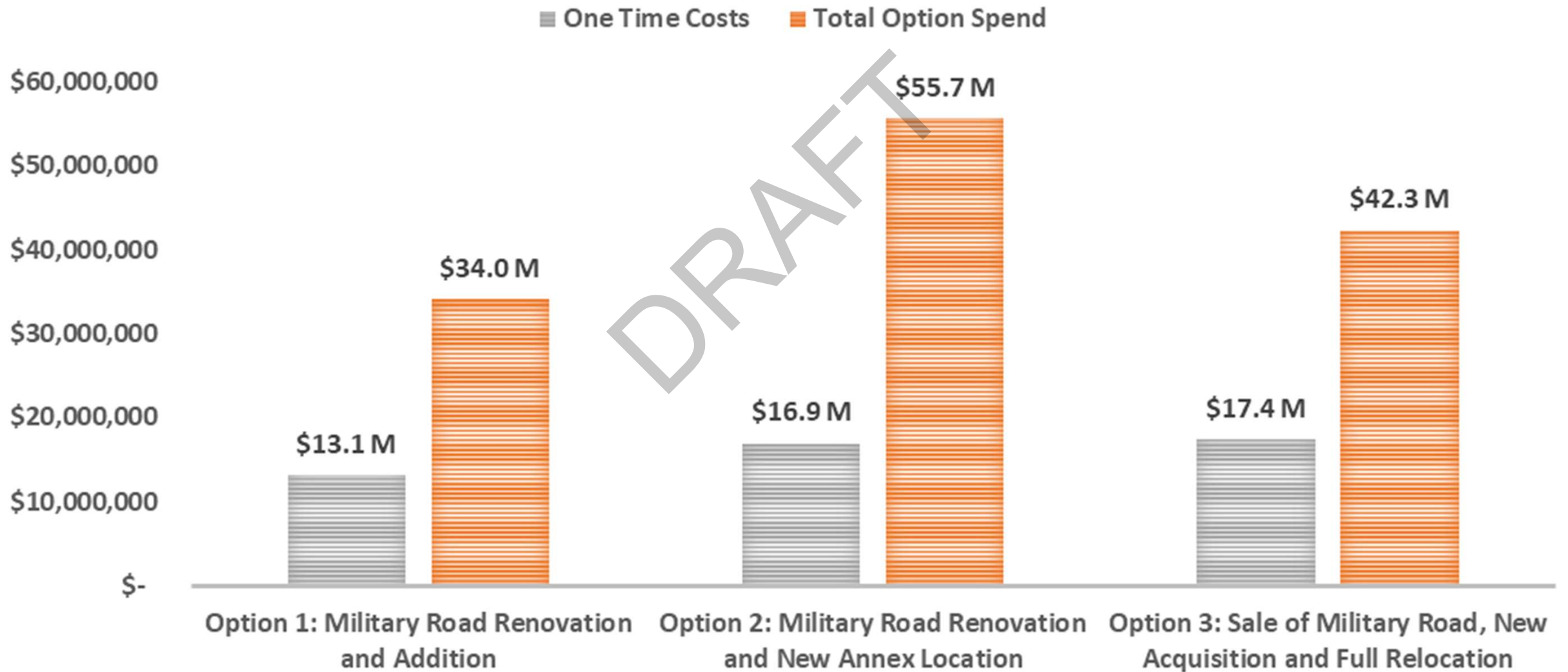
	<b>Option 1: Military Road Renovation and Addition</b>	<b>Option 2: Military Road Renovation and New Annex Location</b>	<b>Option 3: Sale of Military Road, New Acquisition and Full Relocation</b>
<b>ANALYSIS</b>			
<b>Analysis Start</b>	1/1/2024	1/1/2024	1/1/2024
<b>Analysis Term (Months)</b>	120	120	120
<b>Total Spend over Analysis Term</b>	\$ 34,040,832	\$ 55,676,215	\$ 42,266,160
<b>Average Annual Occupancy Costs</b>	\$ 372,532	\$ 469,540	\$ 355,310
<b>One Time Cost Total</b>	\$ 13,119,358	\$ 16,886,096	\$ 17,395,428
<b>NPV Total Spend</b>	\$ 28,615,673	\$ 45,991,894	\$ 35,553,102
<b>Discount Rate</b>	6.00%	6.00%	6.00%
<b>Average Total Scenario Costs</b>	\$ 3,404,083	\$ 5,567,622	\$ 4,226,616
<b>Total SF</b>	55,549	70,014	52,981
<b>Average Cost Per SF</b>	\$ 612.81	\$ 795.22	\$ 797.76

# TOTAL CASH FLOW BY YEAR

■ Stay & Renovate   ■ Stay & Downtown Annex   ■ Move Downtown



## TOTAL OPTION SPEND & ONE TIME COSTS



## AVG ANNUAL OCCUPANCY SPEND

